



2007-09 STATE BUDGET TALKING POINTS IMPACT OF DELAYED STATE BUDGET

- **School boards were responsible and did their job.** They set their budgets for the current school year using the best information available. Unfortunately, the state Legislature has failed to do its job. With the state's commitment for its share of school costs for this school year still unsettled at this late date, the burden will now fall on local school boards and property taxpayers.
- **Substantial cuts to staffing and programs to offset the loss in state revenues cannot be considered at this late date.** The school year is under way and contracts have been signed. School boards have very little choice but to rely more on the property tax than originally projected due to the inability of the state Legislature to do its work and complete a biennial state budget.
- The 2007-09 state budget was due on July 1. It is now more than three months overdue.
- Each school district has its own per-pupil revenue limit—the total amount of general school aids and local property taxes that a school district can receive in a year. Revenue limits are allowed to increase annually by inflation. General school aids are determined each year for each school district by an equalization aid formula that is intended to provide more state aid to districts with less property wealth. School boards deduct the total amount of general school aids they will receive from their total revenue limits and the balance is collected from local property taxes.
- School boards set their budgets each year before school begins and take into account the inflationary increase in revenue limits. Because the state will not be providing an increase in general school aids, the balance between the increased revenue limits and the level-funded state aids must be made up with budget cuts and/or increased property taxes. With the school year already well under way and contracts signed, the board's ability to adjust programs and staffing is very limited.
- State law requires the Department of Public Instruction (DPI) to inform each school district of the total amount of general school aids it will receive in that school year by Oct. 15. With no budget consensus in sight, the DPI had no choice but to use the last year's general school aid appropriation in its calculation for determining school aids for this year. State law prohibits the DPI from adjusting the general school aid payments until September of the following year.
- State law also requires school boards to approve their property tax levies by Nov. 1 and certify them by Nov. 6. Once those levies are set, the state's revenue limit law prohibits districts from receiving state general school aids or local property tax dollars in excess of their revenue limits.
- If the state Legislature completes the biennial state budget after these deadlines have passed, additional statutory changes will be necessary to allow school districts to benefit from the proposed \$79 million increase in general schools aids this year and limit property tax increases.