



## SAMPLE RESOLUTION ON ADJUSTING THE LOW-REVENUE CEILING

**Whereas**, ever since the 1993-94 school year, the state has imposed limits on local school districts that restrict the amount of revenue a school district can raise each year through local property taxes and state general school aids on a per pupil basis; and

**Whereas**, revenue limits are determined by each district individually and are not dependent on changes in other districts; thus, each district has its own unique per pupil amount of revenue that it can raise; and

**Whereas**, a school district may only exceed the revenue limit if district voters approve doing so at a local referendum. A district that exceeds its revenue cap in any year is penalized under current law, resulting in the return of state general equalization aid to the state's general fund in that same year; and

**Whereas**, throughout most of the 25-year history of revenue limits, lawmakers provided for annual per pupil adjustments (i.e., increases) in the amount school districts could raise, and these statutory adjustments helped school districts keep pace with inflation in school costs; and

**Whereas**, since 2009, not only have per pupil adjustments to revenue limits not kept pace with inflation but no per pupil increase has been provided by the state since the 2014-15 school year; and

**Whereas**, under the 2017-19 state budget no per pupil adjustment to revenue limits will be provided in either 2017-18 and 2018-19 or thereafter; and

**Whereas**, because a district's overall revenue limit is tied to enrollment, revenue limits reduce the amount of revenue districts with declining enrollment can raise, especially when annual per pupil adjustments are not provided; and

**Whereas**, the only way a school district can increase its per pupil revenues and change its position relative to other school districts under revenue limits, is to pass a referendum; and

**Whereas**, in school districts where taxpayers have relatively high household income levels, it is often easier to obtain voter approval to raise additional property tax revenues than in school districts where taxpayers have less ability to pay; and

**Whereas**, this has tended to perpetuate or even widen disparities in per pupil resources between low-revenue districts and higher revenue districts; and

**Whereas**, school districts that were frugal, "low spending" districts in 1992-93 have been "locked-in" to their per pupil spending levels since the inception of revenue limits unless they have been able to obtain referendum approval to raise additional revenue per pupil; and

**Whereas**, to address this concern, since 1995-96, the state has established and maintained a per pupil “low-revenue” ceiling amount that allows low-revenue (low- spending) districts to increase their per pupil revenues up to the dollar amount of that ceiling without first having to obtain referendum approval; and

**Whereas**, school boards are not required to use the authority granted to them under the low-revenue ceiling; rather, it is an option for school boards and districts to use to increase their revenues if they choose; and

**Whereas**, the low-revenue ceiling has been fixed at \$9,100 since 2013-14; however, no districts currently qualify to use this adjustment as all districts have per pupil revenue limits about \$9,100; and

**Whereas**, the Legislature included provisions in the 2017-19 biennial budget bill that would have provided relief to low-revenue districts by raising the low-revenue ceiling from \$9,100 to \$9,300 this year, and increasing it by \$100 in each following year until it reached \$9,800 in 2022-23; however, those provisions were vetoed by the governor.

**Therefore**, the \_\_\_\_\_ School Board urges lawmakers to introduce and pass separate, stand-alone legislation to raise the low revenue ceiling and provide revenue limit relief to the lowest revenue districts in the state.