



2018-2019 Budget Provisions Update

Pending any Overrides of Governor's Vetoes

Provision: Per pupil foundation level is \$6,010 in 2018 and \$6,020 in 2020

Implications: Modest increase from the \$6,000 for FY 2017. Will generally not offset the drops in State Share Index (SSI) in agricultural heavy districts.

Provision: Increase the Capacity Aid multiplication factor from 3.5 to 4.

Implications: For districts qualifying for capacity aid, it will provide a baseline increase of 14.3%. Since many of these districts are heavy in agricultural property, this may not be enough to compensate for both a lower State Share Index and higher relative wealth in the calculation of capacity aid.

Provision: Reduce the minimum transportation allocation from 50% to 37.5% in 2018 and 25% in 2019.

Implications: For districts with a State Share Index below 50% it will reduce transportation aid. In 2017 districts received calculated transportation aid times the higher of the SSI or 50%. In 2018 it will be the greater of SSI and 37.5 percent and in 2019, the greater of SSI and 25%. Any district with a SSI below 37.5 will see a base decrease in funding of 25% in 2018. A district with SSI below 25% will see a decrease in FY 2019 of 50% from 2017 funding levels. This will also impact the calculation of the transportation supplement.

Provision: Alter the CAUV calculation to reduce values and phase in over two triennial cycles.

Implications: Under current law, the CAUV values were expected to decline about 26% statewide in 2017 (in counties going through reappraisal or triennial update). The law change, because of the phase-in, will likely yield a change in the 25% range in 2017, but then in 2020 there will be another drop of a similar magnitude. In counties with reappraisals or updates in 2018 or 2019, the pattern will be similar but with lower percentage drops because of lower values in the base years.

Provision: Guarantee based on 2017 final allocations for both 2018 and 2019, but with a potential funding reduction in districts that saw a decrease in **Total ADM** of at least 5% between FY 2014 and FY 2016.

Implications: For districts with at least a 10% drop in total ADM, there would be a 5 percent drop in the funding guarantee. For districts with drops between 5 and 10%, there would be a proportional drop of up to 5%.



Provision: A variable cap limit.

Implications: For districts with less than 3% growth in total ADM from 2014 to 2016, the growth cap is 3% in both 2018 and 2019. Districts with ADM growth above three percent get a cap equal to their ADM growth rate, but no more than 5.5% in 2018 and 6% in 2019.

Provision: Capacity Aid, Transportation Supplement, Third Grade Reading bonus and Graduation bonus moved inside the cap calculation.

Implications: Districts whose funding is capped cannot get increases in these items above the cap amount, unlike 2016 and 2017.

Provision: Additional hold harmless aid for some districts getting TPP reimbursement that also have unfunded formula aid above the funding cap.

Implications: This provision only applies to districts that have capped funding and whose FY 2018 combined state aid and TPP reimbursement are less than their combined FY 2017 state aid and TPP reimbursement. They would get a supplemental payment equal to the lesser of the difference between the two years' funding or the amount of potential funding above the gain cap. Any funding received under this provision would be built into the cap calculation base for FY 2019, but not into the transitional aid base.

Provision: Special provisions for districts with large drops in power plant values.

Implications: For districts that have at least 10% of their value from Public Utility Personal Property, had at least a 10% drop in PUPP value in a recent year, and had at least a 10% drop in power plant taxable value, substitute the most recent year's valuation for the three-year average valuation in the calculation of the SSI if it is beneficial to the district. Exempts resulting state aid increases from the gain cap.

Provision: Payments for auxiliary services to private schools that are **not** religiously affiliated will go directly to the private schools and no longer pass through public school districts.

Implications: For any public school district that currently serves as the administrator for these auxiliary schools, the money will no longer pass through the district. The district would no longer be able to charge administrative fees if it currently does so (it will also no longer have to enter requisitions, pay bills, etc.).