

DRAFT

LSA Analysis of Governor's FY 2011 School Aid Recommendation

The Governor is recommending leaving the FY 2011 allowable growth rate at 2.0% for regular school aid and the State categorical supplements. Additionally, the Governor is recommending the following to fund FY 2011 State school aid:

Funding State school aid at a total of \$2,494.1 (total of General Fund, ARRA, and Cash Reserve Fund), which is approximately \$170.2 million below the Governor's estimate to fully fund State school aid for FY 2011. The State school aid total for FY 2011 is an increase of \$145.1 million compared to the FY 2010 estimate.

Using \$47.9 million in American Recovery and Reinvestment Act (ARRA) Education Fiscal Stabilization and Government Services funding in lieu of State General Fund dollars.

Using \$100.0 million from the State Cash Reserve Fund to replace State General Fund dollars.

The following table provides the detail of the Governor's FY 2011 School aid recommendation. The FY 2011 General Fund built-in increase based on the Governor's recommendation totals \$199.7 million, while the amount of State aid (including ARRA and Cash Reserve Fund) is \$170.2 million less than the estimated amount needed to fully fund the State's portion of the 2.0% allowable growth rate. With no reduction in the FY 2011 allowable growth rate or State cost per pupil, school districts will maintain the budget authority on their portion of the unfunded State school aid.

Governor's Recommendation for FY 2011 State School Aid Funding			
(Dollars in Millions)			
	Estimated FY 2010	Governor's Recommendation FY 2011	Change
Total Regular School Aid	\$ 2,276.9	\$ 2,302.1	\$ 25.2
Preschool Aid	\$ 33.3	\$ 47.3	\$ 14.0
Teacher Salary Supplement	251.3	256.0	4.8
Professional Development Supplement	28.5	29.0	0.5
Early Intervention Supplement	29.3	29.8	0.6
Total State Categorical Supplement	\$ 309.0	\$ 314.9	\$ 5.9
Total School Aid Prior to Adjustments*	\$ 2,619.2	\$ 2,664.3	\$ 45.1
State Aid Shortfall	-31.7	-170.2	-138.5
State Aid Change for ARRA Funding	-202.5	-48.0	154.5
State Change for Cash Reserve Fund	N.A.	-100.0	-100.0
State Aid Reduction due to ATB Reduction	-238.5	0.0	238.5
Total State Aid Adjustments	\$ -472.7	\$ -318.2	\$ 154.5
Total State Aid from State General Fund	\$ 2,146.5	\$ 2,346.1	\$ 199.6
ARRA Education Stimulus	\$ 202.5	\$ 48.0	\$ -154.5
Cash Reserve Fund	N.A.	\$ 100.0	\$ 100.0
Total School Aid - All Sources	<u>\$ 2,349.0</u>	<u>\$ 2,494.1</u>	<u>\$ 145.1</u>
Unfunded State School Aid	\$ 270.2	\$ 170.2	\$ -100.0

*Estimated amount required to fully fund State's portion of the school finance formula.