

Summary of 2013-14 Executive Budget State Aid Recommendations

Board of Regents
State Aid Subcommittee
2/11/13

General Support for Public Schools

\$611 million increase

- The Executive Budget appropriates the 3 percent (\$611 million) increase under the personal income growth cap.
- The Budget includes a \$561 million increase in formula-based aids. 75 percent of the increase goes to high need school districts.

Aid Category	Increase/(Decrease)
Gap Elimination Adjustment Restoration	\$322 million
Expense Based Aids	\$289 million
High Tax Aid	(\$50 million)
TOTAL	\$561 million

- Competitive Grants under the growth cap increase by \$50 million.

Education Commission Funding

\$75 million

- The Executive Budget includes \$75 million in competitive grants outside the growth cap to fund Education Commission initiatives.

Program	Amount
Full Day Prekindergarten	\$25 million
Extended Day	\$20 million
Community Schools	\$15 million
Improved Math and Science Education	\$11 million
Early College High Schools	\$4 million
TOTAL	\$75 million

Pension and Fiscal Stabilization Fund

\$203 million

- The Executive Budget creates a new, \$203 million Pension and Fiscal Stabilization Fund.
- This is a one-time appropriation providing fiscal relief in recognition of extraordinary increases in fixed costs, including pensions.
- The funding is outside the school aid growth cap and no distribution mechanism is included with the budget.

Other State Aid Items

- Out-year growth cap forecast:

Year	2014-15	2015-16	2016-17
Increase	3.3% (\$686 million)	4.6% (\$989 million)	6.0% (\$1.34 billion)

- November Data Freeze: The Executive Budget includes language which would limit State Aid to amounts reported by November of 2012.
- APPR Withholding: Language included with the budget makes reductions due to failure to have an approved APPR plan permanent. Future aid increases are conditioned on having an approved plan by September 1.

Other Items Impacting School Finances

- **Stable Rate Pension Contribution Option:** The Budget includes language which would allow ERS and TRS to offer a pension contribution plan with stable contributions as a “bridge” to the savings generated by Tier VI.
- **School Performance Management System:** The Budget includes language directing the Department to create a system to streamline school district reporting and increase fiscal and programmatic transparency.
- **Mandate Relief Council Reporting Requirements:** State agencies and authorities would be required to refer all reporting requirements to the Council by September 1, 2013. Any reporting requirement not approved by the Council by April 1, 2014 would be discontinued.