Changes to Building Aid, Transportation Aid, and Funding for Residential Special Education Placements

Proposed changes to Building Aid, Transportation Aid, and funding for room and board costs for residential special education placements would create new costs for school districts to absorb within the property tax cap and should be rejected.

Proposal—Building Aid: The Executive Budget would reduce Building Aid reimbursement for school construction projects receiving local approval on or after July 1, 2020 by:

➢ Reducing the minimum aid ratio (reimbursement percentage) from 10% to 5%;
➢ Applying a wealth adjustment to the 10% “incentive decimal,” reducing aid for non-high need districts;
➢ Eliminating the ability of districts use a choice of aid ratios (i.e., state reimbursement rates); and
➢ Restricting use of the incidental cost allowance.

Although prospective, the changes to Building Aid could derail some projects already well along in planning. The elimination of the choice of aid ratios would deprive district leaders of the ability to give voters any assurance that the state will reimburse a consistent share of project costs until borrowing is paid off. Restricting the incidental cost allowance could impede districts from constructing or renovating space to meet emerging needs, for health and mental health clinics, for example.

Proposal—Transportation Aid: Commencing with aid for 2021-22, the Executive Budget would reduce Transportation Aid by:

➢ Capping increases in reimbursement for transportation operating expenses based on an index tied to changes in inflation and enrollment; and
➢ Eliminating one of three aid ratios which districts may use to determine the share of total transportation costs which the state will reimburse.

The growth factor will not always match real cost increases as fuel prices spike and tight labor markets drive up the compensation districts must offer to attract and retain bus drivers. Transporting homeless children and students with disabilities to out-of-district special education programs can also drive up costs. Based on current year data, we estimate that the change in aid ratios could cut state reimbursement rates for over 30% of districts statewide by an average of 3.8%.

Proposal—Residential Special Education Placements: The Budget would eliminate the 18.42% share paid by the state for room and board costs for students with disabilities found to require services in a residential special education program. The Budget estimates that the proposal would shift $26.2 million in costs from the state to school districts.

All three proposals would create new costs for school districts to absorb within the state’s property tax cap. All should be rejected.