Explaining the 2021-22 Executive Budget School Aid Runs

Summary

- School Aid runs include traditional School Aid plus STAR property tax relief reimbursements to school districts plus federal stimulus aid allocations.

- Foundation Aid would be frozen for the second straight year, the state would be $4.06 billion behind in phasing-in the formula.

- A $1.35 billion (71.1%) cut would be applied against the STAR reimbursement districts are projected to receive for 2021-22—the “Local District Funding Adjustment.”
  — The cut is the lesser of a district’s estimated STAR payment or its 2021-22 federal stimulus allocation.

- 11 aid categories would be consolidated into “Services Aid” and cut by $693 million (17.2%) from what current formulas would provide.
  — This cut would be the lesser of what remains from the district’s 2021-22 federal stimulus allocation or a per pupil amount—in total, the STAR and Services Aid cuts cannot exceed a district’s stimulus funding.

- Other formulas on the run (e.g., Building Aid) are estimated according to current law formulas.

- Statewide, total funding would increase by $2.111 billion (7.1%), includes:
  — $607 million year-to-year reduction in state funding offset by
  — $2.718 billion year-to-year increase in federal support (difference between CARES Act allocations used in 2020-21 and CRSSA Act allocations used in 2021-22).

Observations

- The 7.1% statewide increase is not representative of what most districts would experience.

- The median increase is 2.1%—half of all districts would receive smaller increases; this includes 23% of districts which would experience year-to-year reductions in total aid, notwithstanding the $3.8 billion one-time boost in federal help.

- Fewer than 1 in 10 districts would receive increases of 7% or more.

- Over 70% of districts would have their entire allocation of federal aid consumed by two state funding cuts ($1.3 billion against STAR, $693 million through the Services Aid proposal).

- For some districts, Services Aid estimates are skewed by the effects of school building closures on expenditures in either 2019-20 or 2020-21 or both.

- The STAR cut is intended to be recurring—what happens when there is no more federal aid?

- The budget would allocate the entire $3.8 billion in federal CRRSA Act stimulus aid in 2021-22. Without more federal help next year, the state would need to increase its support by $3.8 billion to maintain the same level of total funding.

February 2021