

SUPPORT

Building/Transportation Aid Forgiveness & Prior Year Aid Claims Appropriation

The Council supports the Executive budget proposal to finally and permanently address the issue of forgiveness for penalties resulting from late filing of final cost reports for building projects and paperwork errors related to transportation contracts.

This proposal authorizes the State Education Department to consider these projects and contracts valid for aid purposes provided that no fraud was involved. This clear proposal should result in remedying an issue that the Legislature and Executive has negotiated over dating back a decade. We are grateful the Executive and the Division of the Budget have recognized this issue needed to be remedied and we urge the Legislature to concur with this proposal.

Without action by the Legislature and Governor, school districts have faced financial penalties vastly out of proportion to the magnitude their filing and clerical mistakes. The ultimate impact of these penalties falls upon students and taxpayers.

Unfortunately, for what would be the second consecutive year, the proposed budget omits any funding for the payment of aid owed to school districts. As it stands, the queue of prior year claims owed to school districts exceeds \$300 million. Claims are paid in the order in which they are approved, with the oldest claims paid first. The state had been appropriating approximately \$20 million for payment of these debts to school districts. At that rate a district with a new claim could expect to wait more than a decade to receive payment.

The State should commit at least \$50 million in this year's budget to pay down some of this debt and commit to annual \$50 million appropriations until these claims are paid back to districts.

The Council supports building aid and transportation forgiveness and urges the Legislature to appropriate funds for prior year claims.