

# 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.