

HB 1227 Ending Fund Balance

Rep. Marvin E. Nelson, District 9

House Education Committee, Rep. Mark S. Owens, Chairman.

Mr. Chairman and members of the House Education Committee

School Districts are limited in how much they can carryover from one fiscal year to the next.

This year we saw due to Covid-19 a lot of school districts were going to hit that carryover and have their state aid reduced, but many moved money from their general fund to their building fund and now we passed the bill in the House the other day to let them move that money back from the building fund to their general fund.

This isn't the first time unusual situations were impacted by that. One year the schools receiving Federal Impact Aid got their money I believe right about the end of June. That created problems too.

If you look at the School Equity report in my online testimony. You will see there were still quite a few schools were affected still. I don't know if they didn't get the memo on moving the money back and forth or didn't move enough or what, but a total of \$1,866,789 was taken from schools. Without the back and forth movement from building funds, it would have been a lot more.

The idea was schools wouldn't just tax their constituents. But we've basically now said you will tax at 60 mills and if you don't we will pretend you do for state foundation aid anyway. So really is the limit on general fund carryover needed? Shouldn't it be eliminated or at least significantly raised because we still aren't out of the Covid pandemic and really what we are doing is forcing schools to spend the money however they can at the end of the year or lose it anyway. I believe it fosters inefficiency.

So Mr. Chairman and members of the committee I ask for your favorable recommendation on HB1227.