

## School Finance Reform Overview

**Even in difficult economic times, we can protect schools and enact school finance reform while holding the line on property taxes.**

- This plan is realistic and ready, providing solutions that are **good education and public policy, as well as politically viable**.
- **It is a powerful first step** that makes long overdue changes to the funding formula, maximizes existing resources, and sets the stage for greater state support in future years.

### Economic impact

- *Every school district* will receive more state aid, which will reduce their gross tax levy.
- Over 93% of school districts are outright winners under this plan, and for \$7 million it will hold harmless the 30 districts that do not do better.
- This proposal will deliver an even bigger school property tax reduction than when the State instituted 2/3s funding back in 1996 – and for a lot less money.
- This is the smallest K-12 budget request in over a decade.

### Elements of the plan

This plan fixes the funding formula and holds the line on property taxes by:

- ✓ **Guaranteeing a minimum amount of state funding for every student (\$3,000)**, providing vital resources to the 54 school districts that currently receive little or no state aid;
- ✓ **Incorporating a poverty-factor into the formula (20%)**, accounting for families' ability to pay—not just their property value;
- ✓ **Making technical formula changes that strengthen rural, declining enrollment and negatively aided districts** by increasing the secondary cost ceiling and hold harmless level;
- ✓ **Establishing predictable growth in state aids (greater of 2% or CPI)**, creating a more sustainable and well-aligned funding structure;
- ✓ **Maintaining the current growth in revenue limits (+\$200 per pupil)**, which provides a modest increase in school spending while protecting taxpayers;
- ✓ **Ending the school funding shell game** by redirecting the school levy tax credit, *which does not directly pay for one child to be educated*, into general school aids, increasing transparency and directing state support back into the classroom; and
- ✓ **Consolidating categorical aids around our areas of greatest need**, increasing accountability and maximizing resources in difficult economic times.