

HOUSE RESEARCH

Bill Summary

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Subject: Clarifying the requirements for a structurally balanced school district budget

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Overview

The structural balance law is intended to assure the public that a school board's approval of a proposed collective bargaining agreement will not cause the board to exceed the amount of district funds available for education expenditures. The law requires school boards to submit to the education commissioner a report indicating that the district's budget is structurally balanced and expenditures do not exceed available funds. The bill requires two-year, instead of one-year, budget projections. The school board must ensure that the public understands the report and include with the report a board resolution determining that the district budget is structurally balanced. The board must transmit the report to the Minnesota Department of Education within 30 days of when the board adopts its resolution. The bill proposes to impose a state aid penalty on school districts that do not submit the report.

Section

1 Structurally balanced school district budgets.

Subdivision 1. Board resolution. (b) Declares that any expenditure amount that exceeds the school board's resolution for the district's general fund balance is not one-time revenue for purposes of determining whether a district's budget is structurally balanced.

(c) Requires a school board to project revenues, expenditures and fund balances for two years, instead of one year, following the period of the collective bargaining

Section

agreement under board consideration.

(f) Prohibits the education commissioner from accepting the budget projection and calculation reports from school districts that do not comply with the requirements of this section.

Subd. 2. State aid penalty. (a) Directs the education department to reduce the state aid of school districts that do not submit to the education commissioner the budget projection and calculation report required under subdivision 1, paragraph (f).

(b) Makes the aid reduction equal \$25 times the number of adjusted pupil units for the district in that fiscal year.

(c) Directs the education department to reduce the district's general education aid and to reduce other state aids if the general education aid is insufficient.

Makes this section effective for the 2006-2007 school year and later.