



Testimony to Senate Education Committee

HB 2261 – Unencumbered Carryover Cash Balances

March 11, 2013

Dave Trabert, President

Chairman Abrams and Members of the Committee:

We appreciate this opportunity to present testimony in support of HB 2261 to permanently grant schools districts authority to use carryover balances in a select group of funds for Instructional and other educational purposes. The function of HB 2261 is merely to make permanent the procedures that were established as one-time authorizations in the last two legislative sessions.

School district funds operate on a cash basis like individuals' checking accounts; the balances only increase when more money is deposited than is spent. The July 1 beginning balances in the funds named in HB 2261 have collectively increased from \$278 million to \$570 million. That \$293 million increase represents state and local tax dollars districts received over the last seven years but did not spend.

	Unencumbered Cash Balance as of July 1 (millions)							
	2005	2006	2007	2008	2009	2010	2011	2012
Contingency	\$ 81.7	\$ 97.6	\$ 107.4	\$ 119.0	\$ 175.7	\$ 193.9	\$ 198.8	\$ 192.8
At Risk K-12	\$ -	\$ 3.7	\$ 9.6	\$ 12.6	\$ 17.4	\$ 28.6	\$ 41.5	\$ 47.6
At Risk (4 yr. old)	\$ -	\$ 0.6	\$ 1.1	\$ 1.7	\$ 2.5	\$ 3.7	\$ 4.8	\$ 5.4
Bilingual	\$ -	\$ 0.7	\$ 1.3	\$ 1.7	\$ 3.4	\$ 5.8	\$ 6.9	\$ 7.2
Driver Training	\$ 7.1	\$ 7.4	\$ 7.7	\$ 8.1	\$ 8.3	\$ 7.6	\$ 7.9	\$ 7.3
Parent Education	\$ 2.0	\$ 2.0	\$ 2.3	\$ 2.1	\$ 2.2	\$ 2.5	\$ 3.1	\$ 3.0
Professional Dev.	\$ 10.6	\$ 10.2	\$ 11.6	\$ 12.6	\$ 13.4	\$ 15.2	\$ 15.1	\$ 14.7
Summer School	\$ 8.0	\$ 8.2	\$ 7.7	\$ 7.0	\$ 6.0	\$ 5.1	\$ 4.6	\$ 4.3
Textbook Revolving	\$ 35.6	\$ 39.1	\$ 40.0	\$ 37.8	\$ 43.3	\$ 50.5	\$ 54.3	\$ 55.4
Special Education	\$ 132.4	\$ 130.4	\$ 149.5	\$ 163.7	\$ 183.3	\$ 181.1	\$ 209.7	\$ 206.8
Virtual School	\$ -	\$ -	\$ -	\$ -	\$ 0.9	\$ 2.1	\$ 4.1	\$ 3.8
Vocational Ed.	\$ -	\$ 2.7	\$ 4.5	\$ 6.6	\$ 10.8	\$ 15.8	\$ 21.0	\$ 21.8
HB 2261 Funds	\$ 277.6	\$ 302.5	\$ 342.9	\$ 372.8	\$ 467.4	\$ 511.8	\$ 571.8	\$ 570.1
Other Operating Funds	\$ 180.6	\$ 191.6	\$ 199.4	\$ 214.3	\$ 231.8	\$ 262.9	\$ 296.6	\$ 318.7
Total Operating Funds	\$ 458.2	\$ 494.1	\$ 542.3	\$ 587.1	\$ 699.2	\$ 774.7	\$ 868.4	\$ 888.8

Senate Education Committee

Date 3-11-13

Attachment 3

The Legislature has placed restrictions on some funds so that money in those funds can only be used for the fund’s named-purpose. While well-meaning, the unintended consequence of those restrictions prevents districts from using excess funds for other educational purposes. This is particularly evident in the following group of funds for which money is appropriated by the Legislature for At Risk, Bilingual and Special Education services.

	Unencumbered Cash Balance as of July 1 (millions)							
	2005	2006	2007	2008	2009	2010	2011	2012
At Risk K-12	\$ -	\$ 3.7	\$ 9.6	\$ 12.6	\$ 17.4	\$ 28.6	\$ 41.5	\$ 47.6
At Risk (4 yr. old)	\$ -	\$ 0.6	\$ 1.1	\$ 1.7	\$ 2.5	\$ 3.7	\$ 4.8	\$ 5.4
Bilingual	\$ -	\$ 0.7	\$ 1.3	\$ 1.7	\$ 3.4	\$ 5.8	\$ 6.9	\$ 7.2
Special Education	\$ 132.4	\$ 130.4	\$ 149.5	\$ 163.7	\$ 183.3	\$ 181.1	\$ 209.7	\$ 206.8
	\$ 132.4	\$ 135.4	\$ 161.6	\$ 179.6	\$ 206.7	\$ 219.1	\$ 262.9	\$ 267.0

The annual increase in these funds means that districts are receiving more money that needed to provide these targeted services (annual balances only increase when more money is received than is spent). It makes no sense to have excess money ‘trapped’ in restricted funds. Local school districts should be able to use these excess balances for Instruction and other educational purposes, and HB 2261 gives them the flexibility to do so.

We encourage the Committee to approve HB 2261 so that districts can put idle funds to work.

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