



Newton USD 373

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**Senate Committee on Ways and Means
SB 71 – Changes in Local Option Budget State Aid Calculation**

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Submitted by

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Mr. Chairman, members of the Committee:

Thank you for this opportunity to provide input regarding Senate Bill 71 and its purpose to recalculate and amend the distribution of Local Option Budget equalization for the current school year and those to come.

During the last session, the Legislature made the decision to fully fund LOB state aid, which in Newton resulted in a drop of over 10 mills in the LOB levy. With the district's LOB already set at 30%, that decision did in fact benefit local taxpayers, but did not provide for any increase in revenue. In that the LOB levy for USD 373 was budgeted to reflect the increase in state aid and cannot be altered at this time, SB 71 in its current form would reduce state aid to our district by \$191,451 for the present year and result in an increase in property taxes for FY16.

This loss in revenue would be in addition to other reductions that were already incorporated into our budget this year. Changes in the at risk weighting (not counting part-time students and elimination of non-proficient at risk) reduced the USD 373 general fund budget by almost \$250,000. That reduction in the general fund resulted in a corresponding reduction in the LOB.

Due to the disparity of property wealth across the state, districts like Newton will be significantly and adversely impacted by a mid-year reduction in equalization aid, while districts that do not receive such assistance will incur no loss in their current and future budget cycles. Such legislation and subsequent change to the equalization formula disproportionately impacts the districts least able to offset the reduction, both currently and in subsequent years.

With a sense of great urgency, we respectfully request the Committee consider the disequalizing impact of this action, and not allow SB 71 to advance.

We thank you for your consideration of this written testimony.