

HOUSE RESEARCH

Bill Summary

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Subject: School Aid Payments; State Cash Flow Borrowing

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Overview

Minnesota Statutes, section 127A.46 was first enacted in 1986 and allows the state to delay state aid payments to certain school districts in order for the state to avoid short-term borrowing for cash flow purposes. This provision was originally intended to apply for only one budget year but was subsequently made permanent by the Legislature in 1987. This provision was not used by the executive branch until January of 2010.

Under section 127A.46, the commissioner of management and budget may request that the commissioner of education temporarily delay state aid payments to school districts to improve the state's cash flow position. The aid payment delay applies only to school districts (not to charter schools or cooperative organizations) with a fund balance in excess of \$700 per pupil unit.

During FY 2010, school aid payments totaling approximately \$425 million were delayed from February to May, and beginning in September of FY 2011, school aid payments for 144 districts totaling \$192 million will be delayed until the end of May 2011.

This bill repeals section 127A.46 the day following final enactment.

Section

- 1 Repealer.** Repeals Minnesota Statutes, section 127A.46, the day following final enactment.