



Stimulus bill could boost school budgets

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The proposed budgets that local school districts pass could look distinctly different from the final budget the districts use for 2009-10, as revenue amounts from the state are not set and local property taxes continue to fluctuate, according to district business managers.

If revenue is cut, districts will have to trim budgets or increase local taxes.

Unless school districts plan to raise taxes more than the state-mandated maximum, they have until May 31 to pass a proposed budget and June 30 to pass a final budget. Districts that plan large tax increases must complete budgets earlier. Dallas and Greater Nanticoke Area school districts have both approved proposed budgets, with other districts planning to vote in the next two weeks.

A major source of revenue for school districts is state funding, which is not finalized until a state budget is passed. The deadline for that is also June 30, but the budget is not always passed on time.

In those situations, business managers say they take the best information available from the state to create their budgets. This year, however, Gov. Ed Rendell has proposed increasing K-12 funding and using federal stimulus funds to boost the education budget. The Senate, however, passed a proposed budget May 6 that would cut state funding and make up the difference with \$728 million in federal stimulus funds, keeping the education budget for next year at \$5.2 billion, the same as this year. How much state funding districts will receive is up in the air and could vary by hundreds of thousands of dollars in some cases.

"It's a difficult year to say the least," Dallas Business Manager Grant Palfey said. "It's like trying to guess what's going to happen in the state House and the Senate and then with the governor."

Palfey used estimates provided in March for the proposed budget the board approved in May and is expected to vote on it again June 8. If the final state budget significantly increases or decreases the amount of state funding, then Palfey said he will adjust Dallas' budget. In past years, if the state passed the budget after June 30, school districts were allowed to reopen and adjust their budgets; he expects that would be an option this year, if necessary. Earlier this year, school officials received a letter from state Sen. Robert Mellow, D-Peckville, advising them not to rely too heavily on any specific amounts of state funding.

"... It is important that school district officials do not rush into budget preparation without a firm understanding that the state fiscal situation is fluid, and likely to remain so until a final agreement is negotiated," Mellow wrote. "Therefore, although I recognize your own deadline pressures, I urge you to be cautious and flexible."

In the Wilkes-Barre Area School District, the second largest district in the county, Business Manager Leonard Przywara said they are "putting together a rough plan and doing the best we can." Since the state budget remains under debate, he is concentrating on figures he does know, such as district costs, federal funding and Title I allocations, which target low-income students.

"The most we can do right now is work with the raw facts we do have," he said.

Joe Rodriguez, business manager at Wyoming Valley West School District, said he is staying optimistic that the state will pass a budget and provide solid numbers before the district has to pass a final budget. He is in the final stages of completing the proposed budget, and is trying to wait as long as possible for more definite revenue information. As revenue amounts change, Rodriguez said he will continue to update the proposed budget until the board votes on the final version. May and June are going to be difficult, he said.

"It's a tremendous balancing act, and you have to keep your fingers cross the state funding will come through," he said. "And we're going to need as much of the stimulus money as we can get."

Also complicating the process are the constantly changing property values as homeowners appeal their reassessments and many receive deductions, Przywara said. Fluctuating values change the district's property tax revenue, and as assessments decrease, so does the money the district receives from taxes, increasing the likelihood of district-wide increases.

Przywara said, however, Wilkes-Barre Area is trying to cut unnecessary spending to reduce any potential tax increases.

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