

State Monitor's Report for May 14, 2020 Board Meeting

In the last two public meetings of the Edgewater Board of Education it has been asked, in different ways, if the Edgewater Municipal Government can provide more financial support to the school district.

The short answer is that each organization is a standalone public entity with no legal obligation to provide support to each other, whether financial or otherwise. To make an extreme example, this would be like asking General Motors to fund Ford.

School district funding is primarily based on two separate but distinct revenue items...local taxes and state aid. In Edgewater's case, the general fund tax levy provides 93% of the operating fund revenue while state aid provides the other 7%. State aid is set by the state and local taxes are fixed by revenue caps, so district budget increases are limited. Since school districts must maintain balanced budgets, the capped tax increase plus or minus the change in state aid determines the new budget limit.

There is no provision in the funding laws that requires a municipal government to provide financial assistance to constituent school districts. Therefore, there is no legal way to create a revenue (tax levy) sharing situation between the two governmental entities in Edgewater.

The \$500,000 grant that the municipality is providing to the school district is to mitigate large class size through January 31st, 2021. The grant is at the discretion of the mayor and council in consultation with their auditor. This grant is a one time offer of assistance and should be viewed as an act of thoughtful municipal leadership and responsible behavior. ***It is not a response to a legal requirement.***