



Pennsylvania Association of School Business Officials

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For Immediate Release

August 27, 2015

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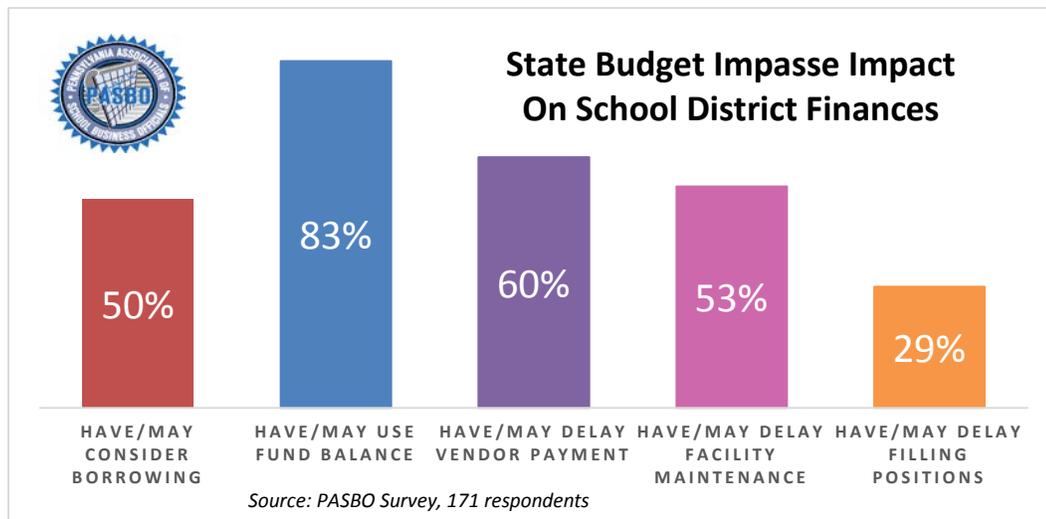
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RED THURSDAY: SCHOOL DISTRICTS ARE MINUS \$1 BILLION TO START THE SCHOOL YEAR

HARRISBURG (8/27/15): The week that started with Black Monday for the stock market moves to Red Thursday for schools today. Today is the day that schools should receive more than \$1 billion in state subsidy payments for Basic Education Funding, transportation payments and employee benefit reimbursements appropriated in the new state budget. However, the state budget impasse has prevented this state funding from flowing, creating financial uncertainty for school districts across the commonwealth.

The PA Association of School Business Officials (PASBO) conducted a recent survey of members asking about the impact of the state budget deadlock on their school districts. The 171 survey respondents indicated that in the absence of state dollars, school districts are looking at short-term borrowing and delaying expenditures to supplement the use of reserve funds during the impasse. These measures have allowed and will allow schools to open on time and minimize any immediate effects on students.

The majority of survey respondents—83%—are using fund balance or may use fund balance to cover the lack of state subsidy payments, while half of survey respondents said they have borrowed or are considering borrowing to avoid any cash flow difficulties.



Many other survey respondents have delayed or are considering delaying payments to vendors, facility maintenance and filling vacant positions.

“With a state subsidy payment expected each month, more school districts will incur additional borrowing costs for loans if the budget impasse continues,” said Jay Himes, PASBO executive director. “The \$1 billion in state funding that school districts will not receive will be particularly painful for less wealthy school districts, and it will only get worse. Every month of missed state funding will see growing financial pain by school districts, intermediate units and career and technology centers, creating real consequences for students across the state.”

