

## **Information on the Impact of Governor Pawlenty's Proposed Education Funding Holdback**

While the decision will not go into effect until July 1, 2009, it now appears that Governor Pawlenty plans to delay \$1.8 billion in state payments to K-12 schools.

I am informing you about this decision because it has a major impact on the education of children, particularly those in charter schools including our children here at Nova Classical Academy.

State funds support nearly 100% of charter school operations whereas traditional schools are also supported with local monies. When the state begins holding back almost one-third of the funds beginning July 1, it will be necessary to begin spending down the budget reserves to pay all of the bills each month on time. Eventually we will deplete our fund balance and be forced to borrow money from our bank at a much higher interest rate than traditional school districts that have access to government subsidized loans. The amount we will need to borrow to make up for delays in funding is projected to peak at just over \$800,000 in June of 2011. We are still waiting to hear back from Park Midway Bank if they are willing to extend our current \$200,000 line of credit to this extent over the next two years. The interest (projected to be over \$40,000 in the next two years) will have to come out of the money that was budgeted to support our high quality education that we have come to expect at Nova Classical Academy. In addition, our positioning to acquire a facility will be significantly weakened with any reduction to our fund balance.

There is a possibility that raising awareness of this issue might result in some accommodation for charter schools who will be hit particularly hard by the holdback. All charter schools will be impacted by having to spend down their reserve and by having to use money committed to the education of the students to pay interest on loans. Therefore, the most effective way to raise awareness is to speak to the impact the decision will have on all charter schools, not just Nova Classical Academy, and to keep the tone informational.

### **What we can do?**

1. Send a letter to the editor. After sending in, phone to follow up with editor to call attention to the letter and to verify that you wrote it. This will increase chances of it getting in because editor won't have to call you to verify. Here is more information to help you:

- Charter schools will be impacted differently than traditional school districts. For charter schools, nearly all of the funds that support the education of the children come from the state. Unlike traditional districts, charter schools cannot receive money raised locally through taxes.
- In addition, charter schools cannot access the low-interest loans subsidized by the government that traditional schools can obtain.
- Charter schools will have to spend their fund balance reserves and eventually borrow money at a relatively high interest rate to pay the monthly bills on time.
- The interest is money that the school planned to use for teachers and classroom materials that support the education of the children. Therefore the money that will be used to balance the state budget is indirectly coming out of the classroom.
- It will be difficult for charter schools to access historically large lines of credit. Some will not be able to access the credit they need in order to continue operations and will have to close. The future of those charter schools is uncertain.
- Charter schools will have to use credit to pay for the education of children.

### **Guidelines for Star Tribune**

Star Tribune (no limit mentioned, but I know Pi Press is 150 and I believe chances diminish for Star Tribune if over 200).

Submit at <http://mpls.startribune.com/dynamic/feedback/form.php?opinion=1>

**Suggestion:** Follow up with a phone call to number above to call attention to your letter and proactively verify it. If they don't have to call you, there is a greater chance it will get in.

### **Guidelines for Pioneer Press**

When submitting a letter, please include your full name (or first and middle initials and last name) and your city of residence, for publication. For verification purposes only, and not for publication, include your street address and daytime telephone number. Limit letters to **150** words or fewer. All letters are subject to editing.

Please send your letters in the body of the e-mail not as an attachment to [letters@pioneerpress.com](mailto:letters@pioneerpress.com). If you have other questions, please direct them to **651-228-5545**.

**Suggestion:** Follow up with a phone call to number above to call attention to your letter and proactively verify it. If they don't have to call you, there is a greater chance it will get in.

2. Phone and email Governor Pawlenty with information about the impact of his decision to hold back almost one-third of state education funds.

### **Contact Information (Providing information respectfully will have the greatest likelihood of making a difference)**

Mailing Address:

Office of the Governor  
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St. Paul, MN 55155

Other ways to reach his office:

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