

HCS HB 288 -- CLASSROOM TRUST FUND

SPONSOR: Cunningham, 86 (Jetton)

COMMITTEE ACTION: Voted "do pass" by the Committee on Education by a vote of 14 to 8 with 1 present.

Beginning in Fiscal Year 2007 and upon condition of full funding of the Foundation Formula Program for the distribution of state school aid, 20% of the moneys from the Gaming Proceeds for Education Fund will be redirected into the Classroom Trust Fund, created by the substitute. Each subsequent year for four years, an additional 20% of those moneys will be directed to the Classroom Trust Fund until 100% of the gaming moneys go to that fund. Currently, these funds are deposited in the State School Moneys Fund, which provides funds for the foundation formula. The substitute directs that the gambling moneys must be replaced in the State School Moneys Fund by general revenue. The funds will be distributed on a per-pupil basis; keyed to attendance; and may be used for teacher recruitment and retention, construction and repair of buildings, technology enhancements or instructional materials, school safety, and supplying additional funds for any required state or federal program.

FISCAL NOTE: Estimated Net Effect on State School Moneys Fund of \$0 in FY 2004, FY 2005, and FY 2006. Estimated Net Effect on the Classroom Trust Fund of \$0 in FY 2004, FY 2005, and FY 2006. Estimated Net Effect on Gaming Proceeds for Education Fund of \$0 in FY 2004, FY 2005, and FY 2006. Estimated Net Effect on Lottery Proceeds Fund of \$0 in FY 2004, FY 2005, and FY 2006. Provisions of this proposal do not take effect until FY 2007. See narrative for fiscal impact beginning with FY 2007.

PROPOSERS: Supporters say that the bill makes gaming funds visible and trackable. Safeguards are in place to prevent the bill from eroding foundation formula funding. Patrons of school districts appreciate the flexibility of the funds and the fact that it is easier to see and explain in any given district where gaming money is going. The bill is consistent with the original intent of directing gaming moneys to education in addition to, rather than in place of, general revenue.

Testifying for the bill were Representatives Jetton and Lager; Jim Botts, Superintendent of New Bloomfield R-III School District; Mark Enderle, Superintendent of Fulton School District; Turner Tyson, Assistant Superintendent for Business of Jefferson City Public Schools; Cooperating School Districts of Greater Kansas City; Missouri State Teachers Association; Hold-Harmless Coalition; and Cooperating School Districts of Greater St. Louis.

OPPONENTS: Those who oppose the bill say that it will seriously damage equity, possibly leading to litigation. The safeguards against eroding the funding for the foundation formula are subject to mathematical manipulation, and the amount of funding needed in future years makes it unlikely the bill would ever be implemented. Rather than proceeding with the bill, the General Assembly should wait to see the outcome of current school finance studies and possibly direct gaming to categorical funding in a new formula.

Testifying against the bill were Representative Graham; and Missouri National Education Association.

Becky DeNeve, Senior Legislative Analyst