

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4854-01
Bill No.: HB 2166
Subject: Education, Elementary and Secondary; Elementary and Secondary Education
Department
Type: # Corrected
Date: March 24, 2010
Corrected assumption

Bill Summary: This proposal modifies the dollar value modifier for school funding purposes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	\$98,700,000	\$126,600,000	\$0
Total Estimated Net Effect on General Revenue Fund	\$98,700,000	\$126,600,000	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	(\$98,700,000)	(\$126,600,000)	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education** assume the approximate state savings if the Dollar Value Modifier is 1.00:

FY10 - \$ 98.7 million

FY11 - \$126.6 million # (increases because the phase-in percentage for SB 287 formula increases, but with no DVM the amount does not increase as much)

FY10 calculations were made using the February 2010 data set and the FY 11 calculations were made using the data set for the FY11 budget request.

Oversight assumes school districts would have a corresponding loss in state aid.

<u>FISCAL IMPACT - State Government</u>	FY 2011	FY 2012	FY 2013
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GENERAL REVENUE

Savings - Department of Elementary and
 Secondary Education - Decrease in cost
 of foundation formula funding

	<u>\$98,700,000</u>	<u>\$126,600,000</u>	<u>\$0</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE

	<u>\$98,700,000</u>	<u>\$126,600,000</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2011	FY 2012	FY 2013
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LOCAL POLITICAL SUBDIVISIONS

Loss - School Districts - Decreased state
 aid

	<u>(\$98,700,000)</u>	<u>(\$126,600,000)</u>	<u>\$0</u>
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ESTIMATE NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS

	<u>(\$98,700,000)</u>	<u>(\$126,600,000)</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

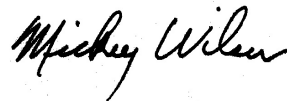
This proposed legislation revises the definition of "dollar-value modifier," a cost-of-living index based on federal statistics of wages by county and region contained in the school funding formula, by setting the value of the modifier for all districts at 1.0 beginning with Fiscal Year 2011. Currently, the modifier cannot be applied at a rate less than 1.0.

The bill contains an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Office of Administration
Division of Budget and Planning



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Director
March 24, 2010