

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2379-01
Bill No.: HB 1132
Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education
Type: Original
Date: March 20, 2015

Bill Summary: This proposal increases funding under the school funding formula for school districts with an assessed valuation per student that fell within the lowest ten percent of all school districts in the 2004-2005 school year.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue*	(\$20,631,102)	(\$20,631,102)	(\$20,631,102)
Total Estimated Net Effect on General Revenue	(\$20,631,102)	(\$20,631,102)	(\$20,631,102)

***Oversight notes that DESE and the Office of Administration's Division of Budget and Planning were not able to provide Oversight with a projection of when the foundation formula may be fully funded. This proposal has a provision that may not have a fiscal impact until such time as the formula is fully funded. Oversight, for fiscal note purposes, is showing the impact of that provision.**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
State School Money*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* Transfers In and Out net to zero.

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$20,631,102	\$20,631,102	\$20,631,102

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Elementary and Secondary Education (DESE)** assume to calculate the impact, all school districts in the state were listed from highest to lowest in regards to their assessed valuation per Weighted Average Daily Attendance (WADA) for the 2004-05 school year. The lowest 10% were then identified and 10% was added to their Basic Formula payment. The total additional cost to the state is \$20,631,102 per year.

As long as the formula is underfunded there would be no additional cost to the state. In this case the additional money is going to be shifted from all other school districts. If the formula is fully funded then it would be an additional cost to the state of \$20,631,102 per year.

Oversight notes that DESE and the Office of Administration's Division of Budget and Planning were not able to provide Oversight with a projection of when the foundation formula may be fully funded. This proposal has a provision that may not have a fiscal impact until such time as the formula is fully funded. Oversight for fiscal note purposes is showing the impact of that provision.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Transfer Out - to State School Money Fund</u>	<u>(\$20,631,102)</u>	<u>(\$20,631,102)</u>	<u>(\$20,631,102)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$20,631,102)</u>	<u>(\$20,631,102)</u>	<u>(\$20,631,102)</u>
STATE SCHOOL MONEY FUND			
<u>Transfer In - from General Revenue</u>	\$20,631,102	\$20,631,102	\$20,631,102
<u>Transfer Out - to the lowest 10% of School Districts</u>	<u>(\$20,631,102)</u>	<u>(\$20,631,102)</u>	<u>(\$20,631,102)</u>
ESTIMATED NET EFFECT ON STATE SCHOOL MONEY FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
LOCAL SCHOOL DISTRICT FUNDS			
<u>Transfer In</u> - from State School Money Fund to the lowest 10% of School Districts	<u>\$20,631,102</u>	<u>\$20,631,102</u>	<u>\$20,631,102</u>
ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS	<u>\$20,631,102</u>	<u>\$20,631,102</u>	<u>\$20,631,102</u>

FISCAL IMPACT - Small Business

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

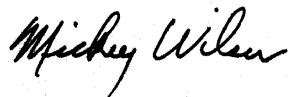
FISCAL DESCRIPTION

This legislation increases funding under the school funding formula for school districts with an assessed valuation per student that fell within the lowest ten percent of all school districts in the 2004-05 school year.

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



Mickey Wilson, CPA
Director
March 20, 2015

Ross Strope
Assistant Director
March 20, 2015