

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5086-01
Bill No.: HB 1625
Subject: Education, Elementary and Secondary; Elementary and Secondary Education Department
Type: Original
Date: January 19, 2016

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 10% of all school districts in the 2004-05 school year.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue*	(\$21,184,003)	(\$21,184,003)	(\$21,184,003)
Total Estimated Net Effect on General Revenue	(\$21,184,003)	(\$21,184,003)	(\$21,184,003)

***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 (\$160.031). Oversight, for fiscal note purposes, is showing the impact of those provisions as if the formula were fully funded.**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

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 \$21,184,003 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 \$21,184,003 per year.

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<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
<u>Cost - DESE - lowest 10% of school receiving additional funding</u>	<u>(\$21,184,003)</u>	<u>(\$21,184,003)</u>	<u>(\$21,184,003)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE*	<u>(\$21,184,003)</u>	<u>(\$21,184,003)</u>	<u>(\$21,184,003)</u>

***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 (\$163.031). Oversight, for fiscal note purposes, is showing the impact of those provisions as if the formula were fully funded.**

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

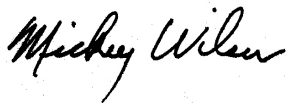
FISCAL DESCRIPTION

This bill increases funding under the school funding formula for school districts with an assessed valuation per student that fell within the lowest 10 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
January 19, 2016

Ross Strobe
Assistant Director
January 19, 2016