



Colorado Legislative Council Staff Fiscal Note
**STATE and LOCAL
 FISCAL IMPACT**

Drafting Number: LLS 10-0788
Prime Sponsor(s): Rep. Pommer
 Sen. Tapia

Date: February 11, 2010
Bill Status: House Appropriations
Fiscal Analyst: Marc Carey (303-866-4102)

TITLE: CONCERNING CIRCUMSTANCES UNDER WHICH THE REQUIREMENT THAT EACH SCHOOL DISTRICT RECEIVE A MINIMUM AMOUNT OF STATE FUNDING FOR TOTAL PROGRAM FUNDING AS CALCULATED THROUGH THE "PUBLIC SCHOOL FINANCE ACT OF 1994" SHALL NOT APPLY TO ANY DISTRICT.

Fiscal Impact Summary	FY 2009-2010	FY 2010-2011	FY 2011-2012
State Revenue			
State Expenditures			
General Fund	(\$750,116)*	(\$212,996)	(\$124,907)
FTE Position Change	0.0 FTE	0.0 FTE	0.0 FTE
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.			
Appropriation Summary for FY 2010-2011: See State Appropriations section.			
School District Impact: See School District Impact section.			

* The bill increases the recision for 9 school districts as discussed in the State Expenditure section.

Summary of Legislation

Budget Package Bill. Under current law, each Colorado school district receives a minimum amount of state funding, notwithstanding the state and local shares of total program funding determined as part of the School Finance Act. This bill suspends the minimum state aid requirement for FY 2010-11 through FY 2014-15.

By January 15, 2015, the bill also requires the Colorado Department of Education (CDE) to submit a report to the Joint Budget Committee (JBC) and the education committees of the General Assembly detailing the fiscal impact of restoring this requirement in FY 2015-16.

The bill specifies that, in the event that the state's share of total program is either not fully funded or reduced through a negative supplemental, each district's share of state aid will be reduced proportionately, even if the reduction results in an allocation less than minimum state aid. In addition, a district's share of state aid will be further reduced proportionately to cover CDE's administrative costs, even if the reduction takes the district's allocation below the minimum state aid level.

Background

Section 22-54-106 (1) (b), C.R.S. states that "no district shall receive less in state aid than the amount established by the General Assembly in the annual general appropriation act based upon the amount of school lands and mineral lease moneys received pursuant to the provisions of article 41 and Section 34-63-102 (2), C.R.S. multiplied by the district's funded pupil count." The FY 2009-10 Long Bill included a footnote establishing minimum state aid at \$96.37 per student.

State Expenditures

FY 2009-10 Recisions. In FY 2009-10, this bill will increase the recisions for 9 school districts in the aggregate amount of \$750,116. Under current law, the CDE is required to reduce total program funding for each school district by the minimum of the amount of funding they receive or 2.3 percent of total program. Because of the existing minimum state aid provision, the recision for 9 school districts would be less than the amount needed to reduce total program by 2.3 percent. By eliminating the minimum state aid requirement, this bill increases the recisions for these 9 districts. Table 1 compares the recisions for these districts under current law and under HB 10-1318.

Table 1. FY 2009-10 Recisions Under Current Law and Under HB 10-1318				
County	District	Recision Under Current Law	Recision Under HB 10-1318	Difference
Clear Creek	Clear Creek	(\$525)	(\$90,525)	(\$90,000)
Grand	West Grand	(33)	(45,578)	(45,545)
Mesa	DeBeque	(68)	(14,668)	(14,600)
Park	Park	(212)	(53,110)	(52,898)
Pitkin	Aspen	(3,087)	(158,850)	(155,763)
Rio Blanco	Meeker	(247)	(63,427)	(63,180)
Routt	South Routt	(62)	(38,128)	(38,066)
Summit	Summit	(1,312)	(281,036)	(279,724)
Weld	Pawnee	(62)	(10,402)	(10,340)
TOTAL		\$5,608	(\$755,724)	(\$750,116)

School Finance Act. For FY 2010-11 and FY 2011-12, the state's share of total program will decrease by \$212,996 and \$124,907, respectively. This is because, under current law this amount of money is required for the state to comply with the minimum state aid provisions. While this reduction could either come from the General Fund or the State Education Fund, the fiscal note assumes the reduction in expenditures will be General Fund. Table 2 details the allocation of this money, spread across 4 school districts.

Table 2. Reduction in State Aid Resulting from HB 10-1318			
County	District	FY 2010-11	FY 2011-12
Clear Creek	Clear Creek	(\$74,482)	(\$73,796)
Grand	West Grand	37,955	38,078
Park	Park	43,553	13,033
Pitkin	Aspen	57,006	0
TOTAL		\$212,996	\$124,907

School District Impact

By suspending the current minimum state aid requirement for the next 5 fiscal years, this bill reduces the need for state funding by \$212,996 in FY 2010-11 and \$124,907 in FY 2011-12. Local property tax revenue will increase by a like amount.

State Appropriations

For FY 2010-11, the Department of Education will require a General Fund appropriation reduction of \$212,996.

Departments Contacted

Education

Joint Budget Committee Staff

Legislative Council Staff