



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

Drafting Number: LLS 12-0782
Prime Sponsor(s): Rep. Gerou
 Sen. Steadman

Date: January 31, 2012
Bill Status: House Appropriations
Fiscal Analyst: Marc Carey (303-866-4102)

TITLE: CONCERNING ADJUSTMENTS IN THE AMOUNT OF TOTAL PROGRAM FUNDING FOR PUBLIC SCHOOLS FOR THE 2011-12 BUDGET YEAR, AND, IN CONNECTION THEREWITH, MAKING AND REDUCING APPROPRIATIONS.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013	FY 2013-2014
State Revenue			
State Expenditures			
General Fund			
Cash Funds			
State Education Fund	(\$4,380,662)*		
FTE Position Change			
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.			
Appropriation Summary for FY 2012-2013: See State Appropriations section.			
Local Government Impact: See School District Impact section.			

* This amount includes a decrease of \$4,425,519 for the state's share of districts' total program funding and an increase of \$44,857 for hold-harmless full-day kindergarten funding.

Summary of Legislation

This bill, *recommended by the Joint Budget Committee*, makes several mid-year adjustments to the 2011 School Finance Act. Specifically, the bill:

- increases the minimum level of total program funding for FY 2011-12;
- sets a minimum level of funding for FY 2012-13; and
- adjusts the appropriations made in the FY 2011-12 Long Bill for total program funding and hold-harmless full-day kindergarten funding.

Background

At the time that the Long Bill appropriation for school finance is established, many data are not known. The initial appropriation is based on estimates of the funded pupil count, the number of at-risk students, and available property and specific ownership tax revenue. Subsequently, school districts conduct a student count in October, county assessors and the State Board of Equalization

certify the total valuation for assessment of all taxable property, and school district boards certify the district's mill levy for school finance. By early January within the fiscal year, these data have been finalized by school districts and compiled by the Colorado Department of Education (CDE). CDE annually submits a supplemental request to make mid-year appropriation adjustments based on the actual data.

For FY 2011-12, the funded pupil count increased by 2,303.9 as a result of the October count. In addition, actual local property tax revenue in 2011 was \$33.1 higher than the estimates that were used for the initial appropriation last spring. This increase was offset by actual specific ownership tax revenue that came in \$8.9 lower than forecast. Thus, the overall local share for total program increased by \$24.2 million. Table 1 details these adjustments.

Table 1. Changes in Pupil Count and Local Tax Revenue (Local Tax Revenue in Millions of Dollars)				
	FY 2010-11	FY 2011-12 (initial)	FY 2011-12 (actual)	Mid-Year Change
Funded Pupil Count	798,599.5	805,890.6	808,194.5	2,309.9
Local Share of Total Program	\$2,019	\$1,876	\$1,901	\$24.2
Property Tax	1,881	1,738	1,771	33.1
Specific Ownership Tax	137.8	137.8	128.9	(8.9)

State Expenditures

School Finance. This bill makes mid-year adjustments to two school finance-related appropriations for FY 2011-12. Because local tax revenue for school finance did not decrease as much as was projected last spring, money available for the local share is \$24.2 million higher than anticipated. Of this amount, \$19.8 million will fund an increase in total program while \$4.4 million will be used to reduce state expenditures from the State Education Fund. Table 2 details mid-year adjustments to FY 2011-12 appropriations for school finance.

Table 2. Adjustments to FY 2011-12 Appropriations for School Finance			
Fund Source	Initial Appropriation	Mid-Year Adjustment	Adjusted Appropriation
Adjusted Total Program Funding	\$5,212,694,674	\$19,752,949	\$5,232,447,623
State Share of Total Program	<u>\$3,336,347,674</u>	<u>(\$4,425,519)</u>	<u>\$3,331,922,155</u>
General Fund	2,671,845,744	0	\$2,671,845,744
State Education Fund	515,485,287	(4,425,519)	511,059,768
State Public School Fund	149,016,643	0	149,016,643
Full-day Kindergarten Funding			
State Education Fund	\$6,869,056	\$44,857	\$6,913,913
Total Adjustment (State Ed Fund)		(\$4,380,662)	

It should be noted that the statutory total program funding floor is not the same as the adjusted total program funding that appears in Table 2 above. The statutory total program funding floor (\$5,229,560,346 in FY 2011-12 under the bill) serves as a starting point for calculating the negative factor. The actual total program funding after application of the negative factor will be \$5,232,447,623 - which is \$2,887,277 higher than the funding floor. This \$2.9 million difference is the amount of the negative factor reduction attributable to those school districts that receive little or no state aid, and are thus not as impacted by the negative factor as other districts.

School District Impact

Under this bill, school districts will receive a \$19.8 million increase in total program funding for school finance in FY 2011-12. This total includes an increase in the local share of \$24.2 million and a reduction in state aid of \$4.4 million.

Pursuant to Section 22-32-143, C.R.S., as specified by House Bill 11-1277, school districts and Boards of Cooperative Educational Services (BOCES) may submit estimates of fiscal impacts within seven days of a bill's introduction. As of the date of this fiscal note, no summaries of fiscal impacts were submitted by districts or BOCES for this bill. If summaries of fiscal impacts are submitted by districts or BOCES in the future, they will be noted in subsequent revisions to the fiscal note and posted at this address: <http://www.colorado.gov/lcs>

State Appropriations

This bill contains:

- a cash funds appropriations reduction of \$4,425,519 for the state's share of districts' total program funding from the State Education Fund; and
- a cash funds appropriations reduction of \$44,857 for hold-harmless full-day kindergarten funding from the State Education Fund.

Departments Contacted

Education

Joint Budget Committee Staff

Legislative Council Staff