

**FINAL
FISCAL NOTE**

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| Drafting Number: LLS 14-0894 | Date: June 5, 2014 |
| Prime Sponsor(s): Rep. May | Bill Status: Signed into Law |
| Sen. Steadman | Fiscal Analyst: Marc Carey (303-866-4102) |

SHORT TITLE: SCHOOL DIST PAYMENTS FOR FLOODS & TOTAL PROGRAM

| Fiscal Impact Summary* | FY 2013-2014 | FY 2014-2015 | FY 2015-2016 |
|---|--------------------|--------------|--------------|
| State Revenue | | | |
| State Expenditures | \$1,733,884 | | |
| General Fund | \$1,733,884 | | |
| FTE Position Change | | | |
| Appropriation Required: \$1,733,884 - Department of Education (FY 2013-14) | | | |

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

For FY 2013-14, **this Joint Budget Committee bill** appropriates money from the General Fund to the Contingency Reserve Fund and directs the State Board of Education to provide supplemental assistance to school districts based on:

- enrollment reductions caused by pupil displacement from the September 2013 floods;
- flood-related transportation costs;
- significant decreases in total program funding due to unexpected decreases in assessed valuation and a decrease of more than \$500 in per pupil revenue; or
- significant decreases in per pupil revenue resulting from unexpected increases in funded pupil count.

Background

The initial appropriations for school finance contained in the Long Bill and the school finance bill during the previous session are based on estimates of, among other things, the funded pupil count 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 assessed valuation of all taxable property, and school district boards certify the district's mill levy for school finance. The update of these factors affects district's local share and thus the state aid that they receive.

In FY 2013-14, eight districts were projected to not receive enough state aid to fully implement the 15.49 percent negative factor because of forecasts for assessed values. Three of these districts experienced lower than expected assessed valuation, leading to a decline in their local share and/or a reduction in per pupil revenue. This money was not replaced by state aid, however, because of the negative factor. As a result, the decline in local share resulted in a corresponding decline in total program for these districts.

In addition, several districts incurred funding reductions and/or increased costs as a result of the September 2013 floods. Funding reductions occurred when students were displaced and thus did not participate in the October student count. Following the floods, several school districts also incurred additional transportation expenses resulting from increased daily bus route mileage due to road closures or detours or flood relief evacuation efforts.

State Expenditures

In FY 2013-14, the Department of Education (CDE) will spend an additional \$1,733,884 to make a one-time reimbursement to a total of 12 districts for the four types of costs identified above.

Unexpected Decreases in Assessed Valuation (AV) and/or Per Pupil Revenue. The CDE will allocate \$940,400 to reimburse the DeBeque, Meeker, and Pawnee school districts for funding losses due to unexpected decreases in assessed valuation (AV) and/or per pupil revenue. The amount expected to be allocated to each individual district is identified in the School District Impact section below.

Flood Impacts. The CDE will allocate \$612,105 to reimburse the St. Vrain, Estes Park and Greeley school districts which incurred pupil displacement resulting from the September 2013 floods. The CDE will also allocate \$181,379 to reimburse seven districts for additional transportation costs incurred as a result of the flood. The amount expected to be allocated to each individual district is identified in the School District Impact section below.

School District Impact

Unexpected Decreases in AV and Per Pupil Revenue Impacts. Three school districts will receive an additional \$940,400 for funding decreases resulting from unexpected declines in either assessed valuation or per pupil revenue. Table 1 presents information on the expected district-level reimbursements.

| Table 1. Additional State Aid due to Unexpected Decrease in AV or Per Pupil Revenue | | | | | |
|--|-----------------|---------------------------|-----------------------------------|----------------------------------|------------------|
| County | District | Actual Pupil Count | Original per Pupil Funding | Current per Pupil Funding | Impact |
| Mesa | DeBeque | 132.5 | \$14,158.52 | \$12,026.41 | \$282,505 |
| Rio Blanco | Meeker | 649.0 | \$7,625.39 | \$6,891.39 | \$476,365 |
| Weld | Pawnee | 83.6 | \$15,472.31 | \$13,300.90 | \$181,530 |
| | | | | | \$940,400 |

Flood Impacts. Three school districts will receive an additional \$612,105 from the CDE to reimburse funding declines resulting from pupil displacement as a result of the September 2013 floods. In addition, seven school districts will receive a total of \$181,379 to cover increased transportation costs incurred as a result of this flooding. Tables 2 and 3 present information on the expected district-level reimbursements.

| Table 2. Flood Impact - Pupil Counts | | | | |
|---|-----------------|--|---------------------|-------------------------------------|
| County | District | Pupil Count Reduction from Floods | District PPR | Impact Resulting from Floods |
| Boulder | St. Vrain | 21.0 | \$6,533.45 | \$137,202 |
| Larimer | Estes Park | 54.0 | \$6,974.78 | \$376,638 |
| Weld | Greeley | 15.0 | \$6,551.03 | \$98,265 |
| | | | | \$612,105 |

| Table 3. Flood Impact - Transportation Expenses | | |
|--|-----------------|---|
| County | District | Transportation Impact Resulting from Flood |
| Boulder | Boulder | \$80,583 |
| Larimer | Poudre | \$20,922 |
| Logan | Valley | \$459 |
| Morgan | Brush | \$3,810 |
| Morgan | Wiggins | \$820 |
| Weld | Johnstown | \$32,057 |
| Weld | Greeley | \$42,728 |
| | | \$181,379 |

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>

Effective Date

The bill was signed into law by the Governor and took effect on February 27, 2014.

State Appropriations

For FY 2013-14, the bill contains an appropriation of \$1,733,884 from the General Fund to the Contingency Reserve Fund and reappropriates that amount to the Department of Education to implement the bill.

State and Local Government Contacts

Education