

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 13-0687
Prime Sponsor(s): Sen. Steadman
 Rep. Gerou

Date: January 29, 2013
Bill Status: Senate Education
Fiscal Analyst: Marc Carey (303-866-4102)

TITLE: CONCERNING ADJUSTMENTS IN THE AMOUNT OF TOTAL PROGRAM FUNDING FOR PUBLIC SCHOOLS FOR THE 2012-13 BUDGET YEAR, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014	FY 2014-2015
State Revenue			
State Expenditures State Education Fund	\$13,253,672		
FTE Position Change			
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.			
Appropriation Summary for FY 2013-2014: See State Appropriations section.			
Local Government Impact: See School District Impact section.			

Summary of Legislation

This bill, *recommended by the Joint Budget Committee*, makes several mid-year adjustments to the 2012 School Finance Act. Specifically, the bill:

- increases the minimum level of total program funding for FY 2012-13;
- sets a minimum level of funding for FY 2013-14 and beyond; and
- caps the number of funded ASCENT students in any fiscal year at the level approved by the General Assembly.

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 2012-13, the funded pupil count increased by 439 as a result of the October count and the at-risk student count was 3,862 higher than projected. These two impacts increased overall school finance funding by \$7.1 million. In addition, actual local property tax revenue in 2012 was \$1.0 million lower than the estimates that were used for the initial appropriation last spring and actual specific ownership tax revenue came in \$5.2 million lower than forecast. Thus, the overall local share for total program decreased by \$6.2 million. Table 1 details these adjustments.

Table 1. Changes in Pupil Count and Local Tax Revenue (Local Tax Revenue in Millions of Dollars)				
	FY 2011-12	FY 2012-13 (initial)	FY 2012-13 (actual)	Mid-Year Change
Funded Pupil Count	808,139	817,221	817,660	439
At-Risk Pupil Count	292,606	295,933	299,795	3,862
Local Share of Total Program	\$1,900.5	\$1,924.4	\$1,918.2	(\$6.2)
Property Tax	1,771.7	1,791.7	1,790.7	(1.0)
Specific Ownership Tax	128.9	132.7	127.5	(5.2)

State Expenditures

School Finance. This bill makes mid-year adjustments to two school finance-related appropriations for FY 2012-13. Because local tax revenue for school finance did not increase as much as was projected last spring, money available for the local share is \$6.2 million lower than anticipated. The \$13.3 million expenditure increase in total program funding for school finance in FY 2012-13: 1) offsets the \$6.2 million reduction in the local share and 2) increases state aid by \$7.1 million. Table 2 details mid-year adjustments to the FY 2012-13 appropriations for school finance.

Table 2. Adjustments to FY 2012-13 Appropriations for School Finance			
Fund Source	Initial Appropriation	Mid-Year Adjustment	Adjusted Appropriation
Adjusted Total Program Funding	\$5,290,884,887	\$7,078,289	\$5,297,963,176
State Share of Total Program	<u>\$3,336,460,619</u>	<u>\$13,253,672</u>	<u>\$3,331,922,155</u>
General Fund	2,852,301,857	0	2,852,301,857
State Education Fund	324,236,331	13,253,672	337,490,003
State Public School Fund	189,922,411	0	189,922,411

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 (\$5,294,033,449 in FY 2012-13 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 \$5,297,963,176, which is \$3,929,727 higher than the funding floor. This \$3.9 million difference is the amount of the negative factor reduction attributable to school districts that receive little or no state aid, and are thus not as impacted by the negative factor as other districts.

ASCENT Program Participation. The bill specifies that the State Board of Education may not designate more ASCENT participants in a given year than are approved in the annual Long Bill. In prior years including FY 2012-13, the General Assembly has specified a number of participants in a footnote in the Long Bill, but program participation could later be augmented by the State Board.

School District Impact

Under this bill, school districts will receive a \$13.3 million increase in total program funding for school finance in FY 2012-13. This total offsets the \$6.2 million reduction in the local share and increases total program funding by \$7.1 million. In addition, school districts will no longer be allowed to get additional funding for ASCENT students that enroll in the program after the program's appropriation is established in the Long Bill.

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

For FY 2012-13, this bill contains a cash funds appropriations increase of \$13,025,121 for the state's share of districts' total program funding from the State Education Fund. (This is \$13,253,672 greater than the appropriation under current law, which includes an appropriations reduction of \$228,551.) Of this amount, \$452,545 is allocated to the ASCENT program.

Departments Contacted

Education

Joint Budget Committee Staff

Legislative Council Staff