

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING THE FINANCING OF PUBLIC SCHOOLS, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Prime Sponsors: Sens. Zenzinger and Lundeen
Reps. McLachlan and Kipp

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Date Prepared: April 22, 2023

Appropriation Items of Note

Appropriation Required, Amendments in Packet

General Fund Impact

Significant Cost Increase in Second Year

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/20/23.

XXX	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.001	Staff-prepared appropriation amendment
L.030/J.002	Bill Sponsor amendment - changes fiscal impact <i>and</i> appropriation
L.031	Bill Sponsor amendment - does not change fiscal impact
L.032	Bill Sponsor amendment - does not change fiscal impact
L.038	Bill Sponsor amendment - changes fiscal impact <i>and</i> appropriation
L.039	Bill Sponsor amendment - does not change fiscal impact
L.040	Bill Sponsor amendment - does not change fiscal impact

Current Appropriations Clause in Bill

The bill includes an appropriation clause that includes the following appropriations to the Department of Education for FY 2023-24: (1) \$2.5 million General Fund that is appropriated *to* the Mill Levy Equalization Fund and then reappropriated *from* the Mill Levy Equalization Fund to the Department for Charter School Institute Mill Levy Equalization; and (2) \$500,000 cash funds from the State Education Fund that is appropriated to support translation services for individualized education programs. However, the current appropriation clause does not include any of the other appropriations currently required by the bill (and discussed below).

Description of Amendments in This Packet

J.001 Staff has prepared amendment **J.001** (attached) to change the appropriation clause to appropriate a total of \$249,133,255 to the Department of Education for FY 2023-24, including \$2,500,000 General Fund (and the same amount of reappropriated funds), \$220,756,759 cash funds from the State Education Fund, and \$23,376,536 cash funds from the Mill Levy Override Match Fund. The amendment also adjusts the Long Bill footnote specifying the portion of total program funding that is anticipated to be available to support the Teacher Recruitment Education and Preparation (TREP) program to align with the bill's adjustment to total program funding. Finally, the amendment also states that the appropriation is based on the assumption that the Department will require an additional 0.7 FTE. The following table shows the total appropriation for the bill, as amended by J.001.

S.B. 23-287: FY 2023-24 Appropriations to Department of Education		
Purpose	Amount	FTE
<i>Section 19 (already in bill): CSI Mill Levy Equalization</i>		
General Fund	\$2,500,000	0.0
Reappropriated Funds	2,500,000	0.0
<i>Section 20 (replaced in J.001): Translation Services for Individualized Education Programs</i>		
State Education Fund	\$500,000	0.0
<i>Section 21 (added in J.001): State Education Fund Appropriations</i>		
(a) State Share of Districts' Total Program Funding	\$188,490,019	0.0
(b) Additional Funding for Rural Districts and Institute Charter Schools	30,000,000	0.0
(c) Universal Screening for Gifted and Talented Students	1,058,115	0.0
(d) School Finance Task Force ¹	408,625	0.7
(e) Distributions Associated with American Indian Mascots	300,000	0.0
Total -Section 21 (State Education Fund)	\$220,256,759	0.7
<i>Section 22 (added in J.001): Mill Levy Override Matching Program</i>		

S.B. 23-287: FY 2023-24 Appropriations to Department of Education		
Purpose	Amount	FTE
Cash Funds - Mill Levy Override Match Fund	\$23,376,536	0.0
<i>Section 23 (added in J.001): Adjustments to Long Bill Footnote Detailing Funding for the TREP Program</i>		
Totals	<u>\$249,133,295</u>	<u>0.7</u>
General Fund	2,500,000	0.0
Cash Funds - State Education Fund	220,756,759	0.7
Cash Funds - Mill Levy Override Match Fund	23,376,536	0.0
Reappropriated Funds	2,500,000	0.0

¹ Amendment J.001 makes the appropriation for the school finance task force available to the Department through FY 2024-25 without further appropriation.

The Committee should adopt amendment J.001 regardless of any action taken on the other amendments.

L.030 and J.002

Bill Sponsor amendment **L.030** (attached) adds a provision directing the General Assembly to appropriate \$10.0 million cash funds from the State Education Fund to the Department of Education for FY 2023-24 for distribution to school districts, district charter schools, and institute charter schools that are projected to receive less funding for preschool special education students in FY 2023-24 than they did in FY 2022-23. Staff has prepared amendment **J.002** (attached) to make the corresponding appropriation of \$10.0 million cash funds from the State Education Fund to the Department of Education for FY 2023-24.

If the Committee adopts amendment L.030 then it SHOULD also adopt amendment J.002 in addition to amendment J.001.

L.031 Bill Sponsor amendment **L.031** (attached) strikes a provision in the Education Committee Report (04/19/23) that would require the General Assembly to introduce the annual School Finance Bill before the Long Bill, beginning in the 2024 Legislative Session. This amendment does not change the fiscal impact of the bill or require any changes to appropriations.

L.032 Bill Sponsor amendment **L.032** (attached) adds a provision stating that no school district may receive less at-risk funding through the school finance formula in FY 2023-24 than it did in FY 2022-23 and directing the General Assembly to provide any additional funding to meet this requirement through the mid-year adjustment process to align school finance appropriations with actual pupil counts and revenues during the 2024 Legislative Session. This amendment may require additional appropriations as part of the mid-year process for

FY 2023-24 but does not require any change to the appropriations in S.B. 23-287.

L.038 Bill Sponsor amendment **L.038** (attached) adds provisions related to capital construction. The amendment: (1) adjusts matching requirements under the Building Excellent Schools Today (BEST) Program for charter schools and (2) appropriates an additional \$10.0 million cash funds from the State Education Fund for the State Aid for Charter School Facilities line item. The appropriation is already included in amendment L.038 - and the amendment does not require a corresponding "J" amendment.

L.039 Bill Sponsor amendment **L.039** (attached) makes technical changes to language related to the school finance task force and adjusts the deadlines for the task force. The amendment also clarifies that appropriations provided to support the task force in FY 2023-24 shall remain available to the Department for FY 2024-25 without further appropriation. Staff has included the corresponding "roll-forward" authority for this appropriation in amendment **J.001** (discussed above), and amendment L.039 does not require additional appropriations.

L.040 Bill Sponsor amendment **L.040** (attached) makes additional technical changes to bill's language related to the school finance task force. The amendment does not require any changes to the appropriations in the bill.

Outside of amendment J.001 and the combination of amendment L.030 and J.002, the Committee may adopt any combination of the remaining amendments without changes to other appropriations.

Points to Consider

General Fund Impact

The Joint Budget Committee has proposed a budget package for FY 2023-24 based on the March 2023 Office of State Planning and Budgeting (OSPB) revenue forecast. The budget package includes two set-asides for legislation outside of the package: (1) \$30.0 million General Fund for bills that create ongoing obligations; and (2) \$469.0 million for bills that create one-time obligations for FY 2023-24 (see table below).

General Fund Appropriation Placeholders for Other 2023 Legislation	
Description	FY 2023-24
Legislation with Ongoing Fiscal Impacts	\$30,000,000
Legislation with One-time Fiscal Impacts	
Workforce-related legislation, including free credentials, math scholarships, adult education, and concurrent enrollment	103,000,000

General Fund Appropriation Placeholders for Other 2023 Legislation	
Housing-related legislation, including property tax relief, land use, and public-private partnerships	221,000,000
Legislation related to topics other than workforce and housing, including rural opportunity, line of duty loss, and Proposition 122 implementation	145,000,000
Subtotal	\$469,000,000
TOTAL Placeholders for Other 2023 Legislation	\$499,000,000

The budget package accounts for the 15.0 percent reserve associated with the above placeholders (a total of \$74.9 million).

This bill creates an ongoing obligation and requires a General Fund appropriation of \$2,500,000 CSI Mill Levy Equalization for FY 2023-24, reducing the \$30.0 million set aside by the same amount. As amended by the Education Committee, the bill is projected to require an appropriation of \$22,157,804 for this purpose in FY 2024-25.

State Education Fund

The Joint Budget Committee (JBC) has proposed a budget package for FY 2023-24 based on the March 2023 Office of State Planning and Budgeting revenue forecast. The JBC has included as part of its FY 2023-24 budget package \$1,558,115 cash funds from the State Education Fund to be appropriated for implementation of this bill.

Future Fiscal Impact

This bill currently requires appropriations of \$2,500,000 General Fund and \$220,756,759 cash funds from the State Education Fund for FY 2023-24. In addition, it includes a transfer of \$23,376,536 from the State Education Fund, for a total General Fund/State Education Fund impact of \$246,633,295 for FY 2023-24. Amendments J.002 and L.038 would each add \$10,000,000 to the impact on the State Education Fund in FY 2023-24, for a total impact of \$266,633,295. However, the Revised Fiscal Note expects the General Fund/State Education Fund impact to increase to \$537,370,638 in FY 2024-25.