

FISCAL NOTE

Bill #: HB0031

Title: Increase K-12 BASE aid

Primary

Sponsor: Carol Juneau

Status: As Introduced - Revised

Sponsor signature

Date

Chuck Swysgood, Budget Director

Date

Fiscal Summary

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
Expenditures:		
General Fund	\$17,398,173	\$49,267,196
Net Impact on General Fund Balance:	(\$17,398,173)	(\$49,267,196)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. The average number belonging (ANB) in K-12 public schools will be as follows:

	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>
K-6 ANB	79,901	78,169	76,405
7-8 ANB	26,113	25,459	25,147
9-12 ANB	<u>51,524</u>	<u>51,046</u>	<u>50,795</u>
Total ANB	157,538	154,673	152,347

(continued)

2. HB31 increases the basic and per-ANB entitlements by 3.88% in FY2002 and by 7% in FY2003. The basic and per-ANB entitlements will be set as follows:

	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>
Basic entitlement Elementary	18,540	19,260	20,608
Basic entitlement High School	206,000	214,000	228,980
Per-ANB entitlement Elementary	3,763	3,909	4,182
Per-ANB entitlement High School	5,015	5,210	5,575
Direct State Aid Percentage	44.7%	44.7%	44.7%

3. The statewide taxable valuation will increase by 2.96% in FY2002 and by 2.59% in FY 2003.
4. Under current law, direct state aid will be 316.325 million in FY2002 and \$312.304 million in FY 2003. Special education payments will be \$33,899,850 in FY 2002 and FY 2003. Guaranteed tax base aid paid to schools will be \$95.790 million in FY2002 and \$94.333 million in FY2003.
5. HB31 does not affect the state special education appropriation.
6. Under HB31, direct state aid will be \$328.976 million in FY2002 and \$348.159 million in FY2003. Guaranteed tax base aid paid to schools will be \$100.537 million in FY2002 and \$107.745 million in FY2003.
7. As district general fund budgets rise, increased salaries will lead to higher district retirement costs and undetermined increases in countywide retirement levies and state general fund retirement GTB costs. The current state general fund retirement GTB obligation is \$20 million per year.

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Expenditures:</u>		
Transfers-DSA	\$12,650,696	\$35,855,049
Transfers-GTB	<u>4,747,477</u>	<u>13,412,147</u>
TOTAL	\$17,398,173	\$49,267,196
<u>Funding:</u>		
General Fund (01)	17,398,173	49,267,196

Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	(\$17,398,173)	(\$49,267,896)
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EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

School districts will respond to HB31 in two ways. Some districts will increase district general fund spending; others will provide property tax relief. Some districts will combine the two approaches. Districts at the Base will be required to increase spending and local property taxes to the new Base level.

Increases in taxes to support the over-BASE portion of the school district general fund budget will require voter approval.