

FISCAL NOTE

Bill #: HB0121

Title: Increase per-ANB and entitlements

Primary Sponsor: Doug Mood

Status: Senate Amendments- Version 09

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Expenditures:		
General Fund	\$8,788,582	\$16,860,058
Net Impact on General Fund Balance:	(\$8,788,582)	(\$16,860,058)

<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	78,129	75,937
7-8 ANB	26,113	25,505	25,231
9-12 ANB	<u>51,524</u>	<u>50,787</u>	<u>50,496</u>
Total ANB	157,538	154,421	151,665

2. HB 121 increases the basic and per-ANB entitlements by 1.88% in FY 2002 and by another 1.88% in FY2003 contingent on the passage and approval of SB 495 and SB 390. If both of these bills are approved and SB 495 is not enjoined or determined to be unconstitutional by April 1, 2002, the basic and per-ANB entitlements will be set as follows:

	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>
Basic entitlement EL	18,540	18,889	19,244
Basic entitlement HS	206,000	209,873	213,819
Per-ANB entitlement EL	3,763	3,834	3,906
Per-ANB entitlement HS	5,015	5,109	5,205

3. The statewide taxable valuation will increase by 2.96% in FY2002 and by 2.59% in FY 2003.

(continued)

4. Under current law, direct state aid will be \$315.687 million in FY2002 and \$310.993 million in FY 2003. Guaranteed tax base aid paid to schools will be \$95.651 million in FY2002 and \$94.299 million in FY2003.
5. Under HB 121, direct state aid will be \$321.797 million in FY2002 and \$323.139 million in FY2003. Guaranteed tax base aid paid to schools will be \$97.947 million in FY2002 and \$98.858 million in FY2003. The cost of K-12 BASE aid will increase by \$8.407 million in FY2002 and by \$16.706 million in FY2003 as a result of HB121. The cost of retirement GTB will increase by \$381,640 in FY2002 and by \$154,280 in FY2003.

FISCAL IMPACT:

	FY2002	FY2003
<u>Expenditures:</u>	<u>Difference</u>	<u>Difference</u>
Transfers – DSA	\$6,110,480	\$12,146,540
Transfers – district GTB	2,296,462	4,559,238
Transfers – retirement GTB	<u>381,640</u>	<u>154,280</u>
TOTAL	\$8,788,582	\$16,860,058

Funding:

General Fund (01)	\$8,788,582	\$16,860,058
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Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	(\$8,788,582)	(\$16,860,058)
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EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

1. School districts will respond to HB 121 in two ways. Most 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 achieve the new BASE level.
2. Increases in property taxes to support the over-BASE portion of the school district general fund budget will require voter approval.

TECHNICAL NOTES:

If SB 495 is enjoined or determined to be unconstitutional by April 1, 2002, the basic and per-ANB entitlements will be increased by 1.88% in FY 2002 and by another .79% in FY2003. Under this scenario, the basic and per-ANB entitlements will be:

	FY2001	FY2002	FY2003
Basic entitlement EL	18,540	18,889	19,038
Basic entitlement HS	206,000	209,873	211,531
Per-ANB entitlement EL	3,763	3,834	3,864
Per-ANB entitlement HS	5,015	5,109	5,149

Under this scenario, the cost of K-12 BASE aid will increase by \$8.407 million in FY2002 and by \$11.793 million in FY2003 as a result of HB121. The cost of retirement GTB will increase by \$381,640 in FY2002 and will decrease by \$67,000 in FY2003.