

FISCAL NOTE

Bill #: SB0188

Title: Transfer school district's general fund balance into misc. programs fund

Primary Sponsor: John Cobb

Status: As Introduced

| | | | |
|-------------------|------|---------------------------------|------|
| Sponsor signature | Date | Chuck Swysgood, Budget Director | Date |
|-------------------|------|---------------------------------|------|

Fiscal Summary

| | <u>FY2002 Difference</u> | <u>FY2003 Difference</u> |
|--|-------------------------------------|-------------------------------------|
| Expenditures: | | |
| General Fund | \$3,851,458 | \$3,862,696 |
| Net Impact on General Fund Balance: | (\$3,851,458) | (\$3,862,696) |

| <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. Under current law, amount of fund balance reappropriated is projected to be \$10.50 million in each year of the 2003 biennium.
2. With the passage of SB 188, school districts will transfer any general fund balance in excess of the operating reserve to the Miscellaneous Programs fund. As a result, state costs for guaranteed tax base aid will increase by \$ 3.85 million in FY 2002 and \$3.86 million in FY 2003.

FISCAL IMPACT:

| | <u>FY2002</u> <u>Difference</u> | <u>FY2003</u> <u>Difference</u> |
|--|------------------------------------|------------------------------------|
| <u>Expenditures:</u> | | |
| Local Assistance - GTB | \$3,851,458 | \$3,862,696 |
| <u>Funding:</u> | | |
| General Fund (01) | \$3,851,458 | \$3,862,696 |
| <u>Net Impact to Fund Balance (Revenue minus Expenditure):</u> | | |
| General Fund (01) | (\$3,851,458) | (\$3,862,696) |

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

If SB 188 were approved, property taxes to support BASE budgets will be approximately \$5.34 million higher in FY 2002 and \$5.33 million higher in FY 2003. To keep the same level general fund budgets, districts would need to increase taxes the difference between the \$10.50 million decrease in fund balance reappropriated and the additional state general fund or approximately \$6.65 million in FY 2002 and \$6.34 million in FY 2003.

TECHNICAL NOTES:

1. The proposed use of the funds, once transferred to the Miscellaneous Programs Fund, is not within the authorized purposes for that fund, as stated in 20-9-507.
2. The bill gives districts the ability to increase expenditures for instruction-related costs outside the general fund budget caps. Higher spending disparities between districts could raise equalization issues.