TO:   Education Interim Committee and Education Interim Budget Committee
FROM:  Pad McCracken, Committee Staff, and Paul Taylor, OPI School Finance
RE:  School Funding Issues for Possible Clean-up Legislation
DATE:  March 10, 2022

We typically compile a list of school funding issues each interim that might warrant legislative attention. This memo will list and briefly describe these possibilities. At your direction, staff will work with school finance experts to prepare a bill draft(s) addressing any/all of these issues for your further consideration, likely in June.

1. The definition of "over-BASE budget levy" in 20-9-306 is not quite right: (10) "Over-BASE budget levy" means the district levy in support of any general fund amount budgeted that is above the BASE budget and below the maximum general fund budget for a district.

   Districts can adopt general fund budgets above the maximum general fund budget and the over-BASE levy should be considered one of several possible sources of revenue between the BASE budget and the adopted budget. There are a couple other sections that may need to be cleaned-up in similar fashion.

2. 20-9-348 appears to be a relic of a previous funding regime with no current relevance or applicability. It can likely be repealed. We will examine other related sections as well.

   **20-9-348. Estimation of state equalization aid for budget purposes.** The apportionment of state equalization aid shall be the second source of revenue in calculating the financing of the elementary district BASE funding program and the high school district BASE funding program. In order to allow for the estimation of the amount of money to be realized from this source of revenue when the county superintendent is estimating the general fund budget revenues, the county superintendent shall consider that the state BASE funding program revenues and county equalization moneys, together, will be capable of financing 100% of the BASE funding program.

3. HB 127 (2019) bumped back the first of two GTB payments one month from November to December. The payment of the coal-fired generating unit block grant under 20-9-638 was
unnecessarily linked to the previous GTB schedule: (2) *Each year, 70% of each district's block grant must be distributed in November and 30% of each district's block grant must be distributed in May at the same time that guaranteed tax base aid is distributed.*

Legislation cleaning this up could either change "November" to "December" or strike "at the same time guaranteed tax base aid is distributed."

4. Recent legislation has provided school districts with additional flexibility in transporting kids using a variety of vehicles for a variety of purposes. There may be a need to align various size standards and definitions and to clarify exactly which vehicles are eligible for depreciation within the bus deprecation reserve fund.