



**Colorado  
Legislative  
Council  
Staff**

**SB17-296**

**REVISED  
FISCAL NOTE**

(replaces fiscal note dated May 1, 2017)

**FISCAL IMPACT:**  State  Local  Statutory Public Entity  Conditional  No Fiscal Impact

**Drafting Number:** LLS 17-1051  
**Prime Sponsor(s):** Sen. Hill  
Rep. Pettersen

**Date:** May 8, 2017  
**Bill Status:** House Education  
**Fiscal Analyst:** Marc Carey (303-866-4102)

**BILL TOPIC:** FINANCING PUBLIC SCHOOLS

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		
State Expenditures		
Appropriation Required: None.		
Future Year Impacts: None.		

**Summary of Legislation**

This *reengrossed* bill changes the "Public School Finance Act of 1994" by modifying the funding for K-12 public schools in FY 2017-18.

**Total Program Funding.** The bill increases base per pupil funding to \$6,546.20, to reflect a 2.8 percent inflation rate. The bill also makes the following changes in the calculation of total program:

- for FY 2017-18, holds the negative factor at the FY 2016-17 level of \$828.3 million.

**Rename Negative Factor.** The bill replaces the term "negative factor" from within the statutory language of the school finance formula with the term "budget adjustment".

**Supplemental Assistance from Contingency Reserve Fund.** Beginning in FY 2017-18, the bill permits the state to provide supplemental assistance from the contingency reserve fund to help districts that, because of at least a 20 percent enrollment increase over projected levels, may experience an unusual financial burden in implementing or expanding a school program. The district is required to reimburse the state for such assistance following the adjustment in the district's distribution that results from the certification of assessed values and student enrollment.

**State Expenditures**

*The bill leaves the negative factor at the FY 2016-17 level of \$828.3 million, and thus does not affect total program relative to current law for FY 2017-18. The bill does not establish a negative factor for FY 2018-19.*

**Total Program Funding.** Senate Bill 17-296 sets total program funding for FY 2017-18 at \$6.635 billion. This represents a 11.10 percent reduction from what funding levels would have been without the negative factor.

The \$6.635 billion in total program funding represents an estimated increase of \$261.8 million in FY 2017-18 compared with actual funding levels for FY 2016-17, and no change for FY 2017-18 relative to current law. State expenditures for school finance and local funding will increase by \$238.0 million and \$23.8 million, respectively, compared with FY 2016-17. Both are unchanged relative to current law. Since the negative factor is set at 11.10 percent, each district's total program funding will be reduced by 11.10 percent from the level set by the funding formula before application of the negative factor, provided the district receives at least an amount of state aid that is greater than this percentage reduction. Table 1 shows the estimate of school finance act funding under Senate Bill 17-296, relative to FY 2016-17.

<b>Table 1. School Finance Act Funding under Senate Bill 17-296</b>					
	<b>Pupil Count</b>	<b>Per Pupil Funding</b>	<b>Total Program Funding</b>	<b>State Aid</b>	<b>Local Share</b>
FY 2016-17 Act.	858,796	\$7,421	\$6,372,832,460	\$4,115,127,505	\$2,257,704,955
FY 2017-18 Est.	865,885	\$7,662	\$6,634,600,182	\$4,353,087,959	\$2,281,512,223
Percent change	0.83%	3.26%	4.11%	5.78%	1.05%
Increase	7,089	\$242	\$261,767,722	\$237,960,454	\$23,807,268

**Contingency Reserve Fund.** This bills allows districts whose enrollment increases by more than 20 percent over projected levels to access money for loans from the Contingency reserve fund. Currently that fund has a balance of \$1.0 million.

**School District Impact**

By holding the negative factor at its current level of \$828.3 million, the bill maintains the current level of statewide funding for total program for school districts in FY 2017-18 that was contained in Senate Bill 17-254 (the 2017 Long Bill).

**Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

**State and Local Government Contacts**

Education      Legislative Council Staff      Joint Budget Committee