

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Joint Budget Committee Members
FROM JBC Staff
DATE JANUARY 31, 2019
SUBJECT JBC Bill Drafts

This memo includes the following bill drafts for the Committees consideration.

1. LLS 19-0884 "School Finance Mid-Year adjustments."(Craig Harper)

First Regular Session
Seventy-second General Assembly
STATE OF COLORADO

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1.31.19

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LLS NO. 19-0884.01 Brita Darling x2241

COMMITTEE BILL

Joint Budget Committee

BILL TOPIC: "School Finance Mid-year Adjustments"

A BILL FOR AN ACT

101 **CONCERNING ADJUSTMENTS TO APPROPRIATIONS IN THE 2018-19**
102 **FISCAL YEAR FOR STATE SHARE OF TOTAL PROGRAM FUNDING**
103 **FOR SCHOOL FINANCE, AND, IN CONNECTION THEREWITH,**
104 **MAKING AND REDUCING APPROPRIATIONS.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Joint Budget Committee. The general assembly recognizes that the actual funded pupil count and the actual at-risk pupil count for the 2018-19 budget year are lower than anticipated when the appropriation

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

amount was established during the 2018 legislative session. In addition, local property tax and specific ownership tax receipts are more than anticipated, increasing the local share of total program funding.

The bill declares the general assembly's intent to reduce state share of total program funding to maintain the budget stabilization factor established during the 2018 legislative session. The bill adjusts the amount of total program funding specified in statute to reflect this intent.

The bill makes an appropriation to the department of education to correct errors in the calculation and distribution of at-risk funding to the state charter school institute in 2 previous budget years.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Legislative declaration.** (1) (a) The general
3 assembly finds and declares that:

4 (I) The actual funded pupil count and the actual at-risk pupil count
5 for the 2018-19 school year are lower than anticipated when the
6 appropriation was established during the 2018 legislative session for total
7 program funding for the 2018-19 budget year. As a result, total program
8 funding is \$21,494,856 lower than anticipated when appropriations were
9 established for the 2018 session.

10 (II) In addition, based on actual local property taxes and specific
11 ownership taxes available to school districts for the 2018-19 budget year,
12 the local share of total program funding is \$56,095,569 higher than
13 anticipated when appropriations were established in the 2018 legislative
14 session; and

15 (III) It is the general assembly's intent to reduce the state share of
16 total program funding, maintaining the dollar amount of the budget
17 stabilization factor established during the 2018 legislative session.

18 (b) Therefore, the general assembly finds it necessary to revise the
19 total program funding for the 2018-19 budget year.

20 (2) Further, the general assembly finds and declares that due to the

1 implementation of a new information technology system within the
2 department of education's school finance division, the department of
3 education made errors in the calculation and distribution of at-risk
4 funding specific to the state charter school institute for the 2015-16 and
5 2016-17 budget years, resulting in an underpayment to the state charter
6 school institute for those budget years. To correct this underpayment, an
7 appropriation of \$545,147 must be made to the department of education
8 for the state charter school institute during the 2018-19 budget year.

9 **SECTION 2.** In Colorado Revised Statutes, 22-54-104, **amend**
10 (5)(g)(I)(I) as follows:

11 **22-54-104. District total program - definitions.** (5) (g) (I) For
12 the 2010-11 budget year and each budget year thereafter, the general
13 assembly determines that stabilization of the state budget requires a
14 reduction in the amount of the annual appropriation to fund the state's
15 share of total program funding for all districts and the funding for
16 institute charter schools. The department of education shall implement the
17 reduction in total program funding through the application of a budget
18 stabilization factor as provided in this subsection (5)(g)(I). For the
19 2010-11 budget year and each budget year thereafter, the department of
20 education and the staff of the legislative council shall determine, based
21 on budget projections, the amount of such reduction to ensure the
22 following:

23 (I) That, for the 2018-19 budget year, the sum of the total program
24 funding for all districts, including the funding for institute charter
25 schools, after application of the budget stabilization factor, is not less than
26 ~~seven billion eighty-eight million seven hundred seventy-six thousand~~
27 ~~two hundred thirty dollars (\$7,088,776,230)~~ SEVEN BILLION SIXTY-SIX

1 MILLION FIFTY THOUSAND NINE HUNDRED SEVENTY DOLLARS
2 (\$7,066,050,970); except that the department of education and the staff
3 of the legislative council shall make mid-year revisions to replace
4 projections with actual figures, including but not limited to actual pupil
5 enrollment, assessed valuations, and specific ownership tax revenue from
6 the prior year, to determine any necessary changes in the amount of the
7 reduction to maintain a total program funding amount for the applicable
8 budget year that is consistent with this subsection (5)(g)(I)(I). For the
9 2019-20 budget year, the difference between calculated statewide total
10 program funding and actual statewide total program funding must not
11 exceed the difference between calculated statewide total program funding
12 and actual statewide total program funding for the 2018-19 budget year.

13 **SECTION 3. Appropriation.** For the 2018-19 state fiscal year,
14 \$545,147 is appropriated to the department of education. This
15 appropriation is from the general fund. To implement this act, the
16 department may use this appropriation to correct the distribution of total
17 program funding to institute charter schools from prior years.

DEPARTMENT OF
 EDUCATION
 APPROPRIATION FROM

| | ITEM & SUBTOTAL | TOTAL | GENERAL FUND | GENERAL FUND EXEMPT | CASH FUNDS | REAPPROPRIATED FUNDS | FEDERAL FUNDS |
|----|--------------------------|----------------------|-----------------|---------------------------|------------------------|-------------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 1 | Hold-harmless Full-day | | | | | | |
| 2 | Kindergarten Funding | 8,498,576 | | | 8,498,576 ^f | | |
| 3 | | 8,486,511 | | | 8,486,511 ^f | | |
| 4 | District Per Pupil | | | | | | |
| 5 | Reimbursements for | | | | | | |
| 6 | Juveniles Held in Jail | 10,000 | | | 10,000 ^f | | |
| 7 | At-risk Supplemental Aid | 5,094,358 | | | 5,094,358 ^g | | |
| 8 | At-risk Per Pupil | | | | | | |
| 9 | Additional Funding | 5,000,000 | | | 5,000,000 ^g | | |
| 10 | | <u>4,407,818,913</u> | | | | | |
| 11 | | 4,330,216,423 | | | | | |
| 12 | | | | | | | |

^a This amount shall be from the State Education Fund created in Section 17 (4)(a) of Article IX of the State Constitution. Pursuant to Section 17 (3) of Article IX of the State Constitution, appropriations from the State Education Fund are not subject to the limitation on fiscal year spending set forth in Section 20 of Article X of the State Constitution.

^b This amount shall be transferred from the State Share of Districts' Total Program Funding line item appropriation in the Assistance to Public Schools section of this department.

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APPROPRIATION FROM

| ITEM & SUBTOTAL | TOTAL | GENERAL FUND | GENERAL FUND EXEMPT | CASH FUNDS | REAPPROPRIATED FUNDS | FEDERAL FUNDS |
|--------------------|-------|-----------------|---------------------------|---------------|-------------------------|------------------|
| \$ | \$ | \$ | \$ | \$ | \$ | \$ |

1 ^c This amount shall be from the Financial Reporting Fund created in Section 24-44-105 (6)(a), C.R.S.

2 ^d This amount shall be from the General Fund Exempt Account created in Section 24-77-103.6 (2), C.R.S.

3 ^e Of this amount, \$411,729,424 shall be from the State Education Fund created in Section 17 (4)(a) of Article IX of the State Constitution and \$111,946,777 shall be from the State Public

4 School Fund created in Section 22-54-114 (1), C.R.S. Pursuant to Section 17 (3) of Article IX of the State Constitution, appropriations from the State Education Fund are not subject

5 to the limitation on fiscal year spending set forth in Section 20 of Article X of the State Constitution. Of the amount appropriated from the State Public School Fund, \$47,231,460 is

6 estimated to be from federal mineral leasing revenues transferred to the State Public School Fund pursuant to Sections 22-54-114 (1) and 34-63-102, C.R.S., \$56,317,799 is estimated

7 to be from State Public School Fund reserves, and \$8,397,518 is estimated to be from interest and income earned on the investment of money in the Public School Fund that is credited

8 to the State Public School Fund pursuant to Section 22-41-102 (3)(f), C.R.S.

9 ^f These amounts shall be from the State Education Fund created in Section 17 (4)(a) of Article IX of the State Constitution. Pursuant to Section 17 (3) of Article IX of the State

10 Constitution, appropriations from the State Education Fund are not subject to the limitation on fiscal year spending set forth in Section 20 of Article X of the State Constitution.

11 ^g These amounts shall be from the State Public School Fund created in Section 22-54-114 (1), C.R.S., from interest and income earned on the investment of money in the Public School

12 Fund that is credited to the State Public School Fund pursuant to Section 22-41-102 (3)(f), C.R.S.

1 **SECTION 5. Safety clause.** The general assembly hereby finds,
2 determines, and declares that this act is necessary for the immediate
3 preservation of the public peace, health, and safety.