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FISCAL IMPACT REPORT

ORIGINAL DATE 02/26/13

SPONSOR Jeff LAST UPDATED _____ HJM 46

SHORT TITLE Study School Funding Formula SB _____

ANALYST Gudgel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Minimal				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

House Joint Memorial 46 request the Legislative Education Study Committee (LESC), the Legislative Finance Committee (LFC), and the Public Education Department (PED) to cooperate in a study of the public education funding formula, including formula equity and impact aid credits, special education maintenance of effort, small school size adjustments, and other issues.

FISCAL IMPLICATIONS

The Joint Memorial does not include an appropriation. The requirements to study the funding formula will have a minimal impact on the LESL, LFC, and PED operating budgets.

SIGNIFICANT ISSUES

The federal government gives money to school districts with national forest lands, federal land, and federal reservations, including military bases and tribal lands within their geographical boundaries. These revenues are given to the districts in lieu of the ability to impose property taxes. The state takes credit for 75 percent of these revenues received by individual school district. Additionally, the state takes credit for 75 percent of local property taxes received by individual school districts.

The memorial states the credit taken for federal impact aid payments was more equitable when local property taxes accounted for a larger share of public education revenue stream. However, the memorial states that the poorest and most economically disadvantaged districts are contributing the largest percentage of local revenue to the statewide school budget.

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The memorial requests the LESC, LFC, and PED to study the public education funding formula and make recommendations to the Legislature by January 1, 2014.

ADMINISTRATIVE IMPLICATIONS

The joint memorial requires the LESC, LFC, and PED to study the current formula and report findings to the Legislature by January 1, 2014. The study should involve school superintendents, district financial officers, impact aid and forest reserve recipient school districts, charter schools, teachers and other education, and educational finance experts. The LESC is to be the lead agency.

RSG/svb