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FISCAL IMPACT REPORT

SPONSOR Miera ORIGINAL DATE 01/26/10
LAST UPDATED _____ HB 64
SHORT TITLE School Equalization Distribution Date Change SB _____
ANALYST Hoffmann

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	See narrative		

(Parenthesis () Indicate Expenditure Decreases)

Relates to BAR authority in House Bill 2.

SOURCES OF INFORMATION

LFC Files

Responses Received From
Public Education Department (PED)

SUMMARY

Synopsis of Bill

House Bill 64 allows the state equalization guarantee (SEG) distribution program unit value for FY2010 to be set at a date later than January 31, 2010. The date will be determined after receipt of approval to use state fiscal stabilization funds for a portion of the SEG distribution. This bill contains an emergency clause.

By having the ability to postpone the date on which the value of the program unit value, the state can increase PED's funding by adding the amount of the state fiscal stabilization funds.

FISCAL IMPLICATIONS

The PED reports that this will allow them to set the unit value in FY2010 after the state has obtained approval from the federal government to use additional stabilization dollars to help offset the decreases made to the SEG appropriation during the 2009 special session.

SIGNIFICANT ISSUES

During the 2009 special session, the FY2010 SEG appropriation was reduced by approximately \$89.4 million. In order to shore up part of the SEG appropriation reduction, the Governor

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directed the PED and DFA to use \$45.5 million in stabilization funds in order to offset a portion of the reduction. In order to access the funds, the state must turn in a phase II application to the federal government office responsible for these funds. This has been completed. However, federal government office staff has indicated that the approval may not occur prior to March of 2010.

The current language in House Bill 2 specifies that the Secretary of Education may adjust the unit value no later than January 31, 2010.

ADMINISTRATIVE IMPLICATIONS

The PED currently calculates the amount of a school district's SEG. Through this bill, the PED would need to assist each district with calculating a preliminary SEG estimate for each individual public school within a district.

TECHNICAL ISSUES

If House Bill 64 is passed, it may be necessary to include additional budget adjustment (BAR) authority for the PED to use newly available funding in FY 11.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The PED states that they will be restricted to setting the unit value by Jan. 31, 2010 which is well before the federal government will have approved the use of an additional \$45.5 million of stabilization funds in FY2010 to help offset the reductions to the SEG appropriation.

CH/svb