

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Joint Budget Committee
 FROM Craig Harper, JBC Staff (303-866-3481)
 DATE January 27, 2020
 SUBJECT Staff Supplemental Comeback: FY 2019-20 School Finance Mid-year Adjustment

On January 22, 2020, the Committee approved an increase of \$8,487,509 General Fund for the mid-year adjustment for the State Share of Districts' Total Program Funding line item. Based on the information available for that presentation, that was the change necessary to hold the budget stabilization factor constant at \$572.4 million after accounting for the actual pupil counts and local revenues available for school finance in FY 2019-20.

However, the Department of Education has now received updated data related to the local share from two school districts, requiring an additional \$558,822 in state funds to hold the budget stabilization factor constant. The updated data include the following changes:

- San Juan County notified the Department via letter on January 23, 2020, of a correction to the county's assessed valuation. The correction results in an increase of \$39,159 to the property tax supporting the local share of funding in Silverton School District. (On its own, this change would allow for a reduction of that amount to the state share.)
- Lake County School District notified the Department that their submission to the Department overstated the amount of specific ownership taxes applicable to the school finance, reducing that district's local share (and increasing the necessary state share) by \$597,981.
- Incorporating both changes requires a net increase of \$558,821 to reach the level of total program funding (including the state and local share) that the Committee approved on January 22.

Based on the updated data, staff recommends that the Committee approve an additional increase of \$558,822 above the amount approved on January 22, 2020. The recommendation results in a total increase of \$9,046,331 General Fund above the current (2019 Session) FY 2019-20 appropriation, as shown in an updated version of Table A below.

TABLE A: CHANGES TO SCHOOL FINANCE BASED ON ACTUAL ENROLLMENT AND LOCAL REVENUES

FISCAL YEAR	FY 2018-19	FY 2019-20		MID-YEAR CHANGE
	FINAL APPROPRIATION	DATA USED FOR INITIAL APPROPRIATION	REVISED RECOMMENDATION	
Funded Pupil Count	870,084.9	894,568.9	896,000.7	1,431.8
<i>Annual Percent Change</i>		2.8%	3.0%	
At-risk Pupil Count	294,161	293,297	302,743	9,446
<i>Annual Percent Change</i>		-0.3%	2.9%	
Statewide Base Per Pupil Funding	\$6,769	\$6,952	\$6,952	\$0
<i>Annual Percent Change</i>	3.4%	2.7%	2.7%	
Total Program Funding PRIOR TO Budget Stabilization Factor	\$7,739,732,989	\$8,158,105,603	\$8,178,375,722	\$20,270,119
Less: Budget Stabilization Factor Reduction	(672,396,894)	(572,396,894)	(572,396,894)	0
<i>Negative Factor as % of Total program</i>	8.69%	7.02%	7.00%	
EQUALS: Adjusted Total Program Funding	\$7,067,336,095	\$7,585,708,709	\$7,605,978,828	\$20,270,119
<i>Annual Percent Change</i>	6.6%	7.3%	7.6%	

TABLE A: CHANGES TO SCHOOL FINANCE BASED ON ACTUAL ENROLLMENT AND LOCAL REVENUES

FISCAL YEAR	FY 2018-19	FY 2019-20		MID-YEAR CHANGE
	FINAL APPROPRIATION	DATA USED FOR INITIAL APPROPRIATION	REVISED RECOMMENDATION	
Statewide Average Per Pupil Funding (for adjusted total program funding)	\$8,122.58	\$8,479.74	\$8,488.81	\$9.07
<i>Annual Percent Change</i>	<i>1.5%</i>	<i>4.4%</i>	<i>4.5%</i>	
Local Share of Districts' Total Program Funding	\$2,598,750,917	\$2,965,952,818	\$2,977,176,606	\$11,223,788
Property Tax Revenue	2,394,206,928	2,755,272,509	2,776,034,751	20,762,242
Specific Ownership Tax Revenue	204,543,989	210,680,309	201,141,855	(9,538,454)
<i>Annual Percent Change on Total</i>	<i>3.6%</i>	<i>14.1%</i>	<i>14.6%</i>	
State Share of Districts' Total Program Funding	\$4,468,585,178	\$4,619,755,891	\$4,628,802,222	\$9,046,331
<i>Annual Percent Change</i>	<i>8.4%</i>	<i>3.4%</i>	<i>3.6%</i>	
<i>State Share as Percent of Districts' Total Program</i>	<i>63.2%</i>	<i>60.9%</i>	<i>60.9%</i>	