



Summary – School Finance Bill –HB16-1422

Introduced - March 28, 2016

Amended House Education – March 28, 2016

Amended – House Appropriations – March 29, 2016

Amended – House - passed on third reading – April 4 & 5, 2016

Amended Senate – passed on second reading – May 5, 2016

Amended – Senate – passed on third reading – May 5, 2016

Amended – Conference Committee – May 10, 2016

CONCERNING THE FINANCING OF PUBLIC SCHOOLS

(By summarizing the language in the bill, this does not alter the statutory language nor should it be considered legal advice in any way. For detailed language, please see the applicable section within the bill.)

ISSUE—FINANCE FORMULA

Section 1

Calculates statewide base per pupil funding for 2016-17 to add inflation of 1.2%

Base per pupil funding – 2015-16	\$6,292.39
Add 1.2% inflation	75.51
Base per pupil funding – 2016-17	\$6,367.90

The bill proposes Total Program Funding after application of the negative factor is not less than ~~\$6,394,949,270~~ **\$6,394,528,931**. The bill does not change the negative factor from current law – it will remain at \$830 million. The bill states that the negative factor amount would not increase between 2016-17 and 2017-18.

Section 2

~~The bill adjusts the minimum funded count for small districts. Current law cannot be less than 50 pupils. The bill creates a graduated minimum funded pupil count:~~

- ~~• 35-50 pupils = funded pupil count is 50~~
- ~~• 20-35 pupils = funded pupil count is 40~~
- ~~• 19 or fewer pupils = funded pupil count is 25~~

Section 3-2

The bill adjusts the size factor for a school district by increasing the number of pupils to 5,000 or more for application of the flat factor. It also adjusts the factor for districts with at least 2,293 but fewer than ~~3,500~~ **5,000** pupils and **adds a**



category of size factor for those districts between 2,293 and 3,500 funded pupils which provides additional funding for these districts.

Section ~~4 & 5~~ 3 & 4

Current law requires some districts to replace categorical program support funds that the school district receives from the state. The bill requires that these funds are replaced by June 30 of the budget year in which the district collects the property tax revenue attributed to these funds.

If the district fails to make payments, the Commissioner of Education shall withhold from any state money due to the school district the amount owed, plus interest beginning in the year following the year in which the district fails to replace the categorical program support funds. The Commissioner may waive accrued interest upon payment of the amount due.

Section ~~6-5~~

Beginning with the ~~2015-16~~ 2016-17 budget year, the bill expands the use of the contingency reserve fund for districts that face an unusual financial burden caused by a significant reduction in assessed value resulting in the district receiving state share payments. If the district did not receive state share in the prior year, but does in the current year, and the negative factor creates a funding cliff for the district, they may seek a loan from the contingency reserve fund. ~~The district would be required to repay the loan by the end of the following budget year.~~ The assistance amount will not exceed 50 percent of the amount of the reduction in the district's state share as a result of the negative factor.

Section ~~7 & 8~~ 6 & 7

Under current law, a school district's total program mill levy would be reduced because local property tax revenues received from the mill levy exceeded the district's total program and the requirement to buy-out categorical program support funds. The bill authorizes the district to continue levying the same number of mills.

The revenues from the additional mills are deposited in the school district's total program reserve fund and may be used to replace state share of total program funding lost as a result of the negative factor. In a year in which the reserve fund exceeds the negative factor amount, the district may expend the excess balance.

Section ~~9-8~~

The bill authorizes BEST grants for applicants leasing or will lease state-owned properties to make improvements to the properties. This applies to properties leased to the applicant that are listed on the State Architect's inventory of the state's real property and improvements and other capital assets or state-owned property leased by the State Board of Land Commissioners. The grant may be used to preserve or enhance the value of state-owned, leased property. The BEST board is required to adopt rules regarding these grants.

Section ~~10-9~~

This section is a conforming amendment for the funding of facility schools.



Section 10

Charter school networks – authority – definitions. Adds paragraph 6 which requires each charter school network to comply with the audit requirements imposed on charter schools as identified in this section.

Section 11

This section allows a charter school, a charter school applicant, or an organization representing charter schools to request revocation of exclusive chartering authority on the grounds that the district has demonstrated a pattern of failing to comply with one or more of the provisions of the Charter Schools Act. There are some restrictions on when this can be used.

Section 12

This section requires a school district to provide a list of vacant or underused buildings or land to charter schools, charter school applicants and other interest parties upon request. The district must post a notice on the website that this list is available upon request with some additional requirements. The charter school or charter applicant may apply to the district to use the building or land. The local board shall review each application and approve or deny the application.

Section 13

At the charter school’s request, this section requires the charter school itemized accounting to include list of personnel positions and services provided by persons in each position if the itemized accounting includes services provided to the charter school by district personnel.

The district is required to distribute to each charter school on a per pupil basis state or federal money that the district receives on a per pupil basis if the calculation includes pupils enrolled in the charter school.

Section 14

Added the word “maintaining” to the definition of capital construction under state aid for charter schools – use of state education fund money.

Section 15

This section adds the governing board of an institute charter school to the definition of local public body and excludes it from the definition of state public body.

Section 16

The section excludes automatic charter waivers for the annual school calendar and teacher-pupil contact hours.

Section 10-17

Adds the appropriation clause.

