

JBC Staff Fiscal Analysis
House Appropriations Committee

Concerning the financing of public schools.

Prime Sponsors:

Representatives McCluskie; Lukens
Senators Lundeen; Bridges

Date Prepared:

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Fiscal Impacts

Appropriation Required, Amendments in Packet

Fiscal Note Status

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/10/25.

No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill.

Amendments in This Packet

J.001	Staff-prepared appropriation amendment
L.011/J.002	Bill Sponsor amendment - changes fiscal impact and appropriation
L.012	Bill Sponsor amendment - does not change fiscal impact.
L.014	Bill Sponsor amendment - does not change fiscal impact.
L.015	Bill Sponsor amendment - does not change fiscal impact.

Current Appropriations Clause in Bill

The bill requires but does not contain an appropriation clause.

Description of Amendments in This Packet

J.001

Staff has prepared amendment **J.001** (attached) to add a provision making the following appropriations and reductions to the Department of Education for FY 2025-26:

- An increase of \$7,009,989 cash funds from the State Education Fund for At-risk Supplemental Aid;
- A reduction of \$16,893,020 cash funds to the FY 2025-26 Long Bill for the appropriation from the State Education Fund for the State Share of Districts' Total Program Funding;
- A reduction of \$5,000,000 cash funds to the FY 2025-26 Long Bill for the appropriation from the State Education Fund for At-risk Per Pupil Additional Funding; and
- A reduction of \$45,648,087 cash funds to the FY 2025-26 Long Bill for the appropriation from the Public School Capital Construction Assistance Fund for Public School Capital Construction Assistance Board – Cash Grants.

L.011 and J.002

Bill Sponsor amendment **L.011** (attached) removes multi-district online students from a district's count when calculating the size factor. This change positively impacts fourteen small school districts and increases the state share of districts' total program funding by \$757,251 as compared to the introduced bill as amended by the House Education Committee.

Staff has prepared amendment **J.002** (attached) to add a provision making the following appropriations and reductions to the Department of Education for FY 2025-26:

- An increase of \$7,009,989 cash funds from the State Education Fund for At-risk Supplemental Aid;
- A reduction of \$16,135,769 cash funds to the FY 2025-26 Long Bill for the appropriation from the State Education Fund for the State Share of Districts' Total Program Funding;
- A reduction of \$5,000,000 cash funds to the FY 2025-26 Long Bill for the appropriation from the State Education Fund for At-risk Per Pupil Additional Funding; and
- A reduction of \$45,648,087 cash funds to the FY 2025-26 Long Bill for the appropriation from the Public School Capital Construction Assistance Fund for Public School Capital Construction Assistance Board – Cash Grants.

L.012

Bill Sponsor amendment **L.012** (attached) clarifies that the cap on revenue to the Public School Capital Construction Assistance Fund takes effect in FY 2024-25, which impacts the appropriation for Building Excellent Schools Today (BEST) cash grants beginning in FY 2025-26. The amendment also requires the Governor's Office of State Planning and Budgeting to annually report the amount of revenue that was credited to the State Public School Fund for the prior state fiscal year as a result of the revenue cap in its November 1st budget submission.

L.014

Bill Sponsor amendment **L.014** (attached) clarifies that existing identification methods for at-risk students include free and reduced-price lunch forms and codifies in statute that Medicaid data is included when calculating at-risk counts.

L.015

Bill Sponsor amendment **L.015** (attached) grants the State Board of Education the authority to promulgate rules that direct the Department to suspend and re-start collection of census block data related to calculation of a new at-risk measure.

If the Committee adopts **L.011** (and **J.002**), it should *not* adopt **J.001**. The Committee may also adopt **L.012**, **L.014**, and **L.015**.

Points to Consider

Future Fiscal Impact

The bill makes changes to the new school finance formula that decrease costs beginning in FY 2025-26. Based on the Legislative Council Staff Fiscal Note dated 04/10/2025, the bill will decrease the state share of districts' total program funding in the Department of Education by an estimated \$16.9 million in FY 2025-26 and \$31.9 million in FY 2026-27 compared to current law. If the Committee adopts the Bill Sponsor amendment **L.011** (and **J.002**), the state share decrease will be \$16.1 million in FY 2025-26 and \$30.4 million in FY 2026-27. These savings will be realized through a combination of the General Fund, the State Education Fund, and the State Public School Fund.