

JBC Staff Fiscal Analysis
Senate Appropriations Committee

Concerning the financing of public schools, and, in connection therewith, making and reducing an appropriation.

Prime Sponsors:

Representatives McCluskie; Lukens
Senators Lundeen; Bridges

Date Prepared:

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Fiscal Impacts

Appropriation Already Added to Bill, Amendment in Packet

Fiscal Note Status

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/15/25.

Update: Fiscal impact has changed due to amendments adopted after LCS Fiscal Note was prepared.

The Senate Education Committee adopted amendments on 04/30/25 that do the following:

- L.041 requires the General Assembly to consult with a statewide association that represents school districts and a statewide association that represents charter schools regarding the implementation of the new school finance formula.
- L.032 allows the Department of Education to exclude multi-district online students from the district's funded pupil count for the purposes of determining the locale factor, which is based on classifications issued by the National Center for Education Statistics. This amendment results in an increase of \$359,932 to the state share of districts' total program funding in FY 2025-26.
- L.027 directs interest and income earned on the investment of money in the Public School Fund to be credited to the Public School Capital Construction Assistance Fund (PSCCAF) beginning in FY 2024-25 and exempts the additional revenue to the PSCCAF from the \$150.0 million cap included in the bill. This amendment results in an estimated \$7.6 million increase in funds available in the PSCCAF to be used for Building Excellent Schools Today (BEST) cash grants in FY 2025-26.
- L.026 modifies a provision in the bill that provides roll-forward authority for the Out-of-School Time Grant Program to provide expenditure authority through FY 2026-27 rather than through FY 2027-28.

Legislative Council Staff agrees with this analysis.

Amendments in This Packet

J.003 Staff-prepared appropriation amendment

Current Appropriations Clause in Bill

The bill includes an appropriations clause that makes 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.

The amendments adopted by the Senate Education Committee on 04/30/25 increase the required appropriation for the State Share of Districts' Total Program Funding by \$359,932 and increase the required appropriation from the Public School Capital Construction Assistance Fund for Public School Capital Construction Assistance Board – Cash Grants by \$7.6 million.

Description of Amendments in This Packet

J.003

Staff amendment **J.003** (attached) appropriates \$7,600,000 cash funds from the Public School Capital Construction Assistance Fund to the Department of Education for Public School Capital Construction Assistance Board – Cash Grants for FY 2025-26. Amendment **J.003** also increases the appropriation for the State Share of Districts' Total Program Funding by \$359,932 cash funds from the State Education Fund in the Department of Education for FY 2025-26.

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 Revised Fiscal Note dated 04/15/2025, the bill will decrease the state share of districts' total program funding in the Department of Education by an estimated \$16.1 million in FY 2025-26 and \$30.4 million in FY 2026-27 compared to current law. These savings will be realized through a combination of the General Fund, the State Education Fund, and the State Public School Fund.