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HOUSE REPUBLICAN STAFF ANALYSIS

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|----------------|----------------------------|------------------|--------------------------------|
| Bill: | HF 2230 (formerly HSB 586) | House Committee: | PASSED 14-8 (1/31/2018) |
| Committee: | Education | House Floor: | |
| Floor Manager: | Rep. Dolecheck | Senate Floor: | |
| Date: | February 6, 2018 | Governor: | |
| Staff: | Jason Chapman (1-3015) | | |

FY19 Supplemental State Aid

HF 2230 sets Supplemental State Aid (SSA) at 1% for FY19 for both the Regular Program and the Categorical Supplements. It also extends the Property Tax Relief Payment (PTRP) an additional year which has the state pick up any property tax growth in the Additional Levy portion of the school funding formula.

The State Cost Per Pupil (SCPP) amount on which the school aid formula is based increases from \$6664 to \$6731, a \$67 increase.

Here's a breakdown of the funding result of the bill:

| FY18 Totals | | FY19 Estimated Increases – 1% | FY19 Totals |
|-------------|-----------------------------------|-------------------------------|-------------|
| \$3.179 B | School Aid | \$31.96 M | \$3.211 B |
| \$23.64 M | Budget Adjustment * | \$2.5 M | \$26.14 M |
| 179 | # of Districts on BA | 4 | 183 |
| \$46.99 M | Property Tax Pickup (PTRP) | \$4.76 M | \$51.52 M |
| -\$22.5 | AEA Reduction ** | \$0 | -\$22.5 M |

* The Budget Adjustment is a 101% guarantee of the previous years' state aid amount if the district loses money from the percent of growth. It is an optional property tax levy at the district level.

** The AEA reduction does not occur in this bill. It is proposed. \$7.5 million occurs in statute and the remaining \$15 million occurs in the Standings bill.

Here's a picture of the state aid increases over the past 8 years:

| Fiscal Year (school year) | Percent Growth | State Cost Per Pupil | State Foundation School Aid | State Aid Increase |
|---------------------------|----------------|----------------------|-----------------------------|--------------------|
| FY12 (11/12) | 0% | \$5883 | \$2,623,826,586 | \$179,682,287 |
| FY13 (12/13) | 2% | \$6001 | \$2,652,633,798 | \$28,807,212 |
| FY14 (13/14) | 2% | \$6121 | \$2,716,133,473 | \$63,499,675 |
| FY15 (14/15) | 4% | \$6366 | \$2,865,029,554 | \$148,896,081 |
| FY16 (15/16) | 1.25% | \$6446 | \$2,952,004,924 | \$86,975,370 |

| | | | | |
|------------------------------|-------|--------|-----------------|----------------------|
| FY17 (16/17) | 2.25% | \$6591 | \$3,089,641,100 | \$137,636,176 |
| FY18 (17/18) | 1.11% | \$6664 | \$3,179,630,000 | \$90,000,000 |
| FY19 (18/19) | 1% | \$6731 | \$3,211,590,000 | \$31,960,000 |
| 8-year total increase | | | 30.41% | \$767,456,801 |

Section-by-Section Analysis

Section 1 - 257.8 - Financing School Programs - State Percent of Growth

Sets the percent of growth for Regular Program and the Categoricals for FY19 at 1%.

Sections 2 through 4 – 257.16B – Financing School Programs – Property Tax Replacement Payments (PTRP)

Continues the Property Tax Replacement Payment (PTRP) in perpetuity.

Sections 5 – Effective date – Effective upon enactment.

Amendment Analysis

H-8003 by Steckman – establishes 3% Supplemental State Aid for both the Regular Program and the Categoricals. The total increase, assuming the same AEA reduction, would be \$120.25 million.