

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4101-05
Bill No.: Perfected SS for SCS for SB 528
Subject: Appropriations; Buses; Education, Elementary and Secondary; Elementary and Secondary Education, Department of; Transportation
Type: Original
Date: January 29, 2020

Bill Summary: This proposal requires the Department of Elementary and Secondary Education to transfer any excess foundation formula funding to the School Transportation Fund.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	\$0	\$0 to (Could exceed \$2,788,942)	\$0 to (Could exceed \$2,788,942)
Total Estimated Net Effect on General Revenue	\$0	\$0 to (Could exceed \$2,788,942)	\$0 to (Could exceed \$2,788,942)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Other Various Funds	\$0	\$0 to (Could exceed \$12,179,709)	\$0 to (Could exceed \$12,179,709)
School Transportation Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0 to (Could exceed \$12,179,709)	\$0 to (Could exceed \$12,179,709)

*Transfers in and transfers out net to zero.

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Local Government	\$0	\$0 or Could exceed \$14,968,651	\$0 or Could exceed \$14,968,651

FISCAL ANALYSIS

ASSUMPTION

Section 163.164 School Transportation Fund

The **Department of Elementary and Secondary Education (DESE)** assume this proposal will have no direct fiscal impact on their agencies.

In response to a previous version, officials from the **Office of the State Treasurer** assumed the proposal will have no fiscal impact on their organization.

Oversight notes the following amounts were appropriated to DESE based upon the TAFP House Bill 2 amounts (Section 2.015):

	FY 2018	FY 2019	FY 2020
Foundation Formula (§163.011)	\$3,392,907,149	\$3,491,827,921	\$3,553,211,885
Transportation	\$105,297,713	\$102,547,713	\$107,547,713
Vocational Education	\$50,069,028	\$50,069,028	\$50,069,028
Early Childhood Development	\$18,000,000	\$18,000,000	\$21,058,000
Early Childhood Special Education	\$183,209,718	\$191,567,259	\$194,567,259
Total	\$3,749,483,608	\$3,854,011,921	\$3,926,453,885
From General Revenue	\$2,201,618,959	\$2,294,250,202	\$2,324,324,974
From Outstanding Schools Trust Fund	\$836,602,450	\$836,604,980	\$836,681,973
From State School Moneys	\$197,890,281	\$197,887,751	\$238,023,387
From Lottery Proceeds Fund	\$144,295,669	\$151,256,813	\$152,959,964
From Classroom Trust Fund	\$351,663,349	\$351,702,205	\$349,999,054
From Early Childhood Development, Education and Care Fund	\$17,412,900	\$22,309,970	\$24,464,533
Total	\$3,749,483,608	\$3,854,011,921	\$3,926,453,885

ASSUMPTION (continued)

Based on information from Office of the State Treasurer and the Department of Elementary and Secondary Education Budget Request, **Oversight** notes the cash balances for excess Foundation Formula appropriations for FY 2019 as follows:

Fund	Cash Balance	Percentage of Total
General Revenue Fund	\$ 2,788,942	19%
Outstanding Schools Trust Fund (0287)	\$ 0	0%
Lottery Proceeds (0291)	\$ 0	0%
State Schools Money Fund (0616)	\$ 8,095,476	54%
Classroom Trust Fund (0784)	\$ 4,084,233	27%
Early Childhood Dev., Education and Care Fund (0859)	\$ 0	0%
Total	\$ 14,968,651	100%

In addition, the previous fiscal years had the following excess appropriations - cash balances:

	FY 2018	FY 2017	FY 2016	FY 2015
General Revenue Fund	\$0	\$0	\$0	\$0
Other State Funds	\$3,032,113	\$3,608,405	\$9,205,625	\$12,888,039
Total	\$3,032,113	\$3,608,405	\$9,208,036	\$12,888,039

In the event of excess funding, **Oversight** assumes the appropriation would lapse and the cash balance of excess funds would transfer to the School Transportation Fund created in this proposal. Oversight assumes the end of FY 2021 would be the first year funds would no longer lapse. Therefore, Oversight will show a transfer out of General Revenue and Other Various Funds beginning in FY 2022. Oversight notes the excess appropriation that lapsed may differ from actual cash balances.

ASSUMPTION (continued)

Oversight received no responses from school districts related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, school districts were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

Oversight will range the fiscal impact from \$0 (no excess appropriations remaining at the end of the previous fiscal year) to the amount of excess appropriations - cash balances at the end of FY 2019.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
 GENERAL REVENUE			
<u>Transfer Out</u> - to School Transportation Fund	<u>\$0</u>	\$0 to (Could exceed <u>\$2,788,942</u>)	\$0 to (Could exceed <u>\$2,788,942</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	\$0 to (Could exceed <u>\$2,788,942</u>)	\$0 to (Could exceed <u>\$2,788,942</u>)
 OTHER STATE FUNDS			
<u>Transfer Out</u> - to School Transportation Fund	<u>\$0</u>	\$0 to (Could exceed <u>\$12,179,709</u>)	\$0 to (Could exceed <u>\$12,179,709</u>)
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>\$0</u>	\$0 to (Could exceed <u>\$12,179,709</u>)	\$0 to (Could exceed <u>\$12,179,709</u>)

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2021 (10 Mo.)	FY 2022	FY 2023
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**SCHOOL TRANSPORTATION
 FUND**

<u>Transfer In</u> - from General Revenue and Other Various Funds	\$0	\$0 to Could exceed \$14,968,651	\$0 to Could exceed \$14,968,651
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<u>Transfer Out</u> - to School Districts	<u>\$0</u>	\$0 to (Could exceed \$14,968,651)	\$0 to (Could exceed 14,968,651)
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**ESTIMATED NET EFFECT ON
 SCHOOL TRANSPORTATION
 FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
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SCHOOL DISTRICTS

<u>Transfer In</u> - from School Transportation Fund	<u>\$0</u>	\$0 to Could exceed \$14,968,651	\$0 to Could exceed \$14,968,651
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**ESTIMATED NET EFFECT ON
 SCHOOL DISTRICTS**

	<u>\$0</u>	\$0 to Could exceed \$14,968,651	\$0 or Could exceed \$14,968,651
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Under this act, in any fiscal year in which the total appropriation for the foundation formula is greater than the amount reimbursed to public schools, the Department of Elementary and Secondary Education shall transfer such excess cash balances by the fifteenth day of the succeeding fiscal year to the School Transportation Fund established in this act.

This act establishes the "School Transportation Fund" in the State Treasury. The fund shall be administered by the commissioner of the Department, and any funds deposited into the fund shall be paid to public school districts to provide transportation to students, in addition to state aid currently provided for transportation of students, based on the number of students transported by the district.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the State Treasurer
Department of Elementary and Secondary Education



Julie Morff
Director
January 29, 2020



Ross Strobe
Assistant Director
January 29, 2020