

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2686-01
BILL NO.: SB 591
SUBJECT: Education, Elementary and Secondary: Year 2000 Classroom Fund
TYPE: Original
DATE: January 11, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$31,442,816)	(\$64,772,201)	(\$100,073,051)
Year 2000 Classroom	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	(\$31,442,816)	(\$64,772,201)	(\$100,073,051)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$31,442,816	\$64,772,201	\$100,073,051

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Gaming Commission and State Treasurer's Office** assume the proposal would result in no fiscal impact to the agencies.

Officials from the **Office of Administration - Budget and Planning** estimate that in FY 2001 \$187.2 million is transferred from the Gaming Proceeds for Education Fund to the State Schools Moneys Fund. They assume no growth for the Gaming Proceeds for Education. Therefore, they estimate the following transfers to the Year 2000 Classroom Fund:

FY 2001 (20%)	\$37.4 million
FY 2002 (40%)	\$74.9 million
FY 2003 (60%)	\$112.3 million
FY 2004 (80%)	\$149.8 million
FY 2005 (100%)	\$187.2 million

Officials from **Department of Elementary and Secondary Education (DESE)** assume the following:

Gaming proceeds for education

Gaming proceeds for education amounts used in this fiscal note response begin with the FY 2001 budget request. A 3% per year growth factor in this amount is assumed for FY 2002 and FY 2003.

FY 2001	\$157,214,081	-- 20% will go to Year 2000 Classroom Fund = \$31,442,816
FY 2002	\$161,930,503	-- 40% will go to Year 2000 Classroom Fund = \$64,772,201
FY 2003	\$166,788,418	-- 60% will go to Year 2000 Classroom Fund = \$100,073,051

GR Impact

Funds diverted from the SSMF to the Classroom Fund will be replaced by an equal transfer from the General Fund into the SSMF.

IT Impact

Minimal programming costs will be incurred to alter the existing school finance system. These costs are estimated to be \$1,000 to \$2,000 (\$1,500 mid-point selected).

DESE officials assume there would be a net increase in moneys going out to school districts of \$31,442,816 in FY 2001; \$64,772,201 in FY 2002; and \$100,073,051 in FY 2003. These moneys could be used by districts for school construction, renovation or leasing; teacher recruitment, retention, salaries or professional development; or technology enhancements, textbooks or instructional materials.

FISCAL IMPACT - State Government FY 2001 FY 2002 FY 2003
 (10 Mo.)

GENERAL REVENUE FUND

Cost-Department of Elementary and Secondary Education (DESE)
 Transfer to the SSMF (\$31,442,816) (\$64,772,201) (\$100,073,051)

YEAR 2000 CLASSROOM FUND

Income-Department of Elementary and Secondary Education (DESE)
 Transfer from Gaming Proceeds \$31,442,816 \$64,772,201 \$100,073,051
 For Education Fund

Cost-Department of Elementary and Secondary Education (DESE)
 Distributions to School Districts (\$31,442,816) (\$64,772,201) (\$100,073,051)

ESTIMATED NET EFFECT ON YEAR 2000 CLASSROOM FUND \$0 \$0 \$0

FISCAL IMPACT - Local Government FY 2001 FY 2002 FY 2003
 (10 Mo.)

SCHOOL DISTRICTS

Income-School Districts
 Distributions from Year 2000 Classroom Fund \$31,442,816 \$64,772,201 \$100,073,051

FISCAL IMPACT - Small Business

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

DESCRIPTION

L.R. NO. 2686-01
BILL NO. SB 591
PAGE 4 OF 4
January 11, 2000

Excursion gambling boat proceeds deposited in the Gaming Proceeds for Education Fund in excess of the amount transferred to the School District Bond Fund are currently transferred to the State School Moneys Fund. The proposal would transfer these moneys as follows: 1) for FY 2001, 20% to the Year 2000 Classroom Fund and 80% to the State School Moneys Fund; 2) for FY 2002, 40% to the Year 2000 Classroom Fund and 60% to the State School Moneys Fund; 3) for FY 2003, 60% Year 2000 Classroom Fund and 40% to the State School Moneys Fund; 4) for FY 2004, 80% to the Year 2000 Classroom Fund and 20% to the State School Moneys Fund; and for FY 2005, 100% to the Year 2000 Classroom Fund.

The amount transferred to the Year 2000 Classroom Fund would be replaced in the State School Moneys Fund from General Revenue.

For FY 2001 and each subsequent fiscal year, the Year 2000 Classroom Fund would be distributed to each school district on a per eligible pupil basis. The moneys could be used by the districts for school construction, renovation or leasing; teacher recruitment, retention, salaries or professional development; or technology enhancements, textbooks or instructional materials.

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

Department of Elementary and Secondary Education
State Treasurer's Office
Office of Administration - Budget and Planning
Gaming Commission



Jeanne Jarrett, CPA
Director
January 11, 2000