

BDR 34-1184

SB 508

LOCAL GOVERNMENT FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: April 7, 2015

Agency Submitting: Douglas County School District

Items of Revenue or Expense, or Both	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Effect on Future Biennia
State Obligation Share (ADE/Hold Harmless) (Revenue)		(\$1,249,000)		
Special Ed Revenues (Revenue)		\$4,100,000		
Total	0	\$2,851,000	0	0

Explanation

(Use Additional Sheets of Attachments, if required)

Please see attached Fiscal Note Explanations labeled Exhibit 1 (word), Exhibits 2 & 3 (excel). Fiscal Impacts in 2017 and effects on future biennia cannot be determined without further compilation of all school districts revenues and expenditures.

Name HOLLY LUNA

Title CFO, BUSINESS SERVICES

Fiscal Note: 34-1184 (DSA FORMULAIC CHANGES)

Explanation Provided by: HOLLY LUNA

Please select YES or NO on the following:

- (1) Has Fiscal Impact: **Yes** ☒ No ☐ (*If NO, skip #2*)
- (2) Unfunded Mandate: **Yes** ☒ No ☐
- (3) Ongoing Costs: **Yes** ☒ No ☐ (*If NO, skip #4*)
- (4) Estimated Annual Fiscal Costs beyond FY16/17: cannot be determined with coordination from Dept of Ed as they need to compile and redistribute revenues based on expenditures from all districts, not solely allocated revenues / expenditures from Douglas County School District

Fiscal Note Explanation:

Fiscal impacts within the first year are related to enrollment/count day methodologies, hold harmless provisions, and revisions to Special Education assistance from the State.

The BDR removes enrollment, and thus state fiscal support, from “count day” and instates “average daily enrollment” (ADE) on a quarterly basis, and “hold harmless” provisions are removed unless enrollment is less than or equal to 95% of the immediately preceding year and adjusted through ADE calculations rather than a full two-year look back. ADE calculations will likely result in approximately **\$979 of negative impact to revenues**.

Essentially the one year hold-harmless provision that allows the district flexibility in staffing based on prior year’s enrollment is removed. Fiscal Impact of discontinuing one-year hold-harmless provision is approximately **\$270K of negative impact** to revenues. This is an organizational as well as fiscal concern in that teacher contracts are required to be confirmed by May 1, but we won’t have corroboration of our student populations until mid-to-end of September. This will likely result in increasing number of RIFs with numerous staffing/organizational impacts until enrollment counts can be verified and release of staffing allocations to equalize staffing if need be.

Additionally, our SPED revenue support from the state will change from a UNITS funded perspective to one of support based on count of enrolled students (% of student population not to exceed 13%). However, our district has seen increases in this population to almost 16% which then moves our fiscal impact to another level of discussion. Currently, we support our SPED Fund through almost \$5.4M in transfers from the General Fund as the 71 units provided to our district only fund approximately 35% of the costs. Given this, it appears as though the MOE kicks in, and funding will be allocated to us based on matching our required MOE, or \$7.3M.

Overall, if no other assumptions of change are articulated, this first stage of change of the DSA formula would benefit Douglas to the tune of approximately \$2.9M overall.

However, a number of changes will occur on July 1, 2016 including removal of SPED units/funding with a replacement calculation including certain multipliers that will be used to meet needs of special populations. Additionally, beginning July 1, 2017 the calculation of kindergarten counted as six-tenths will be removed and included in the ADE of grades 1-12.

Given that we cannot calculate a reasonable redistribution of support based on all districts' receipts and expenditures, it would be critical to receive support from Department of Ed to determine fiscal impact. Given that our populations in ESL, FRL and GT are likely smaller than the 2 largest districts, it is a likely expectation that our district would be harmed by the implementation of Stages 2 and 3 in fiscal years 2017 and 2018.

Douglas County School District

example of fiscal impact based on revisions to DSA formula per **BDR 34-1184**

Existing DSA Revenues:

	<i>multiplier</i>	FY14/15	FY15/16	
A) Basic Support		\$ 5,941	\$ 5,934	Given the Governor's budget, we estimate our per pupil support to go down by \$7/student
B1) Weighted Enrollment		5,883.9	5,673.4	Hold Harmless Provisions are removed; will be based on ADE, not count day; assumed avg given current ADE info
B2) Actual Enrollment				see second tab labeled "Exhibit 3 BDR 34-1184"
C) DSA (Basic Support Guarantee) [A*Bx]		<u>\$ 34,956,250</u>	<u>\$ 33,665,663</u>	

Less: Local Funds

D) LSST (2.6%) ***This is set to expire 06/30/15	\$ (14,184,140)	\$ (14,184,140)	Governor's budget recommends continuation of 2.6%
E) 25 cent property taxes	\$ (6,203,879)	\$ (6,203,879)	
F) Initial Calculation of State Share [C - D - E]	<u>\$ 14,568,231</u>	<u>\$ 13,277,644</u>	
G) Less Charter Schools Share of State Revenues	<u>\$ (397,583)</u>	<u>\$ (397,583)</u>	
H) Projected State Obligation [F - G]	<u>\$ 14,170,648</u>	<u>\$ 12,880,061</u>	
I) Current SPED Funding = 71.0 Units	<u>\$ 3,056,268</u>	<u>\$ 7,254,404</u>	SPED revised as 13% cap of population; DCSD = 15.7%; use greater of last 3 years' avg or MOE requirements
Total State Funding [H + I]	<u>\$ 17,226,916</u>	<u>\$ 20,134,465</u>	

Differential in Add'l State Funding Required = \$ 2,907,549 BDR 34-1184 indicates that \$25M will be added FY16/17; where will the add'l funding for FY15/16 come from?

Est. based on 6,054 students
















SED FY14/15 based on weighted formula for est. special populati

	4.9%	4.1%	37.9%	15.7%	(in this estimate, there
	ESL Sub Pop	GT Sub Pop	FRL Sub Pop	SPED Pop	is overlap between
Current Revenues Provided by State	\$ 31,048	\$ 172,184	\$ -	\$ 2,884,084	these special
Current Revenues Provided by Feds	\$ -	\$ -	varies	\$ 1,114,791	populations; only for
					demonstration
Current Expenditures	\$ 827,050	\$ 337,003	varies	\$ 9,508,686	purposes)

Differential is paid through General Fund	(\$796,002)	(\$164,819)	(\$5,509,811)	(\$6,470,632)
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AVERAGE DAILY ENROLLMENT TRENDS FY14-15

DISTRICT

Grade	Average Daily Attendance Trends by Reporting Segment										Trend
	Month:										
	1	2	3	4	5	6	7	8	9	10	
PreK	30.9473	37.7222	40.5556	50.3438	52.3572	54.4473	56.7222				
Kdg.	382.3947	382.4444	380.5556	375.1876	377.1786	376.0000	376.0556				
1st	423.1317	425.2777	420.9167	418.4376	417.6071	414.3421	418.1666				
2nd	410.0790	409.1388	406.8333	404.7814	401.2859	401.9209	402.6944				
3rd	439.6842	447.8332	445.6389	441.4377	440.4286	438.9474	444.6667				
4th	435.1053	433.6944	435.4446	428.7814	428.1071	429.6843	429.6945				
5th	433.0528	430.8057	428.3610	422.7501	425.4642	426.4211	428.2777				
6th	444.6579	440.5278	444.8055	440.3439	437.8214	441.2896	444.2224				
7th	490.9490	484.3500	482.9671	478.1027	486.1190	474.7714	468.2049				
8th	434.3241	428.3625	427.6546	426.7992	431.7560	422.5098	422.9305				
9th	487.8997	481.0188	480.7600	469.7368	476.4226	455.9260	458.7360				
10th	537.7566	530.3063	526.3964	525.4600	519.2024	477.8190	476.7431				
11th	469.0658	459.1188	464.7533	464.8840	474.2560	472.3043	468.2396				
12th	392.5395	386.1938	380.7336	382.2724	388.1726	398.1711	400.5730				
Ungraded	13.2895	12.6250	12.2368	13.0625	12.8929	11.5263	11.6667				
TOTAL	5824.8771	5789.4194	5778.6130	5742.3811	5769.0716	5696.0806	5707.5939				