

## SFC Bill Drafts and Outcomes

prepared by Pad McCracken, LSD Research Analyst, May 2017

Below are descriptions of bill drafts recommended for consideration of the 2017 Legislature by the 2015-2016 School Funding Interim Commission **followed by a description of the outcome.** Of the 11 bill drafts to come out of the commission, only 3 were enacted or adopted, but there's more to the story than just a routine .272 batting average.

### Recruitment and Retention

LC 292 (LC QELP)—revises the existing Quality Educator Loan Assistance Program to target aid to rural schools located further from population centers and provide an increasing repayment amount for returning teachers to foster retention **HB 119 (Berglee) was enacted; however, there was no funding for the 2019 biennium in the executive budget or in the enacted HB 2 for this program.**

### K-12 Employee Health Benefits

LC 302 (LC HLTH)—creates a temporary task force to study public employee health benefits during the 2017-2018 interim, aimed at determining whether improvements could be made in providing consistent, cost-efficient health care options for employees of school districts and other local government subdivisions **SB 69 (Moe) was tabled in Senate Business, Labor, and Economic Affairs.**

### School Facilities

LC 293 (LC ICAP)—revises the existing INTERCAP loan program to increase the utility of low-interest loans to school districts through the Board of Investments **SB 5 (Facey) was enacted.**

LC 294 (LC EFBT)—allows school district trustees to transfer unexpended general fund dollars to the building reserve fund for facility expenditures **This draft was cancelled after a preliminary fiscal note showed a \$2.6 million state general fund impact due to decreased fund balance reappropriated which increases state GTB aid.**

LC 295 (LC GRT1)—eliminates the existing Quality Schools Facility Grant Program, replacing it with a formula grant program for school facility major maintenance that requires local planning and matching funds; shores up funding for facility reimbursements (debt service GTB) **HB 66 (Curtis) was tabled in House Education; however, elements related to measuring district effort based on % of maximum general fund budget adopted and the elimination of the Quality Schools Facility Grant Program were incorporated into SB 307 (see below).**

LC 296 (LC GRT2)—revises the Quality Schools Facility Grant Program to require local planning and matching funds; shores up funding for facility reimbursements (debt service GTB); reduces state general fund pressure by eliminating the STEM scholarship program, eliminating the Natural Resource Development (NRD) payment, and “capturing” unencumbered 95 mills on tax increments **HB 134 (Essmann) was heavily amended, eventually addressing excess oil and gas revenue and failing to receive enough votes to suspend the rules to accept the amended bill past transmittal deadlines. Elements of the original HB 134 related to defining what constitutes “major maintenance” and creating separate state special revenue accounts for maintenance and debt service assistance were incorporated into SB 307.**

## **Special Needs Funding**

LC 297 (LC SE01)—increases the special education payment for each year of the 2019 biennium by the equivalent of the inflationary adjustment applied to other funding components

LC 298 (LC SE02)—increases the special education payment for each year of the 2019 biennium by the equivalent of the inflationary adjustment applied to other funding components plus an additional \$2 million directed to special education cooperatives by changing the statutory distribution percentages of the special education payment

LC 299 (LC SE03)—increases the special education payment for each year of the 2019 biennium by \$2 million directed to special education cooperatives by changing the statutory distribution percentages of the special education payment

**HBs 31, 32, and 33 (Kelker) were all tabled in either House Education or Appropriations; however, HB 2 included a 1.44% increase in the state special education payment.**

LC 300 (adopted as a substitute to LC GFTD by the commission at the final meeting)—increases the appropriation for the existing gifted and talented grant program by \$1.25 million in each year of the 2019 biennium **HB 114 (Kelker) was tabled in House Education; the gifted and talented grant program received \$250,000 in each year of the 2019 biennium, the same amount it has received for the past four biennia.**

LC 301 (LC SNSY)—resolution requesting a study of special needs funding during the 2017-2018 interim **HJ 1 (Kelker) was adopted by both chambers and will likely be assigned to the new Education Interim Committee (SB 151 divided the former Education and Local Government Interim Committee)**

## **Additional enacted legislation related to School Funding Interim Commission discussions**

HB 647 (Don Jones; the HB 2, Section E “companion” bill) eliminates school district general fund block grants and increases GTB aid which were mechanisms for equalizing BASE mills considered by the commission. The bill also eliminated the existing NRD payment and created a new NRD facilities payment.

SB 307 (Llew Jones) creates a new, limited, and state-supported permissive levy for major maintenance of school district facilities, and repeals the Quality Schools Grant Program. The state support comes from revenue of the new NRD facilities payment and earnings from a new subfund within the coal tax trust that was created in SB 260 (Llew Jones).

SB 115 (Moe) revises the professional stipends provided for teachers who attain national board certification by: reducing the basic stipend amount but making it annual rather than one-time; providing a larger stipend amount for teachers employed in high-poverty schools or schools identified as being impacted by teacher shortages; creating a state-local share for the stipends; and to address budget concerns limiting the stipends to teachers certified or recertified by the national board after July 1, 2017.