

*Colorado Legislative Council Staff*  
**STATE and LOCAL**  
**REVISED FISCAL IMPACT**  
 (Replaces fiscal impact dated February 6, 2000)

<b>Drafting Number:</b> LLS 00-0018	<b>Date:</b> March 2, 2000
<b>Prime Sponsor(s):</b> Rep. Allen	<b>Bill Status:</b> Senate Education
Sen. Anderson	<b>Fiscal Analyst:</b> Chris Ward (303-866-5834)

**TITLE:** CONCERNING THE FINANCING OF PUBLIC SCHOOLS.

Fiscal Impact Summary	FY 2000/2001	FY 2001/2002
<b>State Revenues</b> General Fund		
<b>State Expenditures</b> General Fund	\$117,614,414	\$135,069,975
Cash Fund	\$8,554,295	
Cash Fund Exempt	(\$500,000)	
<b>FTE Position Change</b>	0.0 FTE	0.0 FTE
<b>Other State Impact:</b> None		
<b>Effective Date:</b> Upon signature of the Governor		
<b>Appropriation Summary for FY 2000-2001:</b> \$117,614,414 General Fund and \$8,554,295 Cash Fund to the Department of Education; decrease Capital Construction Fund exempt appropriation to the Department of Transportation by \$500,000.		
<b>Local Government Impact:</b> Increased school finance act funding for school districts		

**Summary of Legislation**

The reengrossed bill amends the school finance act to provide the following:

- a 3.5 percent inflationary increase in per pupil funding;
- an increase in the size factor; and
- increases in funding for minimum per pupil funded districts based on cost-of-living study results.

The Department of Education would be required to conduct a study of special education funding and report findings and recommendations to the General Assembly by October 1, 2000. The bill provides \$500,000 for educating students with disabilities that have no identifiable district of residence. The calculation of school district cost-of-living factors is modified in the bill beginning with FY 2000-01. The bill clarifies that school districts may not seek voter approval to impose additional property taxes except as authorized by the school finance act.

**State Expenditures**

The bill requires an increase in state expenditures of **\$126.2 million in FY 2000-01**. The components of this cost are shown in Table 1.

<b>Table 1. FY 2000-01 State Aid Funding Increases Under HB 00-1159</b>	
	<b>FY 2001/2002</b>
School Finance	
Inflation (at 3.5 percent per pupil)	119,934,912
Size Factor (minimum = 1.0194)	4,859,233
Cost-of-Living Study results for minimum districts	824,565
Other	
Special Education Study	50,000
Special Education appropriation for Educational Orphans	500,000
<b>Total State Expenditure Increase</b>	<b>\$126,168,710</b>
Less Cash Funds Available	(8,554,295)
<b>Total General Fund Increase</b>	<b>\$117,614,415</b>

Under current law, the cost of the school finance act would also include another \$8,492,105, including \$1,655,713 for new students and \$6,836,392 for implementing the most recent cost-of-living study, as amended by HB 00-1159.

The bill increases the statewide base per pupil funding amount from \$3,878 in the current budget year to \$4,014 in FY 2000-01. This represents an increase of \$136 or 3.5 percent. The bill phases up the minimum size factor provided for all school districts to 1.0194 in FY 2000-01; 1.0268 in FY 2001-02; and 1.0342 in FY 2002-03 and budget years thereafter. Along with current law changes, the bill would raise the state's average per pupil funding from \$4,995 to \$5,187. The inflationary increase would also raise the minimum guarantee from \$4,675 to \$4,839 per pupil.

The bill requires the Department of Education to conduct a study of special education funding and report findings and recommendations to the General Assembly by October 1, 2000. This study would be contracted out by the department at an estimated one-time cost of \$50,000 to be paid out of the General Fund. The actual cost would be based on bids received through the state procurement system.

The bill increases the FY 2000-01 General Fund appropriation for public school finance for special education - students with disabilities by \$500,000 to increase funding for students that have no identifiable district of residence. These moneys are made available under the bill by reducing the General Fund appropriation to the Capital Construction Fund for FY 2000-01 by \$500,000.

**School District Impact**

For FY 2000-01, total funding for school districts is expected to increase by an estimated \$184.2 million from a combination of current law requirements and the provisions of this bill. Of this amount, roughly \$49.6 million is expected to come from increased property and specific ownership taxes and \$134.6 million will be provided in state aid.

**State Appropriations**

The appropriation to the Department of Education should be increased by \$117,614,414 General Fund and by \$8,554,295 cash fund in FY 2000-01. All of the cash fund amount and \$117,064,414 of the General Fund amount should be appropriated for Public School Finance - Total Program. Of the remaining General Fund, \$500,000 should be appropriated for Public School Finance - Special Education - Students With Disabilities and \$50,000 should be appropriated for a study of special education funding.

The FY 2000-01 Capital Construction Fund exempt appropriation to the Department of Transportation should be reduced by \$500,000.

**Departments Contacted**

Education

Legislative Council