

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING THE FINANCING OF PUBLIC SCHOOLS, AND MAKING AN APPROPRIATION THEREFOR.

Prime Sponsors: Senator Windels  
Representative Pommer

JBC Analyst: Carolyn Kampman  
Phone: 303-866-2061  
Date Prepared: April 4, 2005

**Summary of Amendments Made to the Bill After the 04/04/05 Legislative Council Staff Revised Fiscal Note was Prepared**

None.

**JBC Staff Concurrence with Legislative Council Staff Fiscal Note**

**XXX** **Concurs**                       **Does Not Concur**                       **Updated Analysis**

**Amendments/Appropriation Status**

The bill, as amended by the House Education Committee, includes the following appropriations:

Section / Long Bill Line Item / Description	General Fund	State Education Fund	Total Funds
<b><u>SECTION 17 (currently in bill, as amended)</u></b>			
National Credential Fund <a>	\$0	\$83,000	\$83,000
<b><u>SECTION 18</u></b>			
(1)(a): <u>State Share of Districts' Total Program Funding:</u>			
Increase base per pupil funding by additional 0.2 percent (above the 1.1 percent increase constitutionally required and funded in the FY 2005-06 Long Bill)		\$8,974,282	\$8,974,282
Increase at-risk factor from 11.2 percent to 11.5 percent; Add English language learners to at-risk count; Full-day kindergarten at "unsatisfactory" schools		7,387,297	7,387,297
Add 1,310 Colorado Preschool Program slots (in addition to the 2,000 slots added under current law and funded through the FY 2005-06 Long Bill)		2,492,375	2,492,375

**JBC Staff Analysis**  
**SB05-200**  
**Page 2**

Section / Long Bill Line Item / Description	General Fund	State Education Fund	Total Funds
Allow districts to county gifted children who enroll in kindergarten early		144,197	144,197
Subtotal: State Share	0	18,998,151	18,998,151
(1)(b): School Capital Construction Expenditures Reserve <b>	0	(5,000,000)	(5,000,000)
(1)(c): Charter school capital construction	0	(2,500,000)	(2,500,000)
(1)(d): Additional state aid related to locally negotiated business incentive agreements	(2,280,029)	0	(2,280,029)
(1)(e): Special education -- children with disabilities	2,280,029	0	2,280,029
<b>Subtotal: Section 19</b>	<b>0</b>	<b>11,498,151</b>	<b>11,498,151</b>
<b>SECTION 19 (Contingent on voters <i>rejecting</i> November 2005 ballot measure)</b>			
School Capital Construction Expenditures Reserve <c>		10,000,000	10,000,000
School Construction and Renovation Fund <d>		10,000,000	10,000,000
<b>Subtotal: Section 20</b>	<b>0</b>	<b>20,000,000</b>	<b>20,000,000</b>
<b>Grand Total</b>	<b>\$0</b>	<b>\$31,581,151</b>	<b>\$31,581,151</b>

- <a> Appropriation also provides associated cash funds exempt spending authority out of the National Credential Fund.
- <b> Appropriation also eliminates the associated cash funds exempt spending authority out of the School Capital Construction Expenditures Reserve.
- <c> Appropriation also provides associated cash funds exempt spending authority out of the School Capital Construction Expenditures Reserve.
- <d> Appropriation also provides associated cash funds exempt spending authority out of the School Construction and Renovation Fund.

*With two exceptions*, the existing appropriation clauses (summarized in the table above) are consistent with the amounts reflected in the Legislative Council Staff Revised Fiscal Note, dated April 4, 2005. First, the appropriation for the State Share of Districts' Total Program Funding happens to be one dollar too high. Staff has prepared an amendment (**J.006**) to correct this.

Second, the House Education Committee amended Section 22-1-104 (6), C.R.S., of the reengrossed bill and struck the associated \$200,000 State Education Fund appropriation [see the Education Committee Report, dated March 31, 2005, page 2, lines 28 through 31; and page 8, lines 12 and 13].

The bill, as amended by the House Education Committee, continues to require the Department of Education to assist school districts in "developing and promoting" programs for elementary and secondary students that engage the students in the process of understanding the contents, meaning, and historical significance of the United States Constitution and the Declaration of Independence. The language authorizing the use of State Education Fund moneys for this purpose, however, was struck by the Education Committee. Thus, staff has prepared an amendment (**J.006**) to appropriate \$200,000 General Fund for the implementation of this particular provision.

### **Sponsor Amendments**

Staff is not aware of any sponsor amendment(s) to be offered.

### **Points to Consider**

1. *State Education Fund Solvency.* The model that is used to assess the solvency of the State Education Fund indicates that annual General Fund increases of at least 6.0 percent will be required through at least FY 2020-21, to maintain the solvency of the Fund and comply with constitutional funding requirements for education in future years. **To the extent that this bill increases required state aid in future fiscal years** (e.g., increasing statewide base per pupil funding, increasing at-risk funding, adding preschool program slots) **or increases spending from the State Education Fund for other purposes** (e.g., capital construction programs), **the required annual increase in the General Fund appropriation in FY 2005-06 and future fiscal years will be greater than 6.0 percent.**
2. *General Fund impact.* The Joint Budget Committee is introducing a balanced budget package for FY 2005-06 based on the March 2005, Legislative Council Staff (LCS) forecast. **This bill will require \$200,000 in additional General Fund expenditures.** If this bill is enacted, other appropriations for existing programs will need to be reduced by an equal amount in order to maintain a balanced budget based on the March 2005 LCS forecast.

In addition, the bill currently eliminates the \$2,280,029 General Fund appropriation related to "backfilling" locally negotiated business incentive agreements (BIAs), and instead appropriates this amount for special education for children with disabilities. Please note that due to the requirements of Amendment 23, the General Assembly would be required to continue to appropriate this additional General Fund for special education programs in future fiscal years, plus an additional amount equivalent to inflation plus one percent annually through FY 2010-11 (and inflation thereafter). **If the General Assembly elects to appropriate General Fund moneys to "backfill" BIAs in FY 2006-07** (estimated to cost \$2,022,763), **it will need to appropriate new General Fund for this purpose.**

3. *Giardino Lawsuit Settlement.* While the bill eliminates the \$5.0 million cash funds exempt appropriation from the State Education Fund (SEF) required for FY 2005-06 under current law for public school capital construction assistance, it requires a \$20.0 million SEF appropriation for FY 2005-06 for capital construction programs. This latter appropriation, however, is contingent on voter *rejection* of a November 2005 ballot measure. As noted on page two of the April 4, 2005, Legislative Council Staff Revised Fiscal Note, it is assumed that if voters *approve* a November 2005 ballot measure, public school construction programs would be funded from the General Fund. **Such a General Fund appropriation would need to be made through a separate bill or through a supplemental bill.**