

Colorado Legislative Council Staff
STATE and LOCAL
REVISED FISCAL IMPACT
 (replaces fiscal impact dated April 8, 2002)

Drafting Number: LLS 02-0828	Date: April 16, 2002
Prime Sponsor(s): Rep. King	Bill Status: Senate Appropriations
Sen. Thiebaut	Fiscal Analyst: Chris Ward (303-866-5834)

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

Fiscal Impact Summary	FY 2002/2003	FY 2003/2004
State Revenues General Fund		
State Expenditures General Fund	\$500,000	\$500,000
Cash Fund Exempt - State Education Fund	\$2,003,376	(\$606,224)
FTE Position Change	0.0 FTE	0.0 FTE
Other State Impact: None		
Effective Date: Upon signature of the Governor		
Appropriation Summary for FY 2002/2003:		
Department of Education - \$500,000 - General Fund *		
Department of Education -\$2,003,376 - State Education Fund *		
Local Government Impact: Increased funding for public school districts and charter schools		

* *These appropriation requirements are based on the difference between the identified costs of the bill and the school finance provisions of the FY 2002-03 Long Bill (HB 02-1420).*

Summary of Legislation

The bill modifies funding for public schools and several other programs affecting public schools. As amended by the Senate Education Committee, the bill incorporates amended provisions from the following other bills:

- SB 02-63 - offering financial assistance to teachers seeking a national credential;
- SB 02-80 - modifying academic performance ratings and other provisions related to student assessments;
- HB 02-1002 - extending to three years the time in which the State Treasurer must break even on Public School Fund investments;
- HB 02-1108 - establishing reporting deadlines for charter schools; and
- HB 02-1363 - establishing a summer school grant program for facilities that serve children performing below grade level.

These and other provisions of the bill affecting state expenditures are listed in Table 1.

The bill also:

- increases the base per pupil funding amount by 5.7 percent (\$239.51) to comply with the inflation-plus-one percent requirements of Amendment 23;
- increases the General Fund appropriation for school finance by 7.39 percent to comply with the minimum-five percent requirement of Amendment 23, driving an equivalent reduction in the need for State Education Fund moneys;
- authorizes the General Assembly to appropriate General Fund moneys for capital construction, even if certain triggers are not met;
- expands the preschool program to include certain 3-year-olds;
- requires school districts to forward any small attendance center funding received because of a charter school to the charter school; requires districts to identify charter schools operating in rent-free facilities;
- repeals the current requirement that revenue from bond proceeds be distributed on a pro rata basis to all eligible public schools and charter schools; and
- prohibits any new elections to increase local property taxes based on a supplemental cost-of-living mill levy and incorporates any existing such taxes into the existing school district override provisions.

State Expenditures

This bill modifies funding for public schools, the bulk of which is appropriated through the Long Bill. As amended by the Senate Education Committee, this bill requires an expenditure of **\$2,503,376** over the amount appropriated in the FY 2002-03 Long Bill, HB 02-1420. The components of this impact are shown in Table 1.

Table 1. Estimated Impact of HB 02-1349 on School Finance Expenditures		
	FY 2002-03	FY 2003-04
General Fund Expenditures		
School Breakfast Program	\$500,000	\$500,000
State Education Fund Expenditures		
* Minimum Per Pupil Funding to \$5,435	\$1,814,724	\$1,814,724
Summer School Grant Program	500,000	0
Repeal State Education Fund Capital Construction Program	(15,627,886)	(15,627,886)
Reduce Teacher Incentive Grants	(9,532,500)	(9,532,500)
School District Capital Construction (Giardino lawsuit)	5,000,000	0
* Increasing Enrollment Funding	\$260,354	\$260,354
Assistance for Poorly Performing Students	9,472,500	9,472,500
* Declining Enrollment Funding	\$7,387,181	\$7,387,181
1,000 new preschool slots per year through FY 2005-06	2,890,400	5,780,800
Assistance to Teachers Seeking a National Credential	60,000	60,000
Eliminate Cost-of-Living Study Correction	(221,397)	(221,397)
Subtotal	\$2,003,376	\$606,2242
Net Change in Expenditures under HB 02-1349	\$2,503,376	(\$106,224)

* The bill pays these costs from the General Fund appropriation for school finance contained in the Long Bill. However, this creates the need for an offsetting increase in State Education Fund moneys.

The bill authorizes the legislature to appropriate capital construction moneys pursuant to SB 98-181, even if certain triggers are not met. For FY 2002-03, the bill appropriates \$5 million and authorizes the legislature to appropriate the additional \$10 million that would otherwise be required without the triggers. Beginning in FY 2003-04, this provision may affect as much as \$20 million annually required under SB 181.

The bill also requires that school accountability reports (report cards) be modified if federal moneys are available. These costs are estimated to be \$244,260.

School District Impact

School Finance. Under the bill and the provisions of current law, school finance act funding for public school districts is estimated to increase by the amounts shown in Table 2.

Table 2. Estimated Impact of HB 02-1349 on School Finance Act Funding				
	Total Program	Per Pupil Funding	State Aid	Local Share
FY 2001-02	\$3,856,482,896	\$5,453	\$2,228,179,307	\$1,628,452,274
FY 2002-03	\$4,120,651,975	\$5,780	\$2,434,536,547	\$1,686,115,428
Percent change	6.85%	6.00%	9.26%	3.54%
Increase	\$264,169,079	\$327	\$206,357,240	\$57,663,154

The bill modifies the school district override limit to include \$136.8 million in additional property taxes which may be approved by voters in the future.

State Appropriations

This fiscal note implies that appropriations to the Department of Education for FY 2002-03 should be increased as follows:

- \$500,000 from the General Fund; and
- \$2,003,376 from the State Education Fund

Departments Contacted

Education

Legislative Council

Treasury