

Colorado Legislative Council Staff
STATE and LOCAL
REVISED FISCAL IMPACT
(replaces fiscal impact dated March 21, 2005)

Drafting Number: LLS 05-0756
Prime Sponsor(s): Sen. Windels
 Rep. Pommer

Date: March 30, 2005
Bill Status: House Education
Fiscal Analyst: Chris Ward (303-866-5834)

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

Fiscal Impact Summary	FY 2005/2006	FY 2006/2007
State Revenues General Fund		
State Expenditures General Fund Cash Fund Exempt - State Education Fund	* \$2,855,123	\$2,855,123
FTE Position Change	0.0 FTE	0.0 FTE
Other State Impact: None		
Effective Date: Upon signature of the Governor; except Sections 9 and 19 take effect only if voters reject a ballot measure allowing the state to keep and spend more than currently allowed.		
Appropriation Summary for FY 2005/2006: Department of Education - \$2,855,123 - State Education Fund *		
Local Government Impact: Increased funding for public school districts		

* Excludes \$20 million in State Education Fund costs which are subject to voters rejecting a ballot measure in 2005. If a measure is approved, the \$20 million is assumed to be paid from the General Fund.

Summary of Legislation

The reengrossed bill modifies several laws affecting public schools, including the Public School Finance Act of 1994. Specifically, the bill:

- increases the statewide "base" per pupil amount by 1.1 percent, as required by the state constitution;
- increases the "at-risk" factor to 11.5 percent of per pupil funding and adds at-risk funding for students whose dominant language is not English; and
- provides an additional half-day of funding for kindergarten students in unsatisfactory schools.

The bill makes two changes to the funding for K-12 capital construction using moneys from the State Education Fund. First, the bill permanently eliminates the requirement that school districts receive an amount equal to what charter schools receive for capital construction. Second, the bill provides \$20 million in FY 2005-06 related to the *Giardino* lawsuit settlement, but only if voters reject a ballot issue in 2005 that would have provided more money for public education. If such a measure passes, it is assumed that the settlement would be funded from the General Fund.

The bill expands the alternative bonded debt limit for high-growth districts to include debt approved at elections held on or after July 1, 2005. The bill also allows funding for vocational education programs to be allocated directly to boards of cooperative services, instead of allocating the moneys through a district. Finally, the bill appropriates moneys from the State Education Fund to assist public school teachers seeking national credentials (\$83,000) and to assist public schools in teaching students about the Declaration of Independence and the U.S. Constitution (\$200,000).

State Expenditures

Background. Funding for public schools in Colorado is governed in part by the constitution (Amendment 23 - Article IX, Section 17) and in part by statute (the Public School Finance Act of 1994 - Title 22, Article 54, C.R.S.). The requirements of current law, which are traditionally funded through the Long Bill, are estimated to cost \$4.5 billion in FY 2005-06, of which \$2.8 billion would come from state revenues.

This bill increases state expenditures for K-12 education by an estimated **\$2.9 million in FY 2005-06** over the requirements of current law, as shown in Table 1. In addition, if voters reject a ballot measure in November 2005 allowing the state to keep and spend more in state revenues on public education, another \$20 million will be required, bringing the total costs to \$22,855,123. All costs would be paid from the State Education Fund.

Table 1. Estimated Impact of SB 05-200 on State Expenditures		
	FY 2005/06	FY 2006/07¹
At-Risk Funding Changes (add English language learners to at-risk count and increase factor to 11.5 Percent)	\$7,387,297	\$7,387,297
Eliminate Public School Match of Charter School Capital Construction Funding	(\$5,000,000)	(\$5,000,000)
Allow Full-Day Kindergarten in Unsatisfactory Schools	\$184,826	\$184,826
Fund National Board Certified Teachers	\$83,000	\$83,000
Fund Teaching of U.S. Constitution	\$200,000	\$200,000
Subtotal - Confirmed Expenses	\$2,855,123	\$2,855,123
Conditional Expense - <i>Giardino</i> Lawsuit Settlement²	\$20,000,000	\$0
Total Expenses	\$22,855,123	\$2,855,123

¹ FY 2006-07 impacts are based solely on FY 2005-06 calculations.

² These costs are contingent on voters rejecting a ballot measure in November 2005.

School District Impact

Table 2 shows the estimate of school finance act funding under SB 05-200.

Table 2. Estimated School Finance Act Funding under SB 05-200					
	Pupil Count	Total Program Funding	Per Pupil Funding	State Aid	Local Share
FY 2004-05 (Actual)	729,417	\$4,430,339,620	\$6,074	\$2,741,711,890	\$1,688,627,730
FY 2005-06 (Estimated)	737,359	\$4,538,552,047	\$6,155	\$2,828,256,705	\$1,710,295,342
Percent change	1.09%	2.44%	1.34%	3.16%	1.28%
Increase	7,943	\$108,212,427	\$81	\$86,544,815	\$21,667,612

State Appropriations

This fiscal note implies that the overall cash fund exempt appropriation from the State Education Fund to the Department of Education should be increased by \$2,855,123 for FY 2005-06 for various programs. If voters reject a measure in November 2005, the department would require an additional cash fund exempt appropriation of \$20 million from the State Education Fund.

Departments Contacted

Education

Higher Education

Legislative Council Staff