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FISCAL IMPACT REPORT

SPONSOR:	Nava	DATE TYPED:	02/04/00	HB	
SHORT TITLE:	Value of Enrollment Growth Units			SB	209
				ANALYST:	Fernandez

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
\$ 2,832.1				Recurring *	G/F

** See Fiscal Impact for further discussion*

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to Duplicates HB70 and Relates to SB37 and HB87

SOURCES OF INFORMATION

State Department of Public Education (SDE)

SUMMARY

Synopsis of Bill

Senate Bill 209 appropriates \$2,832.1 to SDE for expenditure in fiscal years 2000 and 2001 to provide funding for additional units to school districts experiencing enrollment growth equal to or greater than one percent.

Significant Issues

School districts experiencing enrollment growth greater than one percent, when compared to the preceding year, are eligible for enrollment growth. In FY00, 13 districts are eligible to receive additional units and funding for marginal enrollment growth.

During the 1999 First Special Session, school districts with rapid enrollment growth raised concerns that as a result of moving to the use of prior year 40th day and December 1 membership for 1999-2000, the formula did not provide sufficient funding for enrollment growth. Language was included in the 2000 General Appropriation Act to increase the marginal growth factor from 0.5 to 1.0.

One unanticipated consequence in the shift from using current year membership to using prior year membership resulted in districts with membership greater than one percent no longer being able to generate program units for growth students the first year in which they are enrolled. In the current fiscal year they are receiving 1.0 units for each additional student (language in the 2000 General Appropriation Act). Previously, new students were counted in the grade in which they were enrolled plus districts received an additional .50 units for each additional student through the enrollment growth factor for a total of 1.50 units. This bill would provide funds to increase the marginal growth formula factor from 1.0 to 1.86.

In July 1998, SDE hired a private contractor to conduct an evaluation of the enrollment growth factor, variables and methodology for the at-risk index, and funding for special education ancillary and related services personnel. With regard to enrollment growth, the contractor recommended amending the public school funding formula to increase the enrollment growth factor from 1.0 to 1.86 per additional student from the 40th day of the prior year to the 40th day of the current year. The 1.86 factor is based upon the average number of units generated by a student in 1998-99 and thus was determined by taking the total number of statewide units in 1998-99 divided by the total membership in 1998-99.

FISCAL IMPLICATIONS

This bill appropriates \$2,832.1 from the general fund to SDE for expenditure in fiscal years 2000 and 2001. Any unexpended or unencumbered balance remaining at the end of fiscal year 2001 shall revert to the general fund.

According to SDE, two different methodologies were used to calculate additional growth units and cost for FY2000:

1. growth units are calculated by determining the increase in membership between the 1998-99 funded membership and the 1999-2000 40th day membership. Based on this method, the amount required to fund the additional units is \$1,690.4

2. growth units are calculated by determining the increase in membership between 1998-99 40th day membership and the 1999-2000 40th day membership. Based on this method, the amount required to fund the additional units is \$2,129.4.

The bill as drafted is not clear as to how the funds shall be distributed. If the supplemental funds are distributed as program costs through the state equalization guarantee and remain part of the base, the costs should be considered recurring. If the supplemental funds are not part of total base program costs, this should be considered a non-recurring item.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

Duplicates HB70 and relates to HB87 and SB37. Both HB87 and SB37 propose amending the public school funding formula to increase the growth multiplier from .5 to 1.86 for each new student in a district with growth equal to or greater than one percent.

OTHER SUBSTANTIVE ISSUES

It should be noted that the recommendation by the contractor represents a significant shift in policy from the concept of funding marginal cost increases for growth in enrollment from one year to the next. In 1990 a new factor for enrollment growth was added to the public school funding formula. At that time, it was agreed that growth be funded on the margin. That is, provide additional funding for the marginal incremental cost of adding one student to an established classroom. The marginal cost factor added to the formula in 1990 was 0.5.

CTF/gm