

**NOTE: As provided in LFC policy, this report is intended for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used in any other situation.**

**Only the most recent FIR version, excluding attachments, is available on the Intranet. Previously issued FIRs and attachments may be obtained from the LFC office in Suite 101 of the State Capitol Building North.**

### FISCAL IMPACT REPORT

SPONSOR:	Sanchez	DATE TYPED:	02/02/00	HB	
SHORT TITLE:	Change At-Risk Index			SB	402
				ANALYST:	Fernandez

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY00	FY01	FY00	FY01		
	NFI				

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates HB85, Relates to HB163 and SB162

### SOURCES OF INFORMATION

State Department of Public Education (SDE) did not submit a response.

LFC Files

## **SUMMARY**

### Synopsis of Bill

Senate Bill 402 amends the public school funding formula to revise the methodology used to calculate the at-risk index. This bill proposes a methodology that would use a three-year average for each of the four variables included in the at-risk index (student mobility, dropout rate, student membership used to determine Title I allocation, and the membership classified as limited English proficient).

### Significant Issues

Laws 1997, Chapter 40 amended the Public School Finance Act to include an at-risk factor in the formula to provide additional program units for school districts to assist students to reach their full academic potential and requires the State Department of Public Education to recalculate the at-risk index for each school district every two years. The department recalculated the at-risk index for school year 1999-2000 and the result was a redistribution of at-risk funds generated by the formula for school districts. Some school districts received significant losses and others significant gains, while the impact to most districts was minimal.

During the First Special Session in 1999, school districts that anticipated a significant loss in at-risk funds raised concerns that the losses would greatly impact established programs developed in 1997 for at-risk students. The concerns were addressed by the inclusion of language in the General Appropriation Act of 1999 that would have allowed districts to receive no less than 90 percent of their 1998-99 at-risk funding level if the 1999-2000 at-risk index was lower than the 1998-99 factor. The at-risk language was vetoed by the governor.

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 the at-risk factor, the contractor recommended amending the public school funding formula to use a three-year average for each of the four variables included in the at-risk index

(student mobility, dropout rate, student membership used to determine Title I allocation, and the membership classified as limited English proficient). In addition, the contractor recommended a hold harmless provision that would allow districts to receive no less than 90 percent of their prior year at-risk funding level when changes in the at-risk index occur. The cost of the hold harmless provision is \$2,500.0. The contractor also recommended a supplemental appropriation for FY00 in the amount of \$2,500.0 that would allow districts to receive no less than 90 percent of their prior year at-risk funding level.

### **FISCAL IMPLICATIONS**

Using a three-year average for each of the four variables included in the at-risk index would increase the stability of at-risk funding levels to school districts.

### **ADMINISTRATIVE IMPLICATIONS**

Passage of this bill should not place any significant administrative impact on SDE.

### **DUPLICATION/RELATIONSHIP**

Duplicates HB85, relates to HB163 and SB162.

HB163 and SB162 both appropriate \$2,500.0 to SDE to provide funding for at-risk programs in public schools statewide for use in FY2000 and 2001.

### **OTHER SUBSTANTIVE ISSUES**

The LFC recommended an amendment to the public school funding formula to revise the calculation of the factor using a three-year average for each of the four variables.

CTF/njw