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FISCAL IMPACT REPORT



SPONSOR: Carraro DATE TYPED: 01/27/02 HB 57

SHORT TITLE: Enrollment Growth Unit Calculation SB _____

ANALYST: Baca

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
	\$9,500.0			Recurring	General Fund

(Parenthesis) Indicate Expenditure Decreases)

Duplicates SB 92
Relates to HB 3

SOURCES OF INFORMATION

State Department of Education (SDE)
LFC Files

SUMMARY

Synopsis of Bill

House Bill 57 amends the Public School Finance Act to change the method of calculating enrollment growth units and appropriates \$9,500.0 to the SDE to fund any additional units generated.

Significant Issues

The SDE analysis states that, prior to the 1999-2000 school year, funding for public schools was based on current year membership. If a school district had a growth in membership equal to or greater than 1 percent, it was allocated an additional .50 unit for each additional student.

According to the SDE, with the shift to prior year funding (1999 legislation), beginning with the 1999-2000 school year, new students no longer generate grade or other program units the first year in which they are enrolled. In an effort to address the problem, the 1999 General Appropriation Act included language to increase the growth factor from 0.50 to 1.00 for the 1999-2000 school year and the 2000 General Appropriation Act included a categorical appropriation of \$2,600.0 to be distributed to districts with a growth rate of greater than 1 percent for the 2000-2001 school year.

The 2001 General Appropriation Act did not contain a specific appropriation for enrollment growth, but eligible districts did generate growth units through the State Equalization Guarantee.

The SDE analysis states that this bill would provide a more comprehensive method of recognizing membership growth, which was not permanently addressed when the change to prior year funding was enacted. The bill would change the calculation of growth units based on the difference between the current year 40 day MEM and the prior year 40 day MEM. For all districts with an increase in MEM, additional growth units would be calculated by multiplying the difference by the current year average number of adjusted program units per student. Additionally, districts experiencing a growth rate of 1 percent or greater would also be entitled to marginal growth units calculated by multiplying the difference greater than 1 percent by a factor of 0.50.

MEM is the 40th day school district membership, including early childhood full-time-equivalent membership and special education membership, but excluding full-day kindergarten membership for the first year that full-day kindergarten is implemented.

FISCAL IMPLICATIONS

The appropriation of \$9,500.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY2003 shall revert to the general fund.

CONFLICT/DUPLICATION/COMPANIONSHIP/RELATIONSHIP

House Bill 57 duplicates Senate Bill 92 and relates to House Bill 3, the Education Appropriation Act.

TECHNICAL ISSUES

Under existing statutes, appropriations for public schools do not revert at the end of the fiscal year and are distributed to school districts. This provision should be reconsidered to ensure that the “permanent solution” desired by the bill’s sponsor is attained.

POSSIBLE QUESTIONS

1. How many districts will benefit from from the provisions of this bill?
2. If school districts with increasing student populations received enrollment growth units funding during the current year without a specific appropriation, why is this bill needed?
3. Do we have any provisions dealing with how we treat school districts with rapidly declining enrollments?

LB/ar