

*Colorado Legislative Council Staff*  
  
**LOCAL  
 FISCAL IMPACT**

**Drafting Number:** LLS 03-0271  
**Prime Sponsor(s):** Rep. Spence

**Date:** January 24, 2003  
**Bill Status:** House Education  
**Fiscal Analyst:** Harry Zeid (303-866-4753)

**TITLE:** CONCERNING THE PROVISION OF FINANCIAL ASSISTANCE FOR KINDERGARTEN THROUGH TWELFTH GRADE EDUCATION TO DISADVANTAGED CHILDREN.

Fiscal Impact Summary	FY 2003/2004	FY 2004/2005
<b>State Revenues</b> General Fund		
<b>State Expenditures</b> General Fund		
<b>FTE Position Change</b>	0.0 FTE	0.0 FTE
<b>Other State Impact:</b> None		
<b>Effective Date:</b> Upon signature of the Governor		
<b>Appropriation Summary for FY 2003/2004:</b> None Required		
<b>Local Government Impact:</b> The bill establishes a pilot program to allow eligible children to attend participating nonpublic schools, under the terms of an opportunity contract between the child's parent and the school (see the School District Impact section).		

**Summary of Legislation**

This bill establishes the "Colorado Opportunity Contract Pilot Program" in the Department of Education to allow certain school districts to provide assistance for eligible children to attend a participating nonpublic school, under the terms of an opportunity contract between the child's parent and the school.

Eligibility for the pilot program would be limited to children who:

- reside in the Denver Public School system or in a school district that has chosen to participate in the pilot program;
- is eligible for free or reduced-cost school lunches; and
- has attended a public school in the participating school district that has received a "low" or "unsatisfactory" academic performance rating and has failed to improve (in grades 3 through 12), or the child's neighborhood school has received a "low" or

"unsatisfactory" academic performance rating and the school has failed to improve (kindergarten and grades 1 and 2).

The bill caps the number of children that are eligible to participate in the pilot program at:

- 500 children per school district for the first school year (the 2004-05 school year);
- 2 percent of a school district's enrollment for the second school year;
- 4 percent of a school district's enrollment for the third school year; and
- 6 percent of a school district's enrollment for the fourth school year and for each school year thereafter.

The school district would give a priority, in the order listed, to the following eligible children to meet that cap:

- eligible children who participated in the pilot program in the previous year;
- siblings of eligible children selected for the pilot program;
- children who have individual educational programs (IEPs); and
- children attending an overcrowded public school, as defined and identified by rule of the State Board of Education.

Thereafter, the school district would use a lottery to fill any remaining spaces in the pilot program. Participating nonpublic schools would accept applicants for admission in the order in which their applications are received, but an exception would be made for siblings of children already accepted for admission. The nonpublic school seeking to participate in the pilot program would provide notice of intent to participate, including the number of spaces it has available for eligible children; comply with anti-discrimination provisions; comply with all health and safety codes that apply to public schools; and permit the school district to administer statewide assessments to the eligible children enrolled at the nonpublic school.

The school district of residence would count each eligible child attending a participating nonpublic school in its pupil enrollment for purposes of the "Public School Finance Act of 1994". The amount paid by the school district for each eligible child enrolled in the pilot program would be the lesser of the participating nonpublic school's operating and debt service cost per pupil; or 75 percent of the school district's per pupil operating revenues (PPOR) for children in grades 1 through 8; 85 percent of the school district's PPOR for children in grades 9 through 12; and 37.5 percent of the school district's PPOR for children in kindergarten.

The State Auditor would conduct a performance and financial audit of the pilot program and to report findings on or before January 1, 2008. The participating school district would evaluate the academic performance of children participating in the pilot program and to report to the General Assembly before January 1, 2008.

### **State Expenditures**

The bill will not create an expenditure impact at the state level. The bill states that a nonpublic school that is denied participation in the pilot program by a school district may file an appeal with the State Board of Education within 30 days after receiving notification of the denial. The Department of Education does not expect more than one or two appeals through this process. Similar to charter school appeals, the appeal by a nonpublic school would be handled during the regular meetings of the State Board of Education. Staff attorney time from the office of the Attorney General regarding these appeals would be minimal.

### **School District Impact**

The bill establishes a pilot program to allow eligible children to attend participating nonpublic schools, under the terms of an opportunity contract between the child's parent and the school. The pilot program would involve the Denver Public Schools and would be available to other school districts who choose to participate in the pilot program. The total number of participants, beginning with the 2004-05 academic year is not known. Participation is limited to 500 eligible children per school district for the 2004-05 school year. Participation could increase in subsequent years based on the percentages provided in the bill.

The bill provides a methodology for distributing funds from the school district to the nonpublic school for the students participating in the pilot program. The amount paid by the school district for each eligible child enrolled in the pilot program would be the lesser of the participating nonpublic school's operating and debt service cost per pupil; or 75 percent of the school district's per pupil operating revenues (PPOR) for children in grades 1 through 8; 85 percent of the school district's PPOR for children in grades 9 through 12; and 37.5 percent of the school district's PPOR for children in kindergarten.

The remainder of the school district's PPOR would remain with the participating school district. Since the number of school districts and the number of students who may participate in the program beginning with the 2004-05 academic year is not known, the amount of local school district funds that may go to support student participation in the program has not been estimated. No additional state funding will be required for the Colorado Opportunity Contract Pilot Program.

### **State Appropriations**

The fiscal note implies that no additional state appropriations or spending authority is required in FY 2003-04 in order to implement the provisions of the bill.

### **Departments Contacted**

Education