



Colorado Legislative Council Staff Fiscal Note
**STATE and LOCAL
 FISCAL IMPACT**

Drafting Number: LLS 08-0513
Prime Sponsor(s): Rep. Peniston

Date: January 23, 2008
Bill Status: House Education
Fiscal Analyst: David Porter (303-866-4375)

TITLE: CONCERNING EARLY ACCESS TO EDUCATIONAL SERVICES FOR GIFTED CHILDREN WHO ARE LESS THAN SIX YEARS OF AGE.

Fiscal Impact Summary	FY 2008-2009	FY 2009-2010
State Revenue		
State Expenditures		
General Fund Appropriation to School Finance*	\$252,799	\$534,428
FTE Position Change	0.0 FTE	0.0 FTE
Effective Date: The bill becomes effective upon signature of the Governor or upon becoming law without his signature.		
Appropriation Summary for FY 2008-2009: See State Appropriations section.		
School District Impact: See School District Impact section.		

* Amount shown represents estimated cost based on CDE's proposed implementation. See the State Expenditures section of the fiscal note for a discussion of other cost scenarios.

Summary of Legislation

HB08-1021 provides state per pupil funding to administrative units (i.e., school districts, a Board of Cooperative Services, and the state Charter School Institute) that choose to extend kindergarten enrollment to gifted 4-year-old children. Towards that end, the bill makes these changes:

- the age specified in the definition of "gifted" is lowered from 5 years old to 4 years old;
- the Colorado Department of Education (CDE) must establish guidelines for gifted 4-year-olds to enter kindergarten early; and
- administrative units that wish to provide kindergarten to gifted 4-year-olds must adopt a plan that aligns with the CDE's guidelines.

State Expenditures

This bill requires state expenditures of at least \$252,799 General Fund in FY 2008-09 and \$534,438 General Fund in FY 2009-10. An upper limit of \$14,094,410 in FY 2008-09 and \$29,646,310 in FY 2009-10 is provided for reference. Because the 2007 school finance bill (SB07-199) froze school district mill levies, property taxes do not increase to cover new student costs. Therefore, new student costs are paid by the state. More detail is provided in the sections that follow.

Colorado Department of Education. The CDE does not anticipate any costs associated with the implementation of this bill. The bill requires the CDE to develop guidelines for participating administrative units, but this is expected to be accomplished within existing resources.

School Finance. The bill requires state per pupil funding for: (1) gifted 4-year-olds who enroll in kindergarten; and (2) gifted 5-year-olds who advance into the first grade. Costs to accelerate 4-year-olds into kindergarten occur over a two-year period. The first-year cost for the 4-year-old entering kindergarten is \$3,463 per student. The second-year cost to enroll that child who has advanced to the first grade is \$6,926 per student. The difference between these two costs is \$3,463.

The number of students who would participate in the program is the key component to determining the bill's cost. Student participation is completely dependent on the following:

- the nature of the guidelines developed by the CDE – how strict or relaxed the guidelines are;
- the number of school districts (and other administrative units) interested in pursuing the requirements of gifted placement; and
- the number of qualified children within the school districts whose parents pursue early enrollment.

Table 1 on page 3 provides three cost scenarios.

- **Scenario 1:** The first scenario, offered by the CDE, represents strict guidelines for enrollment. It is estimated that only the top 2% of gifted children will be advanced enough socially, mentally, and emotionally to participate in the program.
- **Scenario 2:** The second scenario uses the current number of gifted kindergartners as a point of reference.
- **Scenario 3:** The third scenario applies the average rate of gifted children to the estimated 4-year-old class.

Note that the school finance costs reflected in this fiscal note are solely related to the timing of gifted children entering the public school system. The children's unanticipated entry into the system requires that additional funding be identified to cover the new costs. However, the ultimate cost of the child's education to the state will be the same. This bill does not extend the length of the child's term in public schools, rather it simply advances it by one year.

Table 1: Three School Finance Cost Estimates

Scenario 1: Top 2% of Gifted Children	FY 2008-09 (\$3,463 per child)	FY 2009-10 (\$3,611 per child)
4-year-old Kindergartner	73	75
5-year-old First Grader	n/a	73
Total Children	73	148
Scenario 1 Total Cost	\$252,799	\$534,428
Scenario 2: Based on Number of Gifted Kindergarten Children		
4-year-old Kindergartner	284	284
5-year-old First Grader	n/a	284
Total Children	284	568
Scenario 2 Total Cost	\$983,492	\$2,051,048
Scenario 3: Based on 6.5% of All 4-year-olds Being Gifted		
4-year-old Kindergartner	4,070	4,140
5-year-old First Grader	n/a	4,070
Total Children	4,070	8,210
Scenario 3 Total Cost	\$14,094,410	\$29,646,310

School District Impact

School districts and other administrative units are not required to enroll gifted 4-year-olds in kindergarten. However, if they choose to participate in the program, they will be responsible for establishing guidelines and implementing the program requirements as determined by the CDE. Further, the administrative unit will be responsible for providing kindergarten to the gifted children as well as any other gifted program content deemed appropriate. The state will provide the school with the student's per pupil funding amount. No other monies are extended to cover costs associated with the student's education or gifted program participation.

State Appropriations

Assuming the strict entry standard proposed by the CDE, HB08-1021 requires a General Fund appropriation of \$252,799 in FY 2008-09 for school finance.

Departments Contacted

Education