

*Colorado Legislative Council Staff Fiscal Note*

**STATE and LOCAL  
REVISED FISCAL IMPACT**

(replaces fiscal note dated January 23, 2008)

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

**Date:** March 28, 2008  
**Bill Status:** House Appropriations  
**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.

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

\* Amount shown represents cost based on approximately 2% of the gifted population participating. See the State Expenditures section of the fiscal note for a discussion of cost scenarios.

**Summary of Legislation**

HB08-1021, as amended by the House Education Committee, provides state per pupil funding to school districts and other administrative units (i.e., a Board of Cooperative Services and the state Charter School Institute) that choose to extend kindergarten enrollment to highly advanced 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 State Board of Education must establish rules by July 1, 2008, for the purpose of identifying highly advanced gifted 4-year-olds ready to enter kindergarten early; and
- school districts that wish to provide kindergarten to gifted 4-year-olds must adopt a plan that aligns with the State Board's rules.

Children who successfully complete kindergarten can enroll in 1st grade as 5-year-olds the following year.

## **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 \$983,492 in FY 2008-09 and \$2,051,048 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 administrative costs associated with the implementation of this bill. The bill requires the State Board to develop rules for participating school districts, 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 after early enrollment in kindergarten. Costs to accelerate 4-year-olds into kindergarten occur over a two-year period. As a half-day student, the first-year cost for each highly advanced gifted 4-year-old entering kindergarten is \$3,463. As a full-day student, the second-year cost to enroll that same child in 1st grade is \$6,926. However, because this child would have otherwise been enrolled in kindergarten, the *new* second-year cost to the state is \$3,463.

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

- the nature of the highly advanced gifted rules developed by the State Board – how strict or relaxed the rules 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.

Cost estimates assume there will be 62,622 4-year-olds in FY 2008-09 and 63,685 in FY 2009-10. On average, 6.5 percent of children qualify as "gifted." Table 1 on page 3 provides two cost scenarios used to estimate the highly advanced gifted children addressed by this bill.

- **Scenario 1:** Approximately 2% of all possible gifted children will be both interested in participating in the program and advanced enough socially, mentally, and emotionally to participate in the program.
- **Scenario 2:** The number of 4-year-olds who will be enrolled in the program will roughly equal the actual number of kindergartners currently enrolled in gifted programs.

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.

<b>Table 1. Two School Finance Cost Estimates</b>		
<b>Scenario 1: Roughly 2% of Gifted Children Enroll in the Program</b>	<b>FY 2008-09 (\$3,463 per child)</b>	<b>FY 2009-10 (\$3,611 per child)</b>
4-year-old Kindergartner	73	75
5-year-old First Grader	n/a	73
Total Children	73	148
<b>Scenario 1 Total Cost</b>	<b>\$252,799</b>	<b>\$534,428</b>
<b>Scenario 2: Based on Number of Gifted Kindergarten Children</b>		
4-year-old Kindergartner	284	284
5-year-old First Grader	n/a	284
Total Children	284	568
<b>Scenario 2 Total Cost</b>	<b>\$983,492</b>	<b>\$2,051,048</b>

This fiscal note is based on the first scenario, in which only a small portion of gifted children are permitted to enroll in kindergarten as 4-year-olds. Presumably, the number of 4-year-old children who would be accepted into kindergarten would be lower than the number of children identified in the second scenario – that is, 5-year-olds currently participating in a gifted program.

**School District Impact**

School districts and other administrative units are not required to enroll highly advanced 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 and the State Board. Further, the school district 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 strict entry standards are proposed by the State Board of Education, HB08-1021 requires a General Fund appropriation of \$252,799 in FY 2008-09 for school finance.

**Departments Contacted**

Education