

REVISED CONDITIONAL FISCAL IMPACT

(replaces fiscal note dated January 19, 2010)

Drafting Number: LLS 10-0275
Prime Sponsor(s): Sen. Johnston
 Rep. Scanlan

Date: February 2, 2010
Bill Status: Senate Appropriations
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TITLE: CONCERNING A STUDY TO EVALUATE THE FEASIBILITY OF A SYSTEM TO DETERMINE PUPIL ENROLLMENT FOR PURPOSES OF THE "PUBLIC SCHOOL FINANCE ACT OF 1994" BASED ON THE AVERAGE DAILY MEMBERSHIP OF PUPILS IN SCHOOL DISTRICTS.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
Cash Funds		
Average Daily Membership Study Cash Fund	\$52,000*	\$0
State Expenditures		
Cash Funds		
Average Daily Membership Study Cash Fund	\$26,000*	\$26,000*
FTE Position Change	0.1 FTE	0.1 FTE
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2010-2011: None required, see State Appropriations section.		
Local Government Impact: None.		

* State revenue and expenditures represent a minimum required amount, and are conditional on support from gifts, grants and donations. The scope of the final study is dependent on the amount of funding available.

Summary of Legislation

This bill, recommended by the Interim Committee to Study School Finance and amended by the Senate Education Committee, directs the Colorado Department of Education (CDE) to contract for a study with a private, nonprofit, Colorado-based education policy or research organization to evaluate the feasibility, local provider impact, and design of a system to determine pupil enrollment based on average daily membership (ADM), the average number of days that pupils are enrolled in school during a school year rather than attendance on October 1 of the applicable budget year as is done under current law. However, the amended bill specifies that CDE shall only contract for the study if it receives sufficient gifts, grants, or donations to conduct the study.

The bill requires CDE's School Finance Unit to oversee the study, and requires CDE to incorporate in the study any previous studies or information gathered regarding average daily membership. CDE must notify the education committees of the General Assembly when sufficient funding is received for the study, and indicate the date by which it is authorized to spend the funding. The bill requires CDE to award the contract for the study no later than 60 days after receipt of the

gifts, grants or donations, and specifies that the contract is not subject to the provisions of the state procurement code. CDE must also submit a report summarizing findings to the Governor's office, the State Board of Education, and the education committees of the General Assembly by January 15, 2011.

The bill creates a 15-member advisory committee to consult with the contracting entity, and specifies the research questions to be answered by the study. The contracting entity is required to provide necessary staff support and administrative services to the advisory committee. Members of the committee may be reimbursed for any actual expenses incurred.

The bill prohibits the use of state moneys for conducting the study, but authorizes CDE to receive gifts, grants, and donations for that purpose. The bill creates the Average Daily Membership Study Fund in the state treasury and specifies that any gifts, grants, or donations received for the study be deposited into the fund. All moneys in the fund are subject to annual appropriation by the General Assembly to cover the costs of the study, except that up to 3 percent may be appropriated to CDE to cover administrative costs. The bill is repealed 1 year after the authorized date, and all moneys remaining in the fund are transferred to the State Education Fund.

State Revenue

This bill authorizes the CDE to seek, accept, and spend gifts, grants, and donations to finance a study evaluating the use of ADM as a method for determining student enrollment. Based on the expenditures described in this fiscal note, in FY 2010-11, the CDE would need to obtain at least \$52,000 to prepare a request for proposals (RFP) to contract for the study. This amount represents a minimum required to complete the study. To some extent, the scope of project and the size of the contract will depend on the funding that is available. To date, no specific revenue source has been identified.

State Expenditures

Based on the timing requirements in the bill and the allowed appropriation of 3 percent of the funding to CDE to cover administrative costs, the bill will require at least \$52,000 to implement. This fiscal note assumes both CDE administrative costs and contractor expenses are spread equally between FY 2010-11 and FY 2011-12. *These costs are conditional on the receipt of sufficient federal or private funds.* Table 1 details these expenses.

Table 1. Total Expenditures Under SB10-08		
Cost Components	FY 2010-11	FY 2011-12
CDE Administrative Expenses	\$780	\$780
Average Daily Membership Study	\$25,220	\$25,220
TOTAL	\$26,000	\$26,000

Program Administration - at least \$1,560. The bill authorizes CDE to contract for a study evaluating the feasibility and impact of determining pupil enrollment based on ADM, but specifies that the contract is not subject to the state procurement code. Subject to the receipt of sufficient money from private donations, the CDE will prepare a request for proposals to contract for the study, review proposals, prepare the contract, and support the contractor. The bill allows for an appropriation of up to 3 percent to cover these administrative costs and based on the anticipated scope of the study, CDE will be appropriated 1,560, spread across two fiscal years.

Average Daily Membership Study - at least \$50,440. The amended bill narrowed the population of potential contractors substantially. Legislative Council staff has seen an unofficial bid of \$50,000 from a qualified organization based on the study guidelines included in the amended bill. Due to the timing requirements in the bill, this fiscal note assumes that half of these funds would be expended in FY 2010-11 and half in FY 2011-12, as it is anticipated it will require 6 to 12 months to conduct the study and complete the report.

Advisory Committee Expenses. The bill authorizes members of the advisory committee to be reimbursed for actual expenses incurred. This fiscal note assumes such reimbursement will come out of the money awarded to the contractor.

State Appropriations

This bill does not require an appropriation clause. If sufficient money is provided for the program from gifts, grants and donations, the CDE will seek spending authority via the annual appropriations process.

Departments Contacted

Education