

**FINAL
FISCAL NOTE**

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

Date: June 20, 2008
Bill Status: Signed into Law
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, AND MAKING AN APPROPRIATION THEREFOR.

Fiscal Impact Summary	FY 2008-2009	FY 2009-2010
State Revenue		
State Expenditures		
Cash Funds		
State Education Fund Appropriation to School Finance*	\$ 251,996	\$ 532,800
FTE Position Change	0.0 FTE	0.0 FTE
Effective Date: The bill was signed by the Governor and became law on May 14, 2008.		
Appropriation Summary for FY 2008-2009: See State Appropriations section.		
School District Impact: 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.

NOTE: Costs shown in the final fiscal note reflect changes to the per pupil funding that occurred in the school finance act, HB08-1388.

Summary of Legislation

This bill provides state per pupil funding to school districts and other administrative units (i.e., a Board of Cooperative Services and the 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 Education Fund expenditures of at least \$251,996 in FY 2008-09 and \$532,800 in FY 2009-10. An upper limit of \$980,368 in FY 2008-09 and \$2,044,800 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 \$3,452. As a full-day student, the second-year cost to enroll that same child in 1st grade is \$6,904. However, because this child would have otherwise been enrolled in kindergarten, the *new* second-year cost to the state is \$3,452.

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.

Table 1. Two School Finance Cost Estimates		
Scenario 1: Roughly 2% of Gifted Children Enroll in the Program	FY 2008-09 (\$3,452 per child)	FY 2009-10 (\$3,600 per child)
4-year-old Kindergartner	73	75
5-year-old First Grader	n/a	73
Total Children	73	148
Scenario 1 Total Cost	\$251,996	\$532,800
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	\$980,368	\$2,044,800

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. The bill allows districts to charge a fee to cover the costs of assessments or procedures used to determine a child's program eligibility. This fee may not be charged for children who qualify for free and reduced meals.

School districts 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

Per this fiscal note, HB08-1021 requires a \$251,996 State Education Fund appropriation for school finance. However, the appropriation in the final act, \$252,799, was made prior to the school finance act's passage and is based on an estimated, rather than actual, per pupil revenue. It is expected that should any adjustments to the appropriation be necessary, they will be made through the budget process.

Departments Contacted

Education