

**CONDITIONAL FISCAL IMPACT**

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

**Date:** January 19, 2010  
**Bill Status:** Senate Education  
**Fiscal Analyst:** Marc Carey (303-866-4102)

**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.

<b>Fiscal Impact Summary</b>	<b>FY 2010-2011</b>	<b>FY 2011-2012</b>
<b>State Revenue</b>		
Cash Funds		
Average Daily Membership Study Cash Fund	\$7,689*	\$237,766*
<b>State Expenditures</b>		
Cash Funds		
Average Daily Membership Study Cash Fund	\$5,803*	\$205,803*
<b>FTE Position Change</b>	0.1 FTE	0.1 FTE
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.		
<b>Appropriation Summary for FY 2010-2011:</b> None required, see State Appropriations section.		
<b>Local Government Impact:</b> None.		

\* *State revenue and expenditures represent a minimum required amount, and are conditional on support from federal funds or gifts, grants and donations. State revenue exceeds state expenditures to cover both the costs noted in the State Expenditures section and the Expenditures Not Included section of this fiscal note.*

**Summary of Legislation**

This bill, recommended by the Interim Committee to Study School Finance, directs the Colorado Department of Education (CDE) to contract for a study evaluating the feasibility and impact of determining 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 bill specifies that CDE shall only contract for the study if it can cover the study costs with:

- federal "Race to the Top" moneys;
- federal funding from another source; or
- gifts, grants, or donations.

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. CDE must submit a report summarizing findings to the education committees of the General Assembly within two years of that date.

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. The bill is repealed 3 years 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 federal moneys and other 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 \$7,689 to prepare a request for proposals (RFP) to contract for the study. In FY 2011-12, the CDE would need to obtain \$237,766 to contract for the study and support the contractor. To date, no specific revenue source has been identified.

### **State Expenditures**

In FY 2010-11, the CDE will incur costs of \$5,803 and 0.1 FTE for administrative expenses. In FY 2011-12, costs will rise to \$205,803, including administrative expenses and the expense of the contracted study. *These costs are conditional on the receipt of sufficient federal or private funds.* Table 1 details these expenses.

<b>Table 1. Total Expenditures Under SB10-08</b>		
<b>Cost Components</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>
Personal Services	\$5,803	\$5,803
FTE	0.1	0.1
Average Daily Membership Study	\$0	\$200,000
<b>TOTAL</b>	<b>\$5,803</b>	<b>\$205,803</b>

**Program Administration - \$5,803 and 0.1 FTE.** The bill authorizes CDE to contract for a study evaluating the feasibility and impact of determining pupil enrollment based on ADM. Subject to the receipt of sufficient money from federal sources and private donations, the CDE will: prepare a request for proposals (RFP) to contract for the study, review proposals and prepare the contract, and support the contractor. Additionally, CDE will monitor receipt of funding and provide internal summary progress reports.

**Average Daily Membership Study - \$200,000.** Because similar studies have ranged in cost between \$100,000 and \$250,000, the cost of this study is anticipated to be \$200,000. Due to the timing of the RFP process, these funds would not be expended until FY 2011-12. If sufficient funds were obtained to conduct the study, it would take approximately one year to issue the RFP and select a contractor under state purchasing guidelines, and an additional 6 to 12 months to conduct the study and complete the report.

### **Expenditures Not Included**

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

<b>Table 2. Expenditures Not Included Under SB 10-08*</b>		
<b>Cost Components</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$711	\$711
Supplemental Employee Retirement Payments	\$216	\$293
Indirect Costs	\$870	\$30,870
Worker's Comp	\$48	\$48
Risk Management	\$41	\$41
<b>TOTAL</b>	<b>\$1,886</b>	<b>\$31,963</b>

*\*More information is available at: <http://www.colorado.gov/cs/Satellite/CGA-LegislativeCouncil/CLC/1200536133924>*

### **State Appropriations**

This bill does not require an appropriation clause. If sufficient money is provided for the program from federal sources and private donations, the CDE will seek spending authority via the annual appropriations process, including spending authority to use cash funds for expenses identified in the Expenditures Not Included section of this fiscal note.

### **Departments Contacted**

Education