Colorado Legislative Council Staff Fiscal Note

STATE and LOCAL
CONDITIONAL FISCAL IMPACT

Drafting Number: LLS 10-0183	**Date:**	January 19, 2010
Prime Sponsor(s): Sen. King K.	**Bill Status:**	Senate Education
Rep. Stephens	**Fiscal Analyst:**	Marc Carey (303-866-4102)

TITLE: CONCERNING ASSISTANCE TO SCHOOL DISTRICTS FOR IMPLEMENTING WEIGHTED STUDENT FUNDING FORMULAS.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue Cash Funds	$107,689*	$107,735*
State Expenditures Cash Funds	$105,803*	$105,803*
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: See School District Impact Section		

* *State revenue and expenditures are conditional, contingent 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, creates a grant program in the Colorado Department of Education (CDE) to provide money for school districts that choose to create and implement a weighted student funding formula. Districts my apply to the CDE for a one-time grant of up to $100,000 for creating such a formula, providing training to administrators for implementation of a formula, or both.

A district that chooses to apply for a grant must specify the amount requested and how the district will use the moneys, including:

- whether the district already uses such a formula in allocating moneys to schools;
- the process used to design the formula and the time frame for implementation; and
- the type of administrative training, if any, the district seeks to provide with grant money.

The CDE shall review grant applications and award grants. No individual grant can be greater than $100,000. Grants are to be funded with federal moneys or gifts, grants, or donations received for the program. If by July 1, 2011, insufficient federal and private moneys have been received to implement the program, the bill requires the Commissioner of Education to inform the Revisor of Statutes that the program is repealed.

State Revenue

This bill authorizes the CDE to seek, accept, and spend federal moneys and other gifts, grants, and donations to implement the grant program. Based on the expenditures described in this fiscal note, the CDE would need to obtain at least $107,689 in FY 2010-11 and $107,735 in FY 2011-12 to establish a grant program. To date, no specific revenue source has been identified.

State Expenditures

In FY 2010-11 and beyond, the CDE will incur costs of $105,803 and 0.1 FTE to provide grants and cover administrative expenses. ***These costs are conditional on the receipt of sufficient federal or private funds***. Minimum state expenditures are comprised of $5,803 and 0.1 FTE for program administration and $100,000 for grant awards. Table 1 details these expenses.

Table 1. Total Expenditures Under SB10-017		
Cost Components	**FY 2010-11**	**FY 2011-12**
Personal Services	$5,803	$5,803
FTE		0.1
Grants	$100,000	$100,000
TOTAL	**$105,803**	**$105,803**

Program Administration - $5,803 and 0.1 FTE. The bill creates a new grant program at CDE. Subject to the receipt of sufficient money from federal sources and private donations, the CDE will: provide technical assistance to districts regarding development of the program application, review applications, and present awards. Additionally, CDE will monitor receipt of program funding and provide summary reports on program progress.

Weighted Student Funding Formula Grants - $100,000. It is anticipated that grant award moneys will comprise the largest cost component. The amount of grant awards is dependent on the amount of funding CDE receives from federal sources and private donations as the bill prohibits the appropriation of state moneys to implement this program. This fiscal note assumes that because only larger districts with many schools are likely to be interested in implementing a weighted student funding formula, the minimum grant required to develop and implement a viable formula will be $100,000. Thus, it is assumed that a viable grant program would require sufficient funds for 1 grant award annually. More grants could be issued if enough interest exists among districts and sufficient funding can be procured.

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.

Table 2. Expenditures Not Included Under SB 10-017*		
Cost Components	**FY 2010-11**	**FY 2011-12**
Employee Insurance (Health, Life, Dental, and Short-term Disability)	$711	$711
Supplemental Employee Retirement Payments	$216	$263
Indirect Costs	$870	$870
Worker's Comp	$48	$48
Risk Management	$41	$41
TOTAL	**$1,886**	**$1,933**

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

School District Impact

Assuming sufficient revenue is obtained, the CDE will issue grant awards to districts to develop weighted student funding formulas and/or train administrators in formula implementation. Each district receiving a grant will determine the best utilization of the funding.

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