

*Colorado Legislative Council Staff Fiscal Note*  
**STATE and LOCAL**  
**CONDITIONAL FISCAL IMPACT**

**Drafting Number:** LLS 10-1043  
**Prime Sponsor(s):** Sen. Lundberg

**Date:** April 25, 2010  
**Bill Status:** Senate SVMA  
**Fiscal Analyst:** David Porter (303-866-4375)

**TITLE:** SUBMITTING TO THE REGISTERED ELECTORS OF THE STATE OF COLORADO AN AMENDMENT TO SECTION 17 (1) OF ARTICLE IX OF THE CONSTITUTION OF THE STATE OF COLORADO, CONCERNING THE RATE OF GROWTH FOR PUBLIC EDUCATION FUNDING WHEN THE RATE OF INFLATION IS FIVE PERCENT OR GREATER.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
<b>State Revenue</b>		
<b>State Expenditures</b> School Finance Act	Possible Reduction in State Expenditures*	
<b>FTE Position Change</b>		
<b>Effective Date:</b> The concurrent resolution is effective upon voter approval at the 2010 general election.		
<b>Appropriation Summary for FY 2010-2011:</b> None required.		
<b>School District Impact:</b> See School District Impact section.		

\* *School Finance expenditures from the General Fund or the State Education Fund may be reduced in future years. See State Expenditures section.*

**Summary of Legislation**

Under current law, the statewide base per pupil funding and total categorical program funding must increase by at least the rate of inflation for FY 2011-12 and thereafter. In years with inflation above 5 percent, this concurrent resolution permits the General Assembly to set the rate of growth for funding. The General Assembly cannot set the rate below 5 percent for these years. The Denver-Boulder-Greeley consumer price index is used to calculate inflation for public school finance.

**State Expenditures**

State expenditure impacts are conditional, contingent upon approval by voters in the 2010 election and actions of the General Assembly in a period with inflation above 5 percent. As inflation is not expected to rise above 5 percent during the Legislative Council forecast period, this concurrent resolution is not expected to result in a change to state expenditures in the near future. For years that inflation does increase above 5 percent and the General Assembly uses a rate lower than actual

inflation, total program funding and the state share of funding will be reduced. For reference, in FY 2010-11 total program funding is \$5.4 billion with the state share of school finance at \$3.4 billion and the local contribution at \$2.0 billion. State funding of categorical programs is \$231.6 million.

**Election Expenditure Impacts (For Informational Purposes Only)**

The bill refers a measure to the voters at the November 2010 general election. This measure will be published in newspapers and an analysis of the measure will be included in the Blue Book mailed to all registered voter households prior to the election. Under current law, costs for these functions will be paid through a General Fund line item in the Long Appropriations Bill. Table 1 below identifies the anticipated costs for the 2010 Blue Book.

<b>Table 1. Cost to Produce and Distribute the 2010 Blue Book to All Registered Voter Households</b>	
Printing	\$400,000
Postage	\$450,000
Translation	\$20,000
Newspaper Publication (English & Spanish)	\$700,000
<b>Total Cost (14 issues)</b>	<b>\$1,570,000</b>
<b>Average Cost per Issue</b>	<b>\$112,143</b>

**School District Impact**

As noted earlier, all changes in public school finance are conditional, contingent upon the resolution's approval by the voters in the 2010 election and actions of the General Assembly when inflation exceeds 5.0 percent. If the resolution is adopted and the General Assembly uses a rate lower than inflation, the state contribution will decrease while the local contribution is unchanged. This results in the school district having less funding overall. Under these circumstances, districts will need to address budget pressures from inflation and reduced funding through the school district budget process.

**Departments Contacted**

Education            JBC Staff