

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 15-0028
Prime Sponsor(s): Rep. Wilson

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Bill Status: House Education
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BILL TOPIC: FUNDING FOR FULL-DAY KINDERGARTEN

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures		
General Fund	\$236.0 million	\$236.0 million
FTE Position Change		
Appropriation Required: \$236.0 million General Fund, CDE - FY 2015-16.		

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

Under current law, students who are enrolled in kindergarten are counted as half-day students for purposes of school finance, and each school district receives an additional .08 of a full-day student for each enrolled kindergarten student. This bill increases the calculation to provide funding for full-day kindergarten (full-day K).

For FY 2015-16, each school district may count a kindergarten student as a full-day student. School districts may also count children in their district who are eligible to enroll in kindergarten, even if those children do not actually enroll, and include the number of those children in the school district's funded kindergarten pupil count. If a school district does not provide a full-day K program during FY 2015-16, the school district must use the additional revenue from full-day funding, and the additional revenue from counting eligible but un-enrolled children to expand kindergarten facilities.

Beginning with FY 2016-17, if a school district provides a full-day K program, each student enrolled in kindergarten may be counted as full-day student. These districts will no longer receive hold-harmless funding. If a school district chooses not to offer a full-day K, the district will continue to count each enrolled kindergarten student as 0.58 of a student.

Background

According to data collected by the Colorado Department of Education (CDE), 170 out of 178 school districts currently offer full-day K, but pay for the program in different ways. Some districts may use operating revenue from either total program funding or a general mill levy override; some districts have a fee-based program; and two districts (Brush and Summit) have a dedicated mill levy for full-day K.

State Expenditures

This bill increases state expenditures for school finance by about \$236.0 million for FY 2015-16 and for FY 2016-17.

The cost to raise the full-day kindergarten factor from .58 to 1.0 is estimated at \$207.1 million. For FY 2015-16, the bill also funds all eligible kindergarten-aged children in school districts even if they are not enrolled. It is estimated that 5,000 additional children will be counted as full-time students, increasing the cost of bill in FY 2015-16 by about \$36.6. Therefore, the total program increase for FY 2015-16 is \$243.7 (\$207.1 million + \$36.6 million = \$243.7 million); however, for FY 2015-16, the bill also eliminates the full-day K hold harmless provisions for districts offering full-day K. Assuming that all districts begin to offer a full-day kindergarten program beginning with this fiscal year, and that all eligible but un-enrolled children enroll in full-day K, the cost of school finance is decreased by \$7.7 million, resulting in an overall total program increase for school finance of \$236.0 million.

Calculating the number of eligible but un-enrolled kindergarten-aged children in each school district will increase workload slightly for the Colorado Department of Education and for the State Demography Office in the Department of Local Affairs. These workload increases do not require additional appropriations.

School District Impact

In addition to providing more per-pupil revenue for kindergarten students, school districts will have increased expenses to provide full-day K, especially those few districts not currently offering a full-day program. In addition to increased program costs (teachers, aides, transportation, etc.), these few school districts will have capital costs to expand their classroom capacity. Generally, for districts without sufficient classroom space, the bill will increase capital expenses.

For information purposes, one large metro district reports that adding full-day K classroom space in 2011 was roughly \$500,000 per classroom added; however, construction costs have increased since 2011 so those estimates are now higher. Another large metro district reports that current expenses to expand classroom facilities is roughly \$300 - \$600 per square foot of new construction, and a kindergarten classroom of 1,200 square feet will cost approximately \$360,000 to \$720,000.

Additionally, by providing 100 percent funding for full-day K from state appropriations in school finance, local sources of funding for these programs can be refinanced, in some cases providing budgetary flexibility to the school districts. For Brush and Summit School Districts, the dedicated mill levy for full-day K would no longer be collected.

Pursuant to Section 22-32-143, C.R.S., school districts and Boards of Cooperative Educational Services (BOCES) may submit estimates of fiscal impacts within seven days of a bill's introduction. As of the date of this fiscal note, no summaries of fiscal impacts were submitted by districts or BOCES for this bill. If summaries of fiscal impacts are submitted by districts or BOCES in the future, they will be noted in subsequent revisions to the fiscal note and posted at this address: <http://www.colorado.gov/lcs>

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2015-16, this bill requires a General Fund appropriation to the Colorado Department of Education of \$236,000,000 for School Finance.

State and Local Government Contacts

Education

Local Affairs