



**Colorado
Legislative
Council
Staff**

HB16-1022

**REVISED
FISCAL NOTE**

(replaces fiscal note dated January 14, 2016)

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0699
Prime Sponsor(s): Rep. Wilson

Date: April 14, 2016
Bill Status: House Appropriations
Fiscal Analyst: Josh Abram (303-866-3561)

BILL TOPIC: FULL-DAY KINDERGARTEN FUNDING

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures		
General Fund	\$243.2 million	\$249.0 million
FTE Position Change		
Appropriation Required: \$243.2 million - Colorado Department of Education - (FY 2016-17).		
Future Year Impacts: Ongoing expenditure increase.		

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 2016-17, 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 2016-17, 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 a full-day student. These districts will no longer receive hold-harmless funding. If a school district chooses not to offer 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), 168 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 total program funding, a general mill levy override, or other funds available to the district; some districts have a fee-based program; and two districts (Brush and Summit) have a dedicated mill levy for full-day K.

The following school districts do not offer full-day K: Bennett 29J, Campo RE6, Kit Carson R-1, Big Sandy 100J, Primero Reorganized 2, Weldon Valley RE-20(J), Meeker RE1, Rangely RE-4, Silverton 1, and Prairie RE-11.

State Expenditures

For FY 2016-17, this bill increases state expenditures for school finance by about \$243.9 million. For FY 2017-18, the bill increases state expenditures by about \$249.0 million adjusted for inflation.

The cost to raise the full-day kindergarten factor from .58 to 1.0 is estimated at \$212.1 million. For FY 2016-17, the bill also funds all eligible kindergarten-aged children in school districts even if they are not enrolled. It is estimated that approximately 5,000 additional children will be counted as full-time students, increasing the cost of the bill in FY 2016-17 by about \$39.0 million. Therefore, the total program increase for FY 2016-17 is \$251.1 (\$212.1 million + \$39.0 million = \$251.1 million); however, for FY 2016-17, the bill also eliminates the full-day K hold harmless provisions for districts offering full-day K, estimated at about \$7.9 million. Assuming that all districts begin to offer a full-day kindergarten program beginning with the next fiscal year, and that all eligible but un-enrolled children enroll in full-day K, the overall total program increase for school finance is estimated at \$249.0 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 that do not offer 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 reported that adding full-day K classroom space in 2011 was roughly \$500,000 per classroom added; however, construction costs have increased since 2011, therefore estimates are now higher. Another large metro district has reported that 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. Since all of the districts not currently offering full-day K are small, rural districts, these estimates provide an upper limit for new construction costs.

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 or used for other purposes, 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: <https://www.colorado.gov/cga-legislativecouncil>

Effective Date

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

State Appropriations

For FY 2016-17, this bill requires a General Fund appropriation to the Colorado Department of Education of \$243,200,000 for School Finance.

State and Local Government Contacts

Education