SB 18-004

Legislative
Council Staff
Nonpartisan Services for Colorado's Legislature

FINAL FISCAL NOTE

Drafting Number: LLS 18-0664
Prime Sponsors: Sen. Kerr

Date: June 4, 2018
Bill Status: Postponed Indefinitely
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Bill Topic: FUNDING FOR FULL-DAY KINDERGARTEN

Summary of Fiscal Impact:

☒ State Revenue *(conditional)*
☒ State Expenditures
☐ State Transfer
☐ TABOR Refund
☒ Local Government
☐ Statutory Public Entity

The bill requires additional funding for full-day kindergarten and refers a measure to voters allowing the state to retain and spend revenue above the constitutionally allowed limit. The bill increases state expenditures and potentially increases state revenue. The impacts are continue in future years.

Appropriation Summary: For FY 2018-19, the bill requires an appropriation of $37.1 million to the Department of Education.

Fiscal Note Status: This fiscal note reflects the introduced bill. The bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Table 1
State Fiscal Impacts Under SB 18-004

		FY 2018-19	FY 2019-20
Revenue		-	-
Expenditures	General Fund	$37.1 million	$37.1 million
	Total	**$37.1 million**	**$37.1 million**
Transfers		-	-

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 0.08 of an enrolled kindergarten student, for a total funding factor of 0.58. Beginning in FY 2018-19, the bill increases the factor from 0.58 to 0.65. The bill also states the intent of the General Assembly to increase funding for full-day kindergarten (full-day K) by specific dollar amounts annually, such that full day kindergarten is fully funded beginning in FY 2024-25.

The bill refers a measure to the 2018 state ballot authorizing the state to retain and spend all additional excess revenue over the constitutionally allowed limit (TABOR limit). If the voters approve the measure, the General Assembly is required to appropriate the additional revenue first to pay for full-day K, and second to fund school district total program under the School Finance Act. Any remaining funds must be deposited in the State Education Fund.

In addition, Legislative Council Staff is required to prepare an annual report concerning how the retained revenue was spent in each year.

Background

Districts that offer full-day K 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 three districts (Brush, Steamboat Springs, and Summit) have a dedicated mill levy for full-day K.

In FY 2017-18, 173 out of 178 school districts had students enrolled in full-day K programs. The following school districts did not have any enrollment in full-day K in FY 2017-18: Bennett 28J, Big Sandy 100J-23, Weldon Valley RE-20(J), Silverton 1, and Lone Star 101.

State Revenue

Conditional impact. Current law allows a portion of the gross conservation easement tax credit to be refundable, up to $50,000 per taxpayer, when the state refunds a TABOR surplus. Should voters approve the measure, the credit will no longer be refundable because the state will not longer be required to refund a TABOR surplus. No TABOR refunds are expected through FY 2020-21 under current law.

State Expenditures

For FY 2018-19 and subsequent years, the bill increases expenditures for school finance by at least $37.1 million. For FY 2018-19 and subsequent years, and only if approved by voters, this referred measure increases state expenditures by an indeterminate amount in years when the state collects revenue above the constitutionally allowed limit.

Increase kindergarten factor — state fiscal impact. By raising the factor by which school districts count their kindergarten students from 0.58 to 0.65, the cost of the state share of school finance will increase by $37.1 million beginning in FY 2018-19.

Retain and spend revenue over TABOR limit — conditional fiscal impact. The bill refers a measure to the state ballot in 2018 to request voter approval for the state to retain revenue in excess of its constitutional revenue limit, otherwise known as the TABOR limit. If approved by voters, the General Assembly is required to use the retained revenue to pay for full-day K, with the surplus amount used to fund school district total program under the School Finance Act. Since this expense is only required if the voters approve the referred measure, this impact is conditional. The state is not expected to collect a TABOR surplus through FY 2019-20; as a result, this provision has no state fiscal impact in those years. The amount retained by the state when it next collects revenue above the TABOR limit has not been estimated.

Election expenditure impact — existing appropriations. This bill includes a referred measure that will appear before voters at the November 2018 general election. While no additional appropriation is required in this bill, certain election costs are incurred by the state when ballot measures are referred to voters. These costs, paid using existing appropriations, are in two areas. First, current law requires the state to reimburse counties for costs incurred conducting a ballot measure election, paid from the Department of State Cash Fund in the Secretary of State's Office, estimated at $3.2 million in FY 2018-19. Second, the text and title of the measure must be published in one legal newspaper per county and an analysis of the measure must be included in the Ballot Information Booklet mailed to all registered voter households, paid from the Ballot Analysis Revolving Fund in the Legislative Department, which is estimated to cost $2.1 million in FY 2018-19. Publication costs will increase by approximately $115,000 per measure beyond this base amount for any additional referred or initiated measures placed on the ballot.

School District

For FY 2018-19, this bill increases the local share of school finance by $58,983 for two school districts - Harrison School District and Steamboat Springs School District. By changing the kindergarten factor from 0.58 to 0.65 and therefore increasing the funded pupil count, the bill increases total program and the required mill levy for the Harrison and Steamboat Springs districts, two of the four districts in the state that are not exempt from constitutional spending limits. Thus, the bill provides Harrison School District with an additional $25,331, and Steamboat Springs with an additional $33,652 in the local share of school finance.

In addition to providing more per-pupil revenue for kindergarten students, school districts will have increased expenses to provide full-day K, should those not currently offering a full-day program choose to do so. This increase may include program costs (teachers, aides, transportation, etc.), and capital costs to expand classroom capacity allowing them to expand the program.

Effective Date

The bill was postponed indefinitely by the Senate State, Veterans, and Military Affairs Committee on February 5, 2018.

State Appropriations

For FY 2018-19, the bill requires an appropriation of $37.1 million to the Colorado Department of Education.

State and Local Government Contacts

Education LCS School Districts