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FISCAL IMPACT REPORT

SPONSOR: Coll DATE TYPED: 2/04/03 HB 10

SHORT TITLE: Program Cost Calculation, T & E Index SB _____

ANALYST: L. Baca

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB 212 and SB 230

Relates to the Public School Support Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

Responses Received From

State Department of Education (SDE)

SUMMARY

Synopsis of Bill

House Bill 10 amends the Public School Finance Act to change the method of calculation of program cost by changing the instructional staff training and experience (T&E) from a multiplier to an add-on factor.

Significant Issues

Historically, any funding formula change proposed has suggested a redistribution of funding and/or necessitated an increase in funding and/or hold-harmless provisions in the statutes authorizing the change. According to information provided by SDE, using the add-on factor in HB 10 as the T&E factor would reduce the number of units generated to 127.829 from 46,043.504.

Using this scenario, the add-on factor would generate \$132,972.1 less than the traditional method. Presumably, this amount would be redistribute to school districts through the other fac-

tors in the funding formula.

Assuming the unit value is kept at its current \$2,896.01, about 45 school districts would receive more than under the current statutory approach. The remaining 44 school districts would receive less.

Three potentially significant but tentative observations can be made regarding the impact of the provisions of HB 10:

- The “re-distribution” of funds seems to favor districts with a low T&E index.
- 19 of the districts gaining from the “re-distribution” are in the very small and small school district category.
- School districts with charter schools also emerge as “winners” .

FISCAL IMPLICATIONS

While not stated in the bill, it is assumed that funding for public schools would not be reduced or increased as a result of this bill. Consequently, there is no fiscal impact on the general fund.

RELATIONSHIP

HB 10 relates to two bills identical to each other: HB 212, Public School Reforms, and SB 230, Public School Reforms. Both bills propose a “three-tiered” approach for compensating instructors.

TECHNICAL ISSUES

The SDE analysis recommends that various methodologies be examined if the T&E factor is to be changed. One alternative method is suggested as a reference point for further discussion, and potential implementation.

OTHER SUBSTANTIVE ISSUES

The State Board of Education’s legislative package includes a request for \$300.0 to contract for a study of the funding formula, and the LESC is requesting \$120.0 for a study of the relationship between the “tiered” approach for teacher compensation proposed in the public school reforms bill and the T&E Index.

Given the 45 to 50 modifications made to the funding formula since its inception in 1975, it is time to revisit the entire formula and reassesses the efficacy of each factor individually and as part of the whole formula.

POSSIBLE QUESTIONS

1. Have the State Board of Education or the LESC taken a position on this subject?
2. How do school administrators react to this proposal?
3. How likely is it that we will have a study of the entire funding formula?