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FISCAL IMPACT REPORT

SPONSOR:	Carraro	DATE TYPED:	3/12/03	HB	
SHORT TITLI	E: Enrollment Growth	Program Units		SB	17
			ANALYST:		Segura

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$9,500.0			REC	GF

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

State Department of Education (SDE)

SUMMARY

Synopsis of Bill

Senate Bill 17 amends Section 22-8-23.1 of the Public School Finance Act to change the method of calculating enrollment growth program units. The bill appropriates \$9,500.0 from the general fund in FY 2004 to fund additional units generated.

Significant Issues

According to SDE, prior to the 1999-2000 school year, funding for schools was based upon current year membership, and a district that had a growth in membership equal to or greater than one percent was allocated an additional 0.05 units for each additional student.

With the shift to prior year funding, beginning with the 1999-2000 school year, new students no longer generate grade or other program units the first year in which they are enrolled.

The 2001 GAA did not contain an appropriation for enrollment growth; however, eligible districts did generate growth units through the State Equalization Guarantee. The 2002 General Appropriation Act increased the emergency supplemental appropriation by \$2,000.0 with the understanding that the additional dollars would be distributed to growing districts.

Senate Bill 17 -- Page 2

Senate Bill 17 would provide a more comprehensive method of recognizing membership growth. The bill would change the calculation of growth units based on the difference between the current year 40 day MEM and the prior year 40 day MEM. For districts with an increase in MEM, additional growth units would be calculated by multiplying the difference by the current year average number of adjusted program units per student. Additionally, districts experiencing a growth rate of one percent or greater would also be entitled to marginal growth units calculated by multiplying the difference in MEM greater than one percent by a factor of 0.05.

FISCAL IMPLICATIONS

The SDE estimates that based on 2002-2003 40^{th} day membership and units adjusted for the implementation of full-day kindergarten and on the 2002-2003 initial unit value of \$2,896.1, the estimated funding needed for FY 2004 is \$17,500.0.

The Legislative Education Study Committee included a request for FY2004 of \$6,300.0 based on the methodology included in the committees' endorsed legislation, House Bill 169.

Currently, within HB2/a, the State Equalization Guarantee includes \$4,500.0 to fund units generated under the formula in current law.

ADMINISTRATIVE IMPLICATIONS

The SDE would have to reprogram their ADS reports to reflect the revised calculations.

RELATIONSHIP

Senate Bill 17 is similar to House Bill 169.

TECHNICAL ISSUES

Senate Bill 17 appropriates \$9,500.0 from the General Fund to the Public School Fund but does not indicate whether or not the appropriation is to be included in the State Equalization Guarantee.

RS/yr/njw