

# Fiscal Note

**BILL #** HB 2593

**TITLE:** schools; calculated opportunity index

**SPONSOR:** Sierra

**STATUS:** As Introduced

**PREPARED BY:** Patrick Moran

## Description

The bill would permit school districts and charter schools to receive an increase in their Base Level funding provided under the K-12 formula by establishing a "calculated opportunity index." The index would increase the Base Level for any district school or charter school with an above-average share of children eligible for Free or Reduced-Price Lunches (FRPL).

## Estimated Impact

We estimate the bill would increase General Fund K-12 formula expenses by \$35.7 million in FY 2023.

## Analysis

The calculated opportunity index would increase the Base Level for school districts and charter schools with a higher-than-average FRPL-eligibility rate. Based on FRPL data published by ADE, the statewide average FRPL-eligibility rate is approximately 55.2%. The index would be calculated for each individual school by taking 5.9% of the difference between the school's FRPL-eligibility rate and the statewide rate. For example, if a school has a FRPL eligibility-rate of 100%, the calculated opportunity index for that school would effectively provide a 2.64% increase to the Base Level calculation for that school ( $(100.0\% - 55.2\% \times 5.9\% = 2.64\%)$ ). A weighted average of the opportunity index of each school within a district would determine a district's overall adjustment for the opportunity index.

Based on data published by ADE, we estimate that there are 1,132 schools statewide located within 311 school districts and charter schools that would be eligible for the opportunity index. The average index for eligible districts and charter schools would be 0.68%, which we estimate would generate additional per pupil funding in the eligible districts of approximately \$44. The resulting increase in K-12 formula expenses would be \$36.1 million in FY 2023, of which \$35.7 million would be covered by the General Fund.

## Local Government Impact

The opportunity index would increase budget capacity funded via property taxes in non-state aid districts by an estimated \$412,500 in FY 2023.

1/31/22

