

JBC STAFF FISCAL ANALYSIS HOUSE APPROPRIATIONS COMMITTEE

CONCERNING AN INITIATIVE TO SUPPORT INNOVATION AMONG ALTERNATIVE EDUCATION CAMPUSES
IN SERVING HIGH-RISK STUDENTS, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Prime Sponsors: Senator Zenzinger
Representative Fields

JBC Analyst: Craig Harper
Phone: 303-866-2061
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Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/21/14.

XXX	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
	None.

Current Appropriations Clause in Bill

The bill includes an appropriation clause that appropriates \$2,116,437 cash funds from the State Education Fund into the newly created Opportunity School Pilot Initiative Fund in FY 2014-15 to support the program for FY 2014-15 through FY 2016-17. The bill continuously appropriates all moneys in the Opportunity School Pilot Initiative Fund to the Department of Education, so no further appropriation would be necessary during that period.

Points to Consider

State Education Fund Impact

- The bill increases appropriations from the State Education Fund for FY 2014-15 by \$2.1 million. Based on the Office of State Planning and Budgeting March 2014 Revenue Forecast, and incorporating appropriations in the FY 2014-15 Long Bill (H.B. 14-1336), it is projected that \$907.0 million would remain in the State Education Fund at the end of FY 2014-15. However, that balance is the result of significant transfers of one-time funding from the General Fund, including \$1.074 billion in FY 2013-14, and annual appropriations from the State Education Fund currently exceed annual revenues. For example, the FY 2014-

15 Long Bill appropriates \$757.8 million from the State Education Fund, while annual revenues pursuant to Amendment 23 are projected to be \$516.6 million in FY 2014-15 – a revenue shortfall of \$241.2 million or 32 percent of Long Bill appropriations. The use of additional State Education Fund moneys in FY 2014-15 will reduce the amount available in subsequent years and require additional General Fund appropriations once one-time funding in the State Education Fund is depleted.

Technical Issues

2. As discussed on page 4 of the attached Fiscal Note, the bill limits the Department's administrative expenses to no more than three percent of the moneys appropriated to the Opportunity School Pilot Initiative Fund. If the General Assembly appropriates \$2,116,437 into the fund in FY 2014-15, then a total of \$63,493 would be available to the Department for program administration. However, the Fiscal Note identifies administrative costs of \$62,639 *per year*. Thus, it does not appear that any funding would be available to administer the program in FY 2015-16 or FY 2016-17.

3. The bill creates the new Opportunity Schools Pilot Initiative Fund (Fund), which would consist of moneys appropriated by the General Assembly for the Opportunity Schools Pilot Initiative and any gifts, grants and donations that the Department receives to support the program. Moneys in the Fund are continuously appropriated to the Department. Is it necessary to appropriate State Education Fund moneys into a new cash fund, rather than appropriating State Education Fund moneys directly to the Department for the program? Is it necessary to continuously appropriate moneys in the Fund to the Department? Is it likely that any gifts, grants, and donations will be received for this program?