

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING THE FINANCING OF PUBLIC SCHOOLS, AND, IN CONNECTION THEREWITH, MAKING AND REDUCING APPROPRIATIONS.

Prime Sponsors: Reps. Hamner and Buckner
Sens. Kerr and Steadman

JBC Analyst: Craig Harper
Phone: 303-866-2061
Date Prepared: April 24, 2014

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 04/23/14.

	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
XXX	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

The bill includes provisions that are contingent upon the enactment of H.B. 14-1292 (Student Success Act). The Legislative Council Staff Revised Fiscal Note dated 04/23/14 (Fiscal Note) is aligned to H.B. 14-1298 as it is currently written. However, as a result of amendments to H.B. 14-1292, the appropriations in H.B. 14-1298 are not aligned with the current provisions in H.B. 14-1292. Legislative Council Staff and JBC Staff agree that amendments to H.B. 14-1292 require amendments to this bill to align the two bills.

In addition, the required appropriation shown on page 1 of the Fiscal Note: (1) does not include \$10.0 million cash funds from the State Education Fund required to support the increase in the supplemental full-day kindergarten factor that is included in the bill; and (2) does include \$24,800 cash funds from the Colorado Teacher of the Year Fund that does not require an appropriation because moneys in that fund are continuously appropriated to the Department.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.006	Staff-prepared appropriation amendment

Current Appropriations Clause in Bill

As amended by the Senate Education Committee, the bill includes an appropriation clause that makes the appropriations shown in Table 1 below.

TABLE 1		
FY 2014-15 Appropriations to Department of Education and Long Bill Adjustments (as amended by Senate Education)		
Purpose	Amount	Fund Source
<i>Section 24: Long Bill Adjustments and Appropriations</i>		
(1) (a) BOCES funding	\$2,000,000	Cash Funds - State Education Fund (SEF)
(1) (b) Department of Education - CPP Administration	63,607	Cash Funds - SEF - includes 0.7 FTE
(2) Reduce Appropriation to Controlled Maintenance Trust Fund	(68,084)	General Fund
<i>Section 25: Long Bill Adjustment Related to School Finance Formula Change for CPP Slots</i>		
(a) State Share of Districts' Total Program Funding (for additional CPP slots)	\$16,996,593	Cash Funds - SEF
<i>Section 26: Long Bill Adjustment Related to School Finance Formula Change for CPP Slots <u>with</u> enactment of H.B. 14-1292</i>		
(a) State Share of Districts' Total Program Funding (for additional CPP slots)	\$18,485,659	Cash Funds - SEF (<u>not</u> included in totals below)
<i>Section 27: New Appropriations</i>		
(1) English Language Proficiency Act Excellence Award Program	\$500,000	Cash Funds - SEF appropriation to Excellence Awards Fund
(1) English Language Proficiency Act Excellence Award Program	500,000	Reappropriated Funds - Excellence Awards Fund
(2) Department of Human Services Child Care Licensing and Administration	68,084	General Fund - includes 1.1 FTE
English Language Proficiency Professional Development and Student Support Program	30,000,000	Cash Funds - SEF
Totals	<u>\$50,060,200</u>	Total Funds
	0	General Fund
	49,560,200	Cash Funds - SEF
	500,000	Reappropriated Funds

Description of Amendments in This Packet

J.006 Staff has prepared amendment **J.006** (attached) to change the existing clause to: (1) add an appropriation of \$10,020,171 cash funds from the State Education Fund to support the increased supplemental full-day kindergarten factor approved in the Senate Education

Committee Report (04/17/14); (2) add an appropriation of \$53,228 cash funds from the State Education Fund and 0.5 FTE to support additional staff required by the bill's changes to English Language Learner programs; and (3) align the contingent appropriation in this bill with H.B. 14-1292 as that bill has been amended. Table 2 (below) shows the appropriations in the bill as amended by amendment J.006.

TABLE 2		
FY 2014-15 Appropriations to Department of Education and Long Bill Adjustments (with amendment J.006)		
Purpose	Amount	Fund Source
<i>Section 24: Long Bill Adjustments and Appropriations</i>		
(1) (a) BOCES funding	\$2,000,000	Cash Funds - State Education Fund (SEF)
(1) (b) State Share of Districts' Total Program Funding (for supplemental full-day kindergarten)	10,020,171	Cash Funds - SEF
(1) (c) English Language Learners Technical Assistance	53,228	Cash Funds - SEF - includes 0.5 FTE
(1) (d) Department of Education - CPP Administration	63,607	Cash Funds - SEF - includes 0.7 FTE
(2) Reduce Appropriation to Controlled Maintenance Trust Fund	(68,084)	General Fund
<i>Section 25: Long Bill Adjustment Related to School Finance Formula Change for CPP Slots</i>		
(a) State Share of Districts' Total Program Funding (for additional CPP slots)	\$16,996,593	Cash Funds - SEF
<i>Section 26: Long Bill Adjustment Related to School Finance Formula Change for CPP Slots with enactment of H.B. 14-1292</i>		
(a) State Share of Districts' Total Program Funding (for additional CPP slots)	\$18,585,660	Cash Funds - SEF (<u>not</u> included in totals below)
<i>Section 27: New Appropriations</i>		
(1) English Language Proficiency Act Excellence Award Program	\$500,000	Cash Funds - SEF appropriation to Excellence Awards Fund
(1) English Language Proficiency Act Excellence Award Program	500,000	Reappropriated Funds - Excellence Awards Fund
(2) Department of Human Services Child Care Licensing and Administration	68,084	General Fund - includes 1.1 FTE
English Language Proficiency Professional Development and Student Support Program	30,000,000	Cash Funds - SEF

TABLE 2		
FY 2014-15 Appropriations to Department of Education and Long Bill Adjustments (with amendment J.006)		
Purpose	Amount	Fund Source
Totals	<u>\$60,133,599</u>	Total Funds
	0	General Fund
	59,633,599	Cash Funds - SEF
	500,000	Reappropriated Funds

As shown in the table above, enactment of H.B. 14-1292 would increase the impact of this bill on the State Education Fund by \$1,589,067 for FY 2014-15. In addition, the bill transfers \$24,800 per year from the State Education Fund to the Colorado Teacher of the Year Fund, beginning in FY 2014-15. The Teacher of the Year Fund is continuously appropriated to the Department and does not require an additional appropriation; thus, the impact of this transfer on the State Education Fund is not shown in Table 2.

Points to Consider

General Fund Impact

1. The Joint Budget Committee has proposed a budget package for FY 2014-15 based on the March 2014 Office of State Planning and Budgeting revenue forecast. The budget package allocates \$20.0 million General Fund to be available to fund 2014 legislation; if the full \$20.0 million is not used to fund legislation, it will be credited to the Controlled Maintenance Trust Fund.

State Education Fund Impact

2. This bill increases appropriations from the State Education Fund for FY 2014-15 by at least \$59.6 million (\$61.2 million if H.B. 14-1292 is enacted). 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.*Future Fiscal Impact*

3. The bill requires the transfer of 75.0 percent of the FY 2014-15 General Fund surplus to the State Education Fund, thereby reducing the amount of General Fund available for operating or capital construction expenses in FY 2015-16. The attached Fiscal Note estimates that \$143.2 million will be transferred to the State Education Fund as a result of this provision based on the March 2014 Legislative Council Staff revenue forecast.

Technical Issues

4. The bill creates the new Excellence Awards Fund, which would consist of cash funds from the State Education Fund appropriated by the General Assembly for the English Language Proficiency Act Excellence Award Program. Moneys in the Fund are subject to legislative appropriation. **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?**
5. The bill transfers \$24,800 per year from the State Education Fund to the Colorado Teacher of the Year Fund, which is then continuously appropriated to the Department. **Is it necessary to transfer State Education Fund moneys into the cash fund, rather than appropriating State Education Fund moneys directly to the Department for the program?**