

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING THE CREATION OF AN OUTCOMES-BASED FUNDING MODEL FOR HIGHER EDUCATION, AND, IN CONNECTION THEREWITH, MAKING AND REDUCING APPROPRIATIONS.

Prime Sponsors: Reps. Ferrandino and Holbert
Sens. Lambert and Todd

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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 04/25/14.

	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 Education Committee Report (04/30/14) includes amendments to the bill; however, Legislative Council Staff and JBC Staff agree that the committee amendments do not change the fiscal impact of the bill. However, based on updated information, the bill's costs are reduced, as reflected in the table below. Specifically, the Department will be unable to hire staff and contractors as quickly as anticipated, so some costs previously identified as FY 2013-14 costs are moved into FY 2014-15. In addition, the update reflects the impact of the pay date shift. Although the Department anticipates that new FTE will be hired June 1, 2014, due to the pay date shift, no FTE costs will be incurred until FY 2014-15. The table below reflects the revised fiscal update. Legislative Council Staff concurs with this analysis.

Updated Expenditures Under HB 14-1319			
Cost Components	FY 2013-14	FY 2014-15	FY 2015-16
Personal Services	*	\$264,827	\$264,827
FTE	*	3.0 FTE	3.0 FTE
Operating Expenses and Capital Outlay Costs	0	16,959	2,850
Legal Services	0	18,216	0
Travel and other administrative expenses	2,207	26,984	13,492
Contract Services: Project Manager	18,000	78,000	0
Contract Services: Facilitator and Meeting	0	200,000	0

Updated Expenditures Under HB 14-1319			
Cost Components	FY 2013-14	FY 2014-15	FY 2015-16
Expenses			
Contract Services: Model Construction	25,000	200,000	25,000
TOTAL - Appropriation Required	\$45,207	\$804,986	\$306,169
Centrally Appropriated Costs**	0	36,931	39,066

* Pay date shift; FTE costs incurred in June 2014 will be paid in FY 2014-15.

** Not included in the FY 2014-15 appropriation pursuant to JBC common policy for new FTE.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.003	Staff-prepared appropriation amendment

Current Appropriations Clause in Bill

The bill includes an appropriation clause that appropriates \$172,551 General Fund and 0.2 FTE for FY 2013-14 and \$728,995 General Fund and 3.0 FTE for FY 2014-15 to the Department of Higher Education. Of the FY 2014-15 amount, \$18,216 is reappropriated to the Department of Law for legal services. For FY 2014-15, this amendment accesses set-aside moneys in the Controlled Maintenance Trust Fund to offset the FY 2013-14 reduction of \$43,138 to the excess General Fund reserve and the FY 2014-15 General Fund appropriation of \$728,995 (a total of \$772,133).

Description of Amendments in This Packet

J.003 Staff has prepared amendment **J.003** (attached) to change the existing clause to appropriate \$45,207 General Fund in FY 2013-14 and \$804,986 General Fund and 3.0 FTE in FY 2014-15 to the Department of Higher Education. Of the FY 2014-15 amount, \$18,216 is reappropriated to the Department of Law for legal services. Pursuant to direction from the Appropriations Committee chairs, this amendment does *not* modify the provision that accesses \$772,133 of set-aside funds.

Points to Consider

General Fund Impact

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, and leaves approximately \$7.9 million General Fund unallocated. Thus, the General Assembly could appropriate up to \$26.2 million General Fund to fund 2014 legislation and maintain a 6.5 percent General Fund reserve. This bill requires a General Fund appropriation of \$45,207 for FY 2013-14 and \$804,986 for FY 2014-15

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and accesses \$772,133 of the total set-aside for 2014 legislation. It would thus reduce the excess General Fund reserve by \$78,060.