

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING GIFTED EDUCATION PROGRAMS IN PUBLIC SCHOOLS.

Prime Sponsors: Representative Peniston
Senator Kerr

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 03/11/14.

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
J.001	Staff-prepared appropriation amendment
L.003/J.002	Bill Sponsor amendment - changes fiscal impact <i>and</i> appropriation

Current Appropriations Clause in Bill

The bill requires but does not contain an appropriation clause.

Description of Amendments in This Packet

J.001 Staff has prepared amendment **J.001** (attached) to add a provision appropriating \$5,929,817 cash funds from the State Education Fund and 2.0 FTE to the Department of Education for FY 2014-15.

L.003 and J.002

Bill Sponsor amendment **L.003** (attached) changes the bill to require each administrative unit to employ at least 0.5 FTE to administer gifted programs and administer the administrative unit's program plan, rather than 1.0 FTE as required by the introduced bill. Legislative Council Staff and JBC Staff agree that the amendment reduces the fiscal impact of the bill by \$2,526,639 cash funds from the State Education Fund for FY 2014-15. Staff has prepared amendment **J.002** (attached) to add a provision appropriating \$3,403,178 cash funds from the State Education Fund and 2.0 FTE to the Department of Education for FY 2014-15.

If the Committee adopts amendment L.003, it should adopt amendment J.002 and should not adopt amendment J.001.

Points to Consider*State Education Fund Impact*

As introduced, this bill requires an appropriation of \$5.9 million from the State Education Fund for FY 2014-15. 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

As introduced, this bill requires a \$5.9 million increase to the appropriation for Special Education Programs for Gifted and Talented Children for FY 2014-15. Section 17 of Article IX of the Colorado Constitution requires the General Assembly to increase total state funding for all categorical programs annually by at least the rate of inflation. As a result, any increase in categorical spending is permanent because the General Assembly is unable to reduce total appropriations of state funds for categorical programs. In addition, increasing categorical funding by \$5.9 million in FY 2014-15 will require additional annual increases to meet the constitutional requirement.