

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING PROGRAMS TO DEVELOP LEADERS FOR LOW-PERFORMING PUBLIC SCHOOLS, 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 Fiscal Note (attached) reflects the fiscal impact of the bill as of 02/24/14.

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

The Senate Education Committee Report (02/27/14), adopted by the Senate on Second Reading (04/16/14), included amendments to the bill, however, Legislative Council Staff and JBC Staff agree that the committee amendments did not change the fiscal impact of the bill.

The Senate Appropriations Committee Report (04/11/14), also adopted by the Senate on Second Reading (04/16/14), added the appropriation clause to 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 \$2,000,000 cash funds from the State Education Fund into the School Turnaround Leaders Development Fund and reappropriates that amount and 1.2 FTE to the Department of Education for FY 2014-15.

**Points to Consider**

*State Education Fund Impact*

1. This bill increases appropriations from the State Education Fund for FY 2014-15 by \$2.0 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 Legislative Council Staff Fiscal Note, dated February 24, 2014 (Fiscal Note), the bill limits the Department's administrative expenses to no more than five percent of the moneys transferred or appropriated to the fund in a given fiscal year. The bill transfers \$2,000,000 into the fund in FY 2014-15, making up to \$100,000 available for administrative expenses in that year. However, the Fiscal Note identifies approximately \$150,000 in necessary administrative expenses in FY 2014-15.
3. The bill creates the new School Turnaround Leaders Development Fund (Fund), which would consist of moneys appropriated by the General Assembly for the School Turnaround Leaders Development Program. Moneys in the Fund are subject to annual appropriation 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?