

Colorado Legislative Council Staff Fiscal Note

**STATE
FISCAL IMPACT**

Drafting Number: LLS 15-0973 **Date:** April 13, 2015
Prime Sponsor(s): Rep. Fields; Wilson **Bill Status:** House Education
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BILL TOPIC: SCHOOL DISTRICT FINANCIAL TRANSPARENCY REPORTING

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures	<u>\$56,549</u>	<u>\$100,862</u>
General Fund	50,193	88,150
Centrally Appropriated Costs**	6,356	12,712
FTE Position Change	0.5 FTE	1.0 FTE
Appropriation Required: 0.5 FTE allocation - Colorado Department of Education - (FY 2015-16).		

* This summary shows changes from current law under the bill for each fiscal year.

** These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

Summary of Legislation

This bill requires that local education providers (LEPs, i.e., school districts, charter schools, Boards of Cooperative Educational Services) submit financial data, including actual expenditures, salary expenditures, and benefit expenditures at both the LEP level and at the school-site level, to the Colorado Department of Education (CDE). The CDE must post the financial data on the department's financial transparency web site, rather than requiring that each LEP post financial transparency information on its local web site.

Background

House Bill 14-1292 requires that LEPs report financial information at both the district and school level and post their financial data on a school district web site. The CDE is required to issue a request for proposals to select a software vendor that can take the financial data directly from the LEP's websites, and create a website view enabling interested parties to compare data between school districts, individual schools, charter schools, BOCES, and the Charter School Institute. The web view must be available to the public no later than July 1, 2017.

That bill continuously appropriates \$3.0 million to the CDE through FY 2017-18 to implement the financial transparency provisions in HB 14-1292. Although the \$3 million is continuously appropriated through FY 2017-18, the web view is anticipated to require additional ongoing expenses once the system is operating, estimated at \$600,000 per year beginning with FY 2017-18.

State Expenditures

The bill increases state expenditures by \$56,549 and 0.5 FTE in FY 2015-16. For FY 2016-17, increased costs are \$100,862 and 1.0 FTE. New expenditures are displayed in Table 1 and discussed below.

Table 1. Expenditures Under HB 15-1339		
Cost Components	FY 2015-16	FY 2016-17
Personal Services	\$42,185	\$84,370
FTE	0.5 FTE	1.0 FTE
Operating Expenses and Capital Outlay Costs	5,178	950
Printing, Travel, and Outreach	2,830	2,830
Centrally Appropriated Costs*	6,356	12,712
TOTAL	\$56,549	\$100,862

* Centrally appropriated costs are not included in the bill's appropriation.

Under this bill, LEPs will submit their financial data to the CDE through the existing data pipeline, and the department will consolidate the data and submit it to the software vendor required by HB 14-1292.

The CDE requires additional staff to design business rules for the contracted website, to develop protocols for school districts to submit their financial data, and to provide ongoing training and technical support to LEPs. Under current law, financial data submissions by school districts are aggregated to the school district level. The CDE does not currently collect data at the school site level. By requiring school level submissions, the CDE can anticipate a substantial increase in the amount of data submitted. New staff will facilitate the increased data collection, aggregate and format the submissions, and submit the data to the vendor on behalf of the LEPs. New staff will also act as a liaison between the vendor and the districts, and serve as the financial transparency help desk for school districts, researchers, and other constituents with data questions. Additionally, statewide training and documenting of school level reporting increases state expenses for printing, travel, and outreach.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under HB 15-1339*		
Cost Components	FY 2015-16	FY 2016-17
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$3,086	\$8,024
Supplemental Employee Retirement Payments	3,270	8,501
TOTAL	\$56,549	\$100,862

*More information is available at: <http://colorado.gov/fiscalnotes>

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

House Bill 14-1292 appropriated \$3.0 million to the CDE for school district financial transparency reporting requirements. The department has continuous spending authority for this appropriation through FY 2017-18. This appropriation is sufficient to implement this bill; however, for FY 2015-16, the bill requires an allocation of 0.5 FTE to the CDE.

State and Local Government Contacts

Education