JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE

CONCERNING MEASURES TO SUPPORT RURAL SCHOOL DISTRICTS.

Prime Sponsors: Reps. Pettersen and Wilson

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 03/31/15.

XXX	**No Change:** Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	Update: Fiscal impact has changed due to *new information or technical issues*
	Update: Fiscal impact has changed due to *amendment adopted* 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.001/J.002	Bill Sponsor amendment - changes fiscal impact *and* 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 a total of $10,000,000 General Fund to the Department of Education for FY 2015-16.

L.001 and J.002

Bill Sponsor amendment **L.001** (attached) specifies that local education providers receiving funds under the bill may only use the funds for purposes that align with authorized uses of the State Education Fund, including: implementing accountable education reform; implementing an accountable program to meet state academic standards; reducing class sizes; expanding technology education; improving student safety; expanding the availability of preschool and kindergarten programs; providing performance incentives for teachers; implementing accountability reporting; or implementing public school building capital construction. Based on the specified uses, the amendment allows for appropriations from the State Education Fund to support the bill. Staff has prepared amendment **J.002** (attached)

to appropriate $10,000,000 cash funds from the State Education Fund to the Department of Education for FY 2015-16. **If the Committee adopts amendment L.001, it should <u>also</u> adopt amendment J.002 and should <u>not</u> adopt amendment J.001.**

Points to Consider

General Fund Impact
The Joint Budget Committee has proposed a budget package for FY 2015-16 based on the March 2015 Legislative Council Staff revenue forecast. The budget package allocates a total of $18.5 million General Fund to be available to fund 2015 legislation. If the full $18.5 million is not used to fund legislation, it will remain in the General Fund reserve.

State Education Fund Impact
Amendments L.001 and J.002 would appropriate $10.0 million cash funds from the State Education Fund for FY 2015-16. Based on the Legislative Council Staff March 2015 Revenue Forecast, and incorporating appropriations in the FY 2015-16 Long Bill (S.B. 15-234), it is projected that approximately $300.5 million would remain in the State Education Fund at the end of FY 2015-16. 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 2015-16 Long Bill appropriates $935.3 million in funds that originate in the State Education Fund (including funds transferred from the State Education Fund to other cash funds), while annual revenues pursuant to Amendment 23 are projected to be $538.0 million in FY 2015-16 – a revenue shortfall of $397.3 million or 42 percent of Long Bill appropriations. The use of additional State Education Fund moneys in FY 2015-16 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.