

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING THE USE OF A STUDENT LEARNING OBJECTIVES PROCESS TO PROVIDE INFORMATION FOR EVALUATING EDUCATOR EFFECTIVENESS, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Prime Sponsors: Reps. Young and Danielson
Sens. Scott and Kerr

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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 04/06/15.

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

The Education Committee Report (04/06/15) 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.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.001	Staff-prepared appropriation amendment (option 1)
J.002	Staff-prepared appropriation amendment (option 2)
L.002	Bill Sponsor amendment - does not change fiscal impact or appropriation

Current Appropriations Clause in Bill

The bill includes an appropriation clause that appropriates \$1,000,000 cash funds from the State Education Fund to the Department of Education for FY 2015-16 for implementation grants to local education providers to create and implement student learning objectives processes. However, as discussed in the Legislative Council Staff Fiscal Note, dated April 6, 2015 (Fiscal Note), the current appropriation clause does not provide funding to support \$349,300 in other costs identified in the Fiscal Note.

First, subject to available appropriations, the bill requires the Department to establish and implement the Student Learning Objectives Process Consortium (consortium). The Fiscal Note anticipates a need for \$249,300 for program management and for costs associated with the establishment and implementation of the consortium and to manage the grant program but the bill includes no funding for these purposes. The bill makes implementation of the consortium subject to available appropriations, and it is not clear whether the Department would implement the consortium without additional funding.

Second, the bill only requires the Department to implement the grant program for local education providers if the General Assembly appropriates sufficient moneys to fund the Department's administrative costs, including the costs of an external evaluation of each grantee's success in implementing a student learning objectives process. The Fiscal Note anticipates a cost of \$100,000 cash funds from the State Education Fund for such a contract in FY 2015-16. However, the current appropriation clause in the bill does not provide additional funding grant program administration or for the external evaluation. It is unclear whether the Department would implement the grant program without funding for administration and the external evaluation.

Description of Amendments in This Packet

J.001 Staff has prepared amendment **J.001** (attached) to change the existing clause to appropriate a total of \$1,000,000 cash funds from the State Education Fund to the Department of Education, including: (1) \$249,300 for costs identified in the Fiscal Note associated with the consortium and departmental administration of the grant program created in the bill; (2) \$650,700 for grants to local education providers; and (3) \$100,000 to support an external evaluation of grantees' success as required by the bill. The provision also notes that the appropriation is based on the assumption that the Department will require 1.0 additional FTE to implement requirements associated with the consortium and the administration of the grant program. Thus, amendment J.001 aligns with the Fiscal Note. **If the Committee adopts amendment J.001, it should not adopt amendment J.002.**

J.002 Staff has prepared amendment **J.002** (attached) to change the existing clause to appropriate a total of \$1,349,300 cash funds from the State Education Fund to the Department of Education, including: (1) \$249,300 for costs identified in the Fiscal Note associated with the consortium and departmental administration of the grant program created in the bill; (2) \$1,000,000 for grants to local education providers; and (3) \$100,000 to support an external evaluation of grantees' success as required by the bill. The provision also notes that the appropriation is based on the assumption that the Department will require 1.0 additional FTE to implement requirements associated with the consortium and grant program administration. **If the Committee adopts amendment J.002, it should not adopt amendment J.001.**

L.002 Bill Sponsor amendment **L.002** (attached) eliminates many of the Department's responsibilities as outlined in the introduced bill and specifies that the State Board of Education and the Department may not use any of the moneys appropriated in the bill for

administration expenses. The amendment specifies that the Department may use up to \$50,000 of the moneys appropriated to implement the bill to contract with an external entity to conduct the evaluations of grant recipients required by the bill but that no other moneys are available for administrative expenses. The amendment would therefore require the Department to absorb administrative expenses related to the bill within the Department's existing appropriations. The amendment does not change the appropriation clause in the bill, making up to \$50,000 available for the external evaluation and \$950,000 available for grants to local education providers. **If the Committee adopts amendment L.002, it should adopt neither amendment J.001 nor amendment J.002.**

Points to Consider

State Education Fund Impact

This bill includes an appropriation of \$1.0 million 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.

Technical Issue

The Legislative Council Staff Fiscal Note, dated April 6, 2015 (Fiscal Note), anticipates necessary administrative expenses to administer the grant program created in the bill. Amendment L.002 eliminates many of the requirements of the Department in the bill but continues to require the Department to establish and administer the grant program. Legislative Council Staff and JBC Staff agree that the amendment requires the Department to absorb administrative expenses for the grant program within existing resources and that it is not clear that the Department will be able to do so.