

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING USING MULTIPLE MEASURES OF STUDENT ACADEMIC GROWTH, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Prime Sponsors: Representative Young

JBC Analyst: Craig Harper
Phone: 303-866-2061
Date Prepared: May 4, 2016

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 04/07/16.

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
L.002	Bill Sponsor amendment - changes fiscal impact <i>and</i> appropriation

Current Appropriations Clause in Bill

As amended by the House Education Committee Report (02/29/16), the bill includes an appropriation clause that appropriates \$20,000,000 cash funds from the State Education Fund to the Student Academic Growth Measures Grant Program Fund (which is created in the bill) for FY 2016-17. The bill continuously appropriates funds in the Student Academic Growth Measures Grant Program Fund to the Department of Education. Thus, the bill does not require an additional appropriation out of the cash fund to the Department.

Description of Amendments in This Packet

L.002 Bill Sponsor amendment **L.002** (attached) makes the following changes to the bill as amended by the House Education Committee Report (02/29/16):

- The amendment requires the Legislative Council Staff to include a projection of the ending balance in the State Education Fund at the end of FY 2016-17 in the December 2016 Revenue Forecast.
- If the December 2016 Legislative Council Staff Revenue Forecast projects a balance of more than \$100.0 million in the State Education Fund at the end of FY 2016-17, the amendment requires the State Treasurer to transfer the amount above \$100.0

million (up to a maximum of \$10.0 million) from the State Education Fund to the Student Academic Growth Measures Grant Program Fund, which is created in the bill. If the transfer is less than \$500,000 in FY 2016-17, then the bill does not require the Department to implement the bill in FY 2016-17.

- The amendment eliminates the current appropriation clause from the bill (\$20.0 million cash funds appropriated from the State Education Fund to the Student Academic Growth Measures Grant Program Fund). Because funds in the Student Academic Growth Measures Grant Program Fund are continuously appropriated to the Department, the amendment does not require an appropriation to the Department of Education.
- The amendment changes the amount available to the Department to administer the program from up to \$1.0 million to up to five percent of the amount appropriated or transferred to the fund. Based on a maximum transfer of \$10.0 million in FY 2016-17, the amendment would reduce the amount available to the Department to administer the program to no more than \$500,000, depending on the magnitude of the transfer.

Legislative Council Staff and JBC Staff agree that the amendment eliminates the appropriation clause from the bill. Under amendment L.002, the bill may reduce the revenues available in the State Education Fund for FY 2016-17 and subsequent years by up to \$10.0 million, and expenditures by the Department of Education in FY 2016-17 (from the Student Academic Growth Measures Grant Program Fund) may increase by between \$0 and \$10.0 million depending on the projection of the State Education Fund ending balance included in the December 2016 Legislative Council Staff Revenue Forecast.

Points to Consider

State Education Fund Impact

As amended by the House Education Committee, the bill includes an appropriation of \$20,000,000 cash funds from the State Education Fund for FY 2016-17. Based on the Legislative Council Staff March 2016 Revenue Forecast, and incorporating appropriations in the FY 2016-17 Long Bill (H.B. 16-1405), it is projected that \$100.0 million would remain in the State Education Fund at the end of FY 2016-17. 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 2016-17 Long Bill appropriates \$773.9 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 \$546.7 million in FY 2016-17 – a revenue shortfall of \$227.2 million or 29.4 percent of Long Bill appropriations. The use of additional State Education Fund moneys in FY 2016-17 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.

HB16-1016**JBC Staff Analysis**

Sponsor amendment L.002 requires the State Treasurer to transfer up to \$10.0 million from the State Education Fund to the Student Academic Growth Measures Grant Program Fund based on projections of the State Education Fund ending balance for FY 2016-17 to be included in the December 2016 Legislative Council Staff Revenue Forecast. Any such transfer will reduce the amount available in the State Education Fund for FY 2016-17 and subsequent years. There is also risk that the revenue forecast may significantly over-estimate the State Education Fund ending balance, triggering a transfer that would further reduce the balance available in the State Education Fund for FY 2016-17 and subsequent years.