

**JBC STAFF FISCAL ANALYSIS  
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING THE FINANCING OF PUBLIC SCHOOLS, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Prime Sponsors: Sens. Hudak and Steadman  
Representative Hamner

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 Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/12/13.

	<b>No Change:</b> Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
<b>XXX</b>	<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

\*As noted in the summary table on the front of the attached Legislative Council Staff Revised Fiscal Note (Fiscal Note), the bill requires an appropriation of \$43,898 General Fund to the Department of Human Services in FY 2013-14 to support the inspection of new preschool classrooms. The Fiscal Note omitted that amount in the "State Appropriations" section but Legislative Council Staff and JBC Staff agree that the appropriation is necessary.

The Fiscal Note anticipates a net of \$5,000,000 cash funds appropriations from the State Public School Fund under the bill. The bill includes the following changes related to the State Public School Fund for FY 2013-14:

- Section 4 of the bill amends current law to state that audit recoveries deposited into the State Public School Fund will support the appropriation for At-risk Supplemental Aid in FY 2012-13 *but not in subsequent fiscal years* (including FY 2013-14);
- Section 11 of the bill transfers an additional \$5,000,000 in interest and income earned on the Public School (Permanent) Fund into the State Public School Fund; and
- Section 14 of the bill (the appropriation clause) changes the specific source of funds *in the State Public School Fund* supporting At-risk Supplemental Aid. The appropriation clause reduces the appropriation from audit recoveries deposited into the State Public School Fund by \$3,839,627 (pursuant to Section 4 of the bill) and increases the appropriation from interest and income earned on the Permanent Fund deposited into the State Public School Fund by that amount (supported by the increased transfer in Section 11 of the bill). Thus, the appropriation clause results in no net change in total appropriations from the State Public School Fund, although it does change the specific source of funds within the State Public School Fund supporting At-risk Supplemental Aid.

Legislative Council Staff and Joint Budget Committee Staff agree that the bill does not require a net increase in appropriations from the State Public School Fund.

The bill also requires an increase of \$44,823 cash funds from the State Education Fund for Hold-harmless Full-day Kindergarten Funding that is not addressed in the Fiscal Note. Legislative Council Staff also agrees with this assessment.

<b>Amendments in This Packet for Consideration by Appropriations Committee</b>	
<b>Amendment</b>	<b>Description</b>
J.001	Staff-prepared appropriation amendment

**Current Appropriations Clause in Bill**

The printed bill includes an appropriation clause that: (a) increases the State Education Fund appropriation for stipends for nationally board certified teachers by \$1,339,200 (from \$278,400 to \$1,617,600); and (b) changes the cash fund source for at-risk supplemental aid from audit recoveries that are credited to the State Public School Fund to interest and income earned on the Public School (Permanent) Fund that is credited to the State Public School Fund. However, the appropriation clause in the printed bill does not include all of the appropriations required by the bill, including the adjustments to the State Share of Districts' Total Program Funding required by the Senate Education Committee Report dated 4/11/13.

**Description of Amendments in This Packet**

**J.001** Staff has prepared amendment **J.001** (attached) to change the existing clause to appropriate the amounts detailed in the following Table 1.

<b>TABLE 1</b>		
<b>FY 2013-14 Appropriations to Department of Education and Long Bill Adjustments (with J.001)</b>		
<b>Purpose</b>	<b>Amount</b>	<b>Fund Source</b>
<b><i>Section 14 (1): Long Bill Adjustments Related to School Finance Formula Changes</i></b>		
(a) and (b) State Share of Districts' Total Program Funding	\$46,843,734	Cash Funds - State Education Fund (SEF)
(c) Hold-harmless Full-day Kindergarten Funding	44,823	Cash Funds - SEF
(h) Facility School Funding	2,506,290	Cash Funds - SEF
Subtotal: Adjustments Related to Statutory Changes to School Finance Formula	\$49,394,847	Cash Funds - SEF
<b><i>Section 14 (1): Other Long Bill Adjustments and Appropriations</i></b>		
(d) State Aid to Charter School Facilities	1,000,000	Cash Funds - SEF
(e) and (f) Early Literacy Program	(10,416,062)	Cash Funds - Early Literacy Fund from interest earned on the Permanent Fund

<b>TABLE 1</b>		
<b>FY 2013-14 Appropriations to Department of Education and Long Bill Adjustments (with J.001)</b>		
<b>Purpose</b>	<b>Amount</b>	<b>Fund Source</b>
(g) Special Education Programs for Children with Disabilities	20,000,000	Cash Funds - SEF
(i) Stipends for Nationally Board Certified Teachers	1,339,200	Cash Funds - SEF
(j) At-risk Supplemental Aid	(3,839,627)	Cash Funds - State Public School Fund from school district audit recoveries
<b><i>Section 14: New Appropriations</i></b>		
(2) Expanding Quality Incentive Program	5,000,000	Cash Funds - SEF
(3) Early Literacy Program	16,000,000	Cash Funds - Early Literacy Fund from the SEF
(4) Quality Teacher Recruitment Program	3,000,000	Cash Funds - SEF
(5) Educator Effectiveness Implementation	200,000	Cash Funds - Great Teachers and Leaders Fund from the SEF
(6) Department of Human Services Child Care Licensing and Administration	43,898	General Fund
<b><i>Section 15: Footnote Amendment Related to School Finance Formula Changes</i></b>		
Amends Long Bill footnote #4 to adjust the amount of the FY 2012-13 appropriation that may be used for the Accelerating Students Through Concurrent Enrollment (ASCENT) Program		
<b>Totals</b>	<b><u>81,722,256</u></b>	<b>Total Funds</b>
	<b>43,898</b>	<b>General Fund</b>
	<b>79,734,047</b>	<b>Cash Funds - SEF*</b>
	<b>1,944,311</b>	<b>Other Cash Funds*</b>

\*Please note that the "Other Cash Funds" appropriations include \$16,200,000 that is transferred from the SEF into the respective cash funds, thereby increasing the bill's total impact on the SEF in FY 2013-14 to a total of \$95,934,047, including \$79,734,047 in direct appropriations and \$16,200,000 in transfers.

Amendment J.001 also amends a footnote in the FY 2013-14 Long Bill that specifies what portion of the appropriation for districts' total program funding may be used for the Accelerating Students Through Concurrent Enrollment (ASCENT) Program. The bill increases per pupil funding and requires an adjustment to amount dedicated to ASCENT.

**Points to Consider***General Fund Impact*

The Joint Budget Committee has proposed a budget package for FY 2013-14 based on the March 2013 Office of State Planning and Budgeting revenue forecast. The budget package allocates all but approximately \$9.0 million of General Fund revenues projected to be available. Pursuant to S.B. 13-236, this \$9.0 million General Fund will be transferred to the Colorado Water Conservation Board (CWCB) Construction Fund. This bill requires a General Fund appropriation of \$43,898 for FY 2013-14 and thus will reduce the transfer to the CWCB Construction Fund by that amount.

*State Education Fund Impact*

This bill increases appropriations from the State Education Fund for FY 2013-14 by \$78.7 million and transfers an additional \$16.2 million out of the State Education Fund to other cash funds, reducing the balance available for other uses in FY 2013-14 and future years.

*Future Fiscal Impact*

This bill increases the appropriation for Special Education Programs for Children with Disabilities by \$20.0 million in FY 2013-14. Section 17 of Article IX of the Colorado Constitution requires the General Assembly to increase total state funding for all categorical programs annually by at least the rate of inflation. As a result, any increase in categorical spending is permanent because the General Assembly is unable to reduce total appropriations of state funds for categorical programs. In addition, increasing categorical funding by \$20.0 million in FY 2013-14 will require additional annual increases to meet the constitutional requirement.