

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING GIFTED EDUCATION PROGRAMS IN PUBLIC SCHOOLS, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Prime Sponsors: Representative Peniston
Senator Kerr

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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 04/28/14.

	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>
XXX	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 Senate Appropriations Committee Report (04/29/14) amends the Senate Education Committee Report (04/24/14) to require the State to fund 0.5 FTE for every administrative unit that has at least 0.5 qualified FTE administering the administrative unit's gifted education programs. The reengrossed bill required every administrative unit to hire 0.5 qualified FTE and required the State to reimburse administrative units for the cost of the 0.5 FTE. The Senate Education Committee Report (04/24/14) strongly encouraged every administrative unit to hire at least 0.5 FTE to administer the programs but struck the requirement that the State pay for the FTE. The Appropriations Committee Report continues to strongly encourage administrative units to hire at least 0.5 qualified FTE but restores the requirement that the State pay for the FTE. Legislative Council Staff and JBC Staff agree that the Appropriations Committee Report increases the fiscal impact of the bill relative to the Education Committee Report and requires a total appropriation of \$3,403,178 cash funds from the State Education Fund and 2.0 FTE (equal to the appropriation clause in the reengrossed bill).

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
L.019	Bill Sponsor amendment - changes fiscal impact <i>and</i> appropriation

Current Appropriations Clause in Bill

The bill includes an appropriation clause that provides \$3,403,178 cash funds from the State Education Fund and 2.0 FTE to the Department of Education for FY 2014-15.

Description of Amendments in This Packet

L.019 Bill Sponsor amendment **L.019** (attached) amends the Appropriations Committee Report to clarify that grants under the bill are subject to appropriation and that, in the event that annual appropriations will not fully fund the grants authorized in the bill, the Department shall distribute grant funds on a first-come-first-served basis. The amendment also reduces the appropriation in the bill to \$2,552,383 cash funds from the State Education Fund and 1.0 FTE (a reduction of \$850,795 cash funds from the State Education Fund and 1.0 FTE).

Legislative Council Staff and JBC Staff agree that the amendment reduces the appropriation in the bill by \$850,795 cash funds from the State Education Fund and 1.0 FTE. **Because the amendment adjusts the appropriation clause, no further amendment is necessary if the Committee adopts amendment L.019.**

Points to Consider*State Education Fund Impact*

As amended by the Senate Appropriations Committee, this bill requires an appropriation of \$3.4 million from the State Education Fund for FY 2014-15. Based on the Office of State Planning and Budgeting March 2014 Revenue Forecast, and incorporating appropriations in the FY 2014-15 Long Bill (H.B. 14-1336), it is projected that \$907.0 million would remain in the State Education Fund at the end of FY 2014-15. 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 2014-15 Long Bill appropriates \$757.8 million from the State Education Fund, while annual revenues pursuant to Amendment 23 are projected to be \$516.6 million in FY 2014-15 – a revenue shortfall of \$241.2 million or 32 percent of Long Bill appropriations. The use of additional State Education Fund moneys in FY 2014-15 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.

Future Fiscal Impact

As amended by the Senate Appropriations Committee, this bill requires a \$3.4 million increase to the appropriation for Special Education Programs for Gifted and Talented Children for FY 2014-15. 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. Increasing categorical funding by \$3.4 million in FY 2014-15 will require additional annual increases to meet the constitutional requirement.