

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 14-0335
Prime Sponsor(s): Rep. Wilson

Date: February 11, 2014
Bill Status: House Education
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SHORT TITLE: SUMMARY FINANCIAL EXPENDITURES INFO K-12 SCHOOLS

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures	<u>\$729,702</u>	<u>486,230</u>
General Fund	665,638	400,773
Centrally Appropriated Costs**	64,364	85,457
FTE Position Change	2.0 FTE	3.5 FTE
Appropriation Required: \$665,638 General Fund - Colorado Department of Education (FY 2014-15)		

* This summary shows changes from current law under the bill for each fiscal year.

** These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

Summary of Legislation

Beginning with FY 2014-15, this bill requires that the Colorado Department of Education (CDE) collect and review the annual budget and financial data of K-12 public school districts, individual district and charter schools, Boards of Cooperative Educational Services (BOCES), and the Charter School Institute, collectively referred to as Local Education Providers (LEPs).

The CDE must collect data and reports from LEPs and design a standard summary format and visual display of the revenue and expenditures of each LEP. The department must disaggregate the data and visual display by elementary, middle, and secondary school levels and ensure that the information is uniform and consistent so that a layperson can easily compare revenue and expenditures across schools and districts. The data and visual display must be accessible on the CDE website.

Under current law, LEPs report budget and financial data to the CDE and post certain financial documents on the LEP's website. This bill does not require that LEPs provide additional data or reformat the data they currently report, if doing so would be unduly burdensome. The CDE will prepare a separate summary report and visual representation of revenue and expenditures for each LEP, which must be posted on the same website the LEP uses to post existing financial information. The LEP's website must also include a link to the department's web page containing the statewide summary financial data.

State Expenditures

The bill increases expenditures in the Colorado Department of Education by \$730,002 and 2.0 FTE in FY 2014-15 and by \$486,230 and 3.5 FTE in FY 2015-16. Increased costs are for contracted services and for ongoing staff to administer the program. Additional detail is provided in Table 1 and described below.

Table 1. Expenditures Under HB 14-1145		
Cost Components	FY 2014-15	FY 2015-16
Personal Services	\$178,560	\$312,480
FTE	2.0	3.5
Operating Expenses and Capital Outlay Costs	11,306	8,955
Contracted Services		
<i>Project Management</i>	91,675	15,295
<i>District Facilitation</i>	157,290	26,250
<i>Business Analysis</i>	64,695	10,735
<i>Programming</i>	113,400	18,900
<i>Data Warehousing</i>	5,460	945
<i>Verification and Validation Vendor</i>	43,252	7,213
Centrally Appropriated Costs*	64,364	85,457
TOTAL	\$730,002	\$486,230

* Centrally appropriated costs are not included in the bill's appropriation.

Permanent staff. The bill requires 2.0 additional FTE in the Public School Finance Unit in the CDE beginning with FY 2014-15 to launch the program. The CDE will hire a School Finance Analyst and a Business Analyst to create the data systems and work with contracted service providers to create the necessary processes and begin posting data in the 2014-15 academic year. Beginning with FY 2015-16, the department will require one additional financial analyst (3.5 FTE total) to maintain the program. The bill significantly expands current reporting and verification activities conducted by the unit, including data collection, review, and analysis of financial information submitted by LEPs. New staff will be required to:

- gather input and work with existing data committees to identify needed data points;
- coordinate data collection with LEPs;
- review, analyze, and maintain the collected financial data;
- act as key contact for and prioritize data requests;
- develop reports and visual displays of financial data that are uniform and easily understandable by a layperson;
- maintain the system and address modifications as needed; and
- evaluate enhancements and reporting modifications requested by LEPs.

Contract services. In addition to FTE, the department must contract for services to build the necessary information technology infrastructure and to design, build, and implement the program. CDE will also contract for change management and district facilitators, business analysts, quality assurance specialists, computer programmers, data warehouse specialists, and an independent verification and validation vendor to assess potential data risks to the state. Contracted services range from \$95 to \$105 per hour.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under HB 14-1145*		
Cost Components	FY 2014-15	FY 2015-16
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$12,364	\$21,637
Supplemental Employee Retirement Payments	12,400	24,220
Leased Space	39,600	39,600
TOTAL	\$64,364	\$85,457

*More information is available at: <http://colorado.gov/fiscalnotes>

School District Impact

Although school districts and LEPs are not required to report additional data or reformat existing data if such activities create an undue hardship, coordinating with the CDE to provide information in a timely and uniform manner will be likely to increase workload in the LEPs; however, no estimate of this impact is provided.

Under current law, school districts and Boards of Cooperative Educational Services (BOCES) may submit estimates of fiscal impacts within seven days of a bill's introduction. As of the date of this fiscal note, no summaries of fiscal impacts were submitted by districts or BOCES for this bill. If summaries of fiscal impacts are submitted by districts or BOCES in the future, they will be noted in subsequent revisions to the fiscal note and posted at this address: <http://www.colorado.gov/lcs>

Effective Date

The bill takes effect August 6, 2014, if the General Assembly adjourns on May 7, 2014, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2014-15, this bill requires an appropriation of \$665,638 General Fund and 2.0 FTE to the Colorado Department of Education.

State and Local Government Contacts

Education