

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING THE FINANCING OF PUBLIC SCHOOLS, AND, IN CONNECTION THEREWITH, MAKING AND REDUCING APPROPRIATIONS.

Prime Sponsors: Representative Becker
Senator Todd

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Appropriation Items of Note

Appropriation Already Added to Bill, Amendment in Packet

General Fund Impact

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 06/05/20.

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.005	Bill Sponsor amendment - does not change fiscal impact
L.006	Bill Sponsor amendment - changes fiscal impact <i>and</i> appropriation

Current Appropriations Clause in Bill

The bill includes an appropriation clause that results in a net reduction of \$701,376,215 in state funds (including a reduction of a total of \$722,777,639 General Fund) for the Department of Education for FY 2020-21, as outlined in the following table. This provision also amends a footnote in the FY 2020-21 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. In addition, the appropriation clause reflects informational appropriations of federal funds associated with the CARES Act for both FY 2019-20 and FY 2020-21.

H.B. 20-1418: FY 2020-21 Appropriations to Department of Education			
Purpose	Amount	FTE	Fund Source
<i>Section 49: Appropriation for B.E.S.T. Program Lease Purchase Payments</i>			
Public School Capital Construction Assistance Board - Lease Payments	\$15,000,000	0.0	Cash Funds - Public School Capital Construction Assistance Fund (PSCCAF)
<i>Section 50: Appropriation Adjustments to the FY 2020-21 Long Bill</i>			
(a) Local School Food Purchasing Programs	(\$675,255)	(0.4)	General Fund
(b) Counselor Corps Grant Program (for Student Aid Application Completion Assistance)	(250,000)	0.0	General Fund
(c) Computer Science Education Grants	(250,000)	0.0	General Fund
(d) Grow Your Own Educator Program	(22,933)	(0.3)	General Fund
(e) Public School Capital Construction Assistance Board - Cash Grants	(100,000,000)	0.0	Cash Funds - PSCCAF
(f) K-5 Social and Emotional Health Program	(2,500,000)	(1.0)	Cash Funds - Marijuana Tax Cash Fund
(g) Retaining Teachers Grant Program	(2,500,000)	(1.0)	Cash Funds - Retaining Teachers Fund
(h) Advanced Placement Incentives Pilot Program	(262,763)	(0.3)	Cash Funds - State Education Fund (SEF)
<i>Section 51: Appropriation for State Share of Districts' Total Program Funding</i>			
(a) State Share of Districts' Total Program Funding	(\$721,579,451)	0.0	General Fund
(b) State Share of Districts' Total Program Funding	102,800,000	0.0	Cash Funds - State Public School Fund (SPSF)
(b) State Share of Districts' Total Program Funding	6,664,187	0.0	Cash Funds - SEF
<i>Section 52: Adjustments to Long Bill Footnote Detailing Funding for the ASCENT Program</i>			
<i>Section 53: Appropriation for Audit Payments to School Districts</i>			
School District Audit Payments	\$2,200,000	0.0	Cash Funds - SPSF
Totals*	(\$701,376,215)	(3.0)	Total Funds
	(722,777,639)		General Fund
	21,401,424		Cash Funds - Multiple

* Please note that Section 54 includes the following informational appropriations of federal funds associated with the CARES Act: (1) a total of \$630,993,782 for FY 2019-20 (including \$510,000,000 from the Coronavirus Relief Fund

and \$120,993,782 from the Elementary and Secondary School Emergency Fund); and (2) \$37,000,000 *for FY 2020-21* from the Coronavirus Relief Fund. (As discussed below, sponsor amendment L.005 would instead reflect the \$120,993,782 from the Elementary and Secondary School Emergency Fund as a FY 2020-21, rather than FY 2019-20, appropriation.)

Description of Amendments in This Packet

L.005 Bill Sponsor amendment **L.005** (attached) makes the following technical corrections to the bill: (1) adjusts the statutes directing cash grants appropriations under the Building Excellent Schools Today (B.E.S.T. Program) for FY 2020-21 to align with the bill's appropriations clause; and (2) reflect the informational appropriation of \$120,993,782 federal funds from the Elementary and Secondary School Emergency Fund as an FY 2020-21, rather than FY 2019-20, appropriation. Legislative Council Staff and JBC Staff agree that amendment L.005 does not change the fiscal impact of the bill as described in the Legislative Council Staff Fiscal Note dated June 5, 2020.

L.006 Bill Sponsor amendment **L.006** (attached) reduces the *FY 2019-20* appropriation for the Quality Teacher Recruitment Program by \$1.0 million cash funds from the State Education Fund. The amendment appropriates those funds for the State Share of Districts' Total Program Funding line item *for FY 2020-21* and makes corresponding changes to the statutory "target" number for total program funding in FY 2020-21. Legislative Council Staff and JBC Staff agree that the amendment would reduce the budget stabilization factor by \$1.0 million in FY 2020-21 relative the amount discussed in the Legislative Council Staff Fiscal Note.

The two amendments are independent of one another and the Committee could adopt either one or both of the amendments.

Points to Consider*General Fund Impact*

The Joint Budget Committee has proposed a budget package for FY 2020-21 that includes a reduction of \$723.8 million in General Fund appropriations to be included in this bill. As reflected above, the bill includes appropriation reductions of \$722.8 million General Fund for FY 2020-21. However, the bill also repeals the Grow Your Own Educator Program created in H.B. 18-1309 (Programs to Address Educator Shortages), which makes \$1.0 million appropriated to support that program in FY 2018-19 (that included roll-forward authority but remains unspent) available for other uses in FY 2020-21.

Revenue Source

The bill increases the statutory cap on the Department's annual debt service payments for the B.E.S.T. program to \$125.0 million in FY 2020-21 and subsequent years (an increase of \$15.0 million above the current law amount of \$110.0 million). Current law caps the state share of annual lease payments to no more than 50.0 percent of the statutory cap on the *total lease payments* (that

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is, no more than \$62.5 million of the \$125.0 million limit proposed for FY 2020-21 and beyond). After spending down the B.E.S.T. Program's available fund balance in the Assistance Fund, ongoing revenues may not be sufficient to support \$62.5 million per year in state funding for lease payments and still maintain anticipated levels of funding for cash grants (\$125.0 million in FY 2019-20, which the bill reduces to \$60.0 million for FY 2020-21 to make funds available for school finance). Barring additional revenue sources, staff anticipates that further reductions to cash grants appropriations will be necessary in subsequent years.