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FINAL FISCAL NOTE

Drafting Number: LLS 20-0640 Date: September 29, 2020
Prime Sponsors: Sen. Hisey Bill Status: Postponed Indefinitely
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Bill Topic: SCHOOL TRANSPORTATION GRANT PROGRAM

- Summary of Fiscal Impact: State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, School District

The bill creates a transportation grant program for public schools in the Colorado Department of Education and transfers a portion of the unreserved General Fund surplus annually for the program beginning in FY 2021-22.

Appropriation Summary: No appropriation is required in FY 2020-21.

Fiscal Note Status: The fiscal note reflects the introduced bill. This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Table 1 State Fiscal Impacts Under SB 20-111

Table with 4 columns: Category, FY 2020-21, FY 2021-22, FY 2022-23. Rows include Revenue, Expenditures (Cash Fund, Centrally Appropriated, Total), Total FTE, Transfers (General Fund, Cash Fund, Total), and TABOR Refund.

Summary of Legislation

The bill creates the School Transportation Grant Program in the Colorado Department of Education (CDE) to increase available transportation services for public schools and districts. The State Board of Education (SBE) must adopt rules and the CDE must administer the program. The bill outlines specified information required in grant applications and evaluative criteria to consider when awarding grants. No later than October 1 annually, the CDE must select recipients and award amounts. Beginning FY 2021-22, grant recipients must report specified information to the CDE which must be reported to the education committees of the General Assembly and posted on the department's website.

On July 1, 2021, and each July 1 thereafter, the bill transfers the General Fund surplus, i.e., the unrestricted balance in excess of the statutory General Fund reserve, or \$5.0 million, whichever is less, to the newly created School Transportation Grant Program Cash Fund. Subject to annual appropriations, the CDE may spend from the fund for the grant program.

State Transfers

Beginning with FY 2021-22, the bill transfers \$5.0 million from the General Fund to the School Transportation Grant Program Cash Fund.

The amount of excess General Fund reserve for FY 2021-22 and FY 2022-23 has not yet been estimated and actual amounts will depend on future decisions made by the General Assembly in the Long Bill. Assuming the General Assembly increases expenditures consistent with historical trends, this analysis assumes the uncommitted General Fund reserve will be greater than \$5.0 million, making this amount available for transfer beginning FY 2021-22.

State Expenditures

The bill increases state expenditures by \$5.0 million beginning FY 2021-22. After administrative expenses, approximately \$4.97 million is available for grant awards to public schools and districts. New costs are displayed in Table 2 and discussed below.

**Table 2
Expenditures Under SB 20-111**

| | FY 2020-21 | FY 2021-22 | FY 2022-23 |
|--------------------------------|-------------------|--------------------|--------------------|
| Department of Education | | | |
| Personal Services | - | \$21,681 | \$22,986 |
| Operating Expenses | - | \$405 | \$405 |
| Capital Outlay Costs | - | \$1,860 | - |
| School Transportation Grants | - | \$4,976,054 | \$4,976,609 |
| Centrally Appropriated Costs* | - | \$4,532 | \$4,650 |
| Total Cost | - | \$5,004,532 | \$5,004,650 |
| Total FTE | - | 0.3 FTE | 0.3 FTE |

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

Personal services. Beginning FY 2021-22, the department requires staff to adopt rules, create application procedures and time lines, develop program materials, conduct outreach and technical assistance with public schools, process grant applications, and award grants. Staff will also collect data and prepare reports. Accounting staff is required to execute contracts, perform financial compliance reviews, and approve and track payments.

School transportation grants. Beginning FY 2021-22, the program will award approximately \$4.9 million in grants to public schools, and districts after administrative expenses.

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. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$4,532 in FY 2021-22 and \$4,650 in FY 2022-23.

School District

Public schools and districts are eligible to receive transportation grants to increase services which will increase revenue and expenditures for recipients.

Effective Date

The bill was postponed indefinitely by the Senate State, Veterans, and Military Affairs Committee on February 12, 2020

State and Local Government Contacts

Education