

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3537-01
Bill No.: HB 1380
Subject: Education, Elementary and Secondary: Elementary and Secondary Education
Type: Original
Date: February 10, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(\$3,947,351)	(\$3,947,351)	(\$3,947,351)
Total Estimated Net Effect on General Revenue Fund	(\$3,947,351)	(\$3,947,351)	(\$3,947,351)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
State School Moneys Fund*	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds*	\$0	\$0	\$0

***Offsetting Transfers In and Out total \$3,947,351**

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government*	\$0	\$0	\$0

* Offsetting Transfers In and Disbursements total \$3,947,351

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** stated the proposal should not result in additional costs or savings to BAP. The proposal could result in general revenue costs of approximately \$4 million to fully fund the career ladder program.

Officials from the **Department of Elementary and Secondary Education (DESE)** stated the FY05 projected need to pay the 2003-04 Career Ladder obligations is \$39,473,501. Because the foundation formula proration is less than 1.00 and the Career Ladder payment cannot currently be paid at a higher percentage (proration) than the foundation formula, the FY05 budget request for Career Ladder is \$35,526,150. Paying 100% of the Career Ladder obligation increases the state cost \$3,947,351 above the FY05 budget request.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
GENERAL REVENUE FUND			
<u>Cost</u> - Department of Elementary and Secondary Education - Career Ladder	(\$3,947,351)	(\$3,947,351)	(\$3,957,351)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$3,947,351)</u>	<u>(\$3,947,351)</u>	<u>(\$3,957,351)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
STATE SCHOOL MONEYS FUND			
<u>Transfer In</u> - General Revenue	\$3,947,351	\$39,947,351	\$3,947,351
<u>Transfer Out</u> - School Districts - Career Ladder Payments	<u>(\$3,947,351)</u>	<u>(\$3,947,351)</u>	<u>(\$3,947,351)</u>
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
SCHOOL DISTRICTS			
<u>Transfer In</u> - State School Moneys Fund - Career Ladder Payments	\$3,947,351	\$3,947,351	\$3,947,351
<u>Cost</u> - Career Ladder Payments to teachers	<u>(\$3,947,351)</u>	<u>(\$3,947,351)</u>	<u>(\$3,947,351)</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

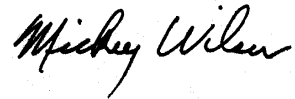
DESCRIPTION

This proposal removes the proration factor for the Career Ladder program.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Office of Administration
Division of Budget and Planning

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 10, 2004