

Fiscal Impact of Propositions 1, 2, and 3

**Presentation to the
Task Force for Improving Education**

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Presentation Outline

1. Laws Affected by Propositions 1, 2, and 3
2. Fiscal Impact on the FY 2013 Public Schools Appropriation
3. Options for Unallocated Funds in the FY 2013 Public Schools Appropriation

Propositions 1, 2, and 3 and the Relative Fiscal Impact on FY 2013 Public Schools Appropriation

	Relative Fiscal Impact on S1410
Proposition 1 - S1108 Labor Laws	Low
Proposition 2 - S1110 Pay for Performance Bonuses	High
Proposition 3 - S1184 Technology and 1:1 Mobile Devices	High

S1410 - FY 2013 Public Schools Appropriation Bill

- **Not directly impacted by Propositions 1, 2, and 3, but**
- **there are significant indirect impacts**

FY 2013 Public Schools Appropriation (S1410)

General Fund **\$1,279,818,600**

Dedicated Funds **\$68,873,400**

Federal Funds **\$220,121,100**

Total **\$1,566,813,100**

- **S1410 is a 4.6% increase in the General Fund from the FY 2012 Public Schools Appropriation**
- **Comprises 47.4% of the FY 2013 Statewide General Fund Appropriations**

Fiscal Impact of Propositions 1, 2, and 3 on the FY 2013 Public Schools Appropriation (\$1410)

Programs/Provisions Repealed (savings)		In FY 2013 Budget	Expended in FY 2013	Remaining in Appropriation
<u>Prop</u>	<u>Bill</u>			
2	S1110 Pay for Performance	\$38,774,600	(\$38,774,600)	\$0
3	S1184 Staffing (Use it/Lose it)	24,599,200	0	24,599,200
3	S1184 Dual Credit Program	842,400	(11,000)	831,400
3	S1184 1:1 Mobile Devices	2,558,800	0	2,558,800
3	S1184 Math/Science Teachers	4,850,000	0	4,850,000
3	S1184 Freeze Ed. Credits	4,000,000	0	4,000,000
3	S1184 Technology	<u>13,613,900</u>	<u>(4,989,300)</u>	<u>8,624,600</u>
		\$89,238,900	(\$43,774,900)	\$45,464,000

Programs/Provisions Reinstated (cost)

<u>Prop</u>	<u>Bill</u>			
3	S1184 Salary Reduction (1.67%)	(\$14,764,500)		
3	S1184 Natl. Board Certification	(111,000)		
3	S1184 ID Digital Learning Acad.	0		
1	S1108 Teacher Early Retirement	<u>0</u>		
		(\$14,875,500)		(\$14,875,500)



Net Amount Remaining in Appropriation

\$30,588,500

What Happens to the \$30+ Million in FY 2013?

Option 1 – No Additional Legislative Action

- **IF**, no further legislative action is taken,
- **THEN**, the \$30+ million remains in the appropriation until the end-of-year reconciliation (June 30, 2013)
- **IF**, funds remain after the end-of-year reconciliation,
- **THEN**, those remaining funds are transferred into the Public Education Stabilization Fund (PESF)

What Happens to the \$30+ Million in FY 2013?

Option 1 – No Additional Legislative Action

\$30+ Million Balance



**End-of-year reconciliation of +/- variances
of distributions to school districts
(June 30, 2013)**



**Positive variance is deposited into PESF and a
negative variance is withdrawn from PESF**

Current Balance in PESF is \$49 million

Propositions 1, 2, and 3 Repealed \$37+ Million of Funding Disbursements to School Districts in the 2012-2013 School Year

1) Staffing Flexibility (Use it/Lose it Provision)	\$24.6M
2) Dual Credit for Early Completers Program	\$80K
3) Funding for Additional Math and Science Teachers	\$4.66M
4) Re-Freezing of Education Credits on Salary Table	\$4M
5) Classroom Technology (Second Distribution)	<u>\$4.1M</u>
Total	\$37.44M

What Happens to the \$30+ Million in FY 2013?

Option 2 – Distribute to School Districts

Legislative action is taken to distribute the \$30+ million to school districts in FY 2013 to address funding disbursements repealed by Propositions 1, 2, and 3. This is 2.4% of the districts' General Fund appropriation.

Fiscal Impact of Props 1, 2, and 3 on the FY 2013 Public Schools Appropriation (\$1410) if Certain Programs are Reinstated

Repealed (savings)	In FY 2013 Budget	Expended in FY 2013	Cost to Reinstatement for FY 2013	Remaining in Appropriation
Pay for Performance	\$38,774,600	(\$38,774,600)	\$0	\$0
Staffing (Use it/Lose it)	24,599,200	0	(24,599,200)	0
Dual Credit Program	842,400	(11,000)	(80,000)	751,400
1:1 Mobile Devices	2,558,800	0	0	2,558,800
Math/Science Teachers	4,850,000	0	(4,664,000)	186,000
Re-freeze Ed. Credits	4,000,000	0	(4,000,000)	0
Technology	<u>13,613,900</u>	<u>(4,989,300)</u>	<u>(4,100,400)</u>	<u>4,524,200</u>
	\$89,238,900	(\$43,774,900)	(\$37,443,600)	\$8,020,400
Reinstated (cost)				
Salary Reduction (1.67%)	(\$14,764,500)			
Natl. Board Certification	(111,000)			
ID Digital Learning Acad.	0			
Teacher Early Retirement	<u>0</u>			
	(\$14,875,500)			(\$14,875,500)
Net Amount Withdrawn from PESF				(\$6,855,100)

What Happens to the \$30+ Million in FY 2013?

Option 3 – Purposes Other than Public Schools

Legislative action is taken to redirect the funds for purposes other than Public Schools. This would require a 2/3 majority vote by JFAC to reopen the FY 2013 Public Schools budget.

Summary

- 1) \$30+ million of the FY 2013 Public School appropriation is currently unallocated as a result of Propositions 1, 2, and 3,
- 2) Propositions 1, 2, and 3 repealed \$37+ million of distributions scheduled for FY 2013, and
- 3) Options for \$30+ million of unallocated funds include:

Options	\$30+ Million Could Go to . . .	Action
1	End-of-Year Reconciliation / PESF	No Legislative Action Necessary
2	School Districts	Legislative Action to Reinstate Certain Programs/Provisions
3	For Other Purposes	Legislative Action Including 2/3 JFAC Vote to Reopen Public Schools Budget

Questions?

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