

Multiple Agency Fiscal Note Summary

Bill Number: 6618 SB	Title: Basic education funding
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Estimated Cash Receipts

Agency Name	2011-13		2013-15		2015-17	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Treasurer	102,000,000	0	204,000,000	0	204,000,000	0
Total \$	102,000,000	0	204,000,000	0	204,000,000	0

Estimated Expenditures

Agency Name	2011-13			2013-15			2015-17		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Higher Education Coordinating Board	Fiscal note not available								
Superintendent of Public Instruction	.0	0	0	.0	(1,262,000,000)	(1,262,000,000)	.0	(1,871,000,000)	(1,871,000,000)
The Evergreen State College	Fiscal note not available								
School District Fiscal Note - SPI	Fiscal note not available								
Total	0.0	\$0	\$0	0.0	\$(1,262,000,000)	\$(1,262,000,000)	0.0	\$(1,871,000,000)	\$(1,871,000,000)

Estimated Capital Budget Impact

NONE

Prepared by: Paula Moore, OFM	Phone: (360) 902-0540	Date Published: Final 3/20/2012
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID 32544

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 6618 SB	Title: Basic education funding	Agency: 090-Office of State Treasurer
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2012	FY 2013	2011-13	2013-15	2015-17
General Fund-State 001-1		102,000,000	102,000,000	204,000,000	204,000,000
Education Construction Account-State 253-1		(102,000,000)	(102,000,000)	(204,000,000)	(204,000,000)
Total \$					

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates,

Check applicable boxes and follow corresponding instructions:

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If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

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If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Elise Greef	Phone: 360-786-7708	Date: 03/05/2012
Agency Preparation: Dan Mason	Phone: 360-902-9090	Date: 03/07/2012
Agency Approval: Dan Mason	Phone: 360-902-9090	Date: 03/07/2012
OFM Review: Cheri Keller	Phone: 360-902-0563	Date: 03/07/2012

Request # 155-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

SB 6618, section 3 removes the requirement to transfer one hundred two million dollars from the general fund to the education construction fund annually.

Earnings from investments:

Estimated earnings from investments are indeterminable because projected cash flows are needed to make the estimate and are currently unavailable. Earnings for an account are a function of the average daily balance of the account and the earnings rate of the investment portfolio. The average daily balance is a function of the beginning balance in the account and the timing & amount of receipts, disbursements, & transfers during the time period in question. Accordingly, even with a beginning balance of zero, two accounts with the same overall level of receipts, disbursements, and transfers can have different average daily balances, and hence different earnings.

For illustrative purposes, assume based on the February 2012 Revenue Forecast that the net rate for estimating earnings for FY 12 is 0.10%, FY 13 is 0.10%, FY 14 is 0.10%, and FY 15 is 1.11%. Approximately \$1,000 in FY 12, \$1,000 in FY 13, \$1,000 in FY 14, and \$11,100 in FY 15 in net earnings and \$5,000 in fees would be gained or lost annually for every \$1 million increase or decrease in average daily balance.

Debt Limit:

There may be an impact on the debt service limitation calculation. Any change to the earnings credited to the general fund will change, by an equal amount, general state revenues.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

SB 6618, section 3 removes the requirement to transfer one hundred two million dollars from the general fund to the education construction fund annually.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 6618 SB	Title: Basic education funding	Agency: 350-Supt of Public Instruction
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2012	FY 2013	2011-13	2013-15	2015-17
State Building Construction Account-State 057-1					168,000,000
Education Construction Account-State 253-1					(168,000,000)
Total \$					

Estimated Expenditures from:

	FY 2012	FY 2013	2011-13	2013-15	2015-17
Account					
General Fund-State 001-1	0	0	0	(1,262,000,000)	(1,871,000,000)
Total \$	0	0	0	(1,262,000,000)	(1,871,000,000)

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates,

Check applicable boxes and follow corresponding instructions:

☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☒ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Legislative Contact: Elise Greef	Phone: 360-786-7708	Date: 03/05/2012
Agency Preparation: Lorrell Noahr	Phone: (360) 725-6177	Date: 03/20/2012
Agency Approval: Lorrell Noahr	Phone: (360) 725-6177	Date: 03/20/2012
OFM Review: Paula Moore	Phone: (360) 902-0540	Date: 03/20/2012

Request # SB 6618-3

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 2 moves the specifications for the per-student allocation for the student achievement fund from RCW 28A.505.220 to the omnibus appropriations act beginning in school year 2012-13.

Section 3 removes the transfer of \$102 million from the state general fund to the education construction fund due by June 30th of each year.

Section 4 removes the statement of intent to continue funding the education construction fund by redirecting state general fund dollars.

Section 5 creates a basic education funding joint legislative work group which will develop a long-range financial plan to phase-in education funding enhancements. Support for this workgroup is a combined effort of senate committee services, house of representatives office of program research, the Washington state institute for public policy, or other state agency as needed including the department of revenue, the office of financial management, and the office of the superintendent of public instruction. The group will make recommendations to the legislative fiscal and educational committees by December 31, 2012.

Section 6 repeals cost of living increases for school employees.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Section 3 - \$84M annual impact beginning in FY 2016

In 2010, ESSB 6409 redirected state lottery revenue dedicated to the education construction fund to the opportunity pathways account. In an effort to hold-harmless the impact to common school construction, the general fund transfer to this account was created. This revenue transfer did not occur during the 2011-13 biennium. However, this revenue been identified in OSPI's capital budget 10-year plan. Removing the general fund transfer will create an annual \$84 million deficit in the 10-year plan beginning in state fiscal year 2016. It is assumed for this fiscal note that state general obligation bonds will replace this revenue source.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 2

Moving the per-student allocations of student achievement funds to the omnibus appropriations act would create an indeterminate fiscal impact for Student Achievement program. Since it is unknown what the appropriation level would be set for the per-student allocation in the omnibus appropriations act, it is not possible to project the fiscal impact. Below

is the expected allocation per fiscal year of these funds (No funds were appropriated for this purpose in fiscal years 2012 and 2013):

Fiscal Year	2014	2015	2016	2017
Total Allocation	\$401M	\$512M	\$527M	\$541M

Assumed Per-Student allocation rate adjusted with annual inflation:

(This rate applies the annual inflation increases as per RCW 28A.505.220 and assumes inflationary increase for FYs 12 and 13.)

Fiscal Year	2014	2015	2016	2017
	\$498.37	\$508.84	\$520.03	\$529.91

Section 5

OSPI assumes we will not be the primary agency that will provide support to the work group; OSPI will provide support as needed. OSPI assumes this work can be done within existing resources.

Section 6

Repealing COLAs for school employees would create an indeterminate reduction in expenditures to school districts beginning in fiscal year 2014. The phase-in of chapter 236, Laws of 2010 is currently unknown and therefore the future levels of staffing are indeterminate. If basic education staffing allocations were held constant based on school year 2011-2012 levels, the following could be assumed as a reduction in expenditures:

Fiscal Year	2014	2015	2016	2017
	\$117M	\$232M	\$341M	\$462M

Assumed annual inflation rates (Feb 2012 Seattle CPI)

3.1%	2.1%	2.2%	2.22%
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Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2012	FY 2013	2011-13	2013-15	2015-17
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Personal Service Contracts					
E-Goods and Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services				(1,262,000,000)	(1,871,000,000)
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$0	\$0	\$0	(\$1,262,000,000)	(\$1,871,000,000)

Request # SB 6618-3

Part IV: Capital Budget Impact

As stated in part II.b., sections 2 and 3 of this act will eliminate the annual general fund transfer to the education construction fund. OSPI assumes state general obligation bonds will replace this revenue, so there will be no expenditure impact.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None