

STATE and LOCAL FISCAL IMPACT

Drafting Number: LLS 15-0460

Date: January 14, 2015

Prime Sponsor(s): Rep. Becker J.
Sen. Sonnenberg

Bill Status: House Finance

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BILL TOPIC: GENERAL FUND SURPLUS TRANSFERS FOR EDUCATION

Fiscal Impact Summary*	FY 2014-2015 <i>current fiscal year</i>	FY 2015-2016	FY 2016-2017
State Revenue			
State Transfers			
General Fund	(revenue reduction)	(revenue reduction)	(revenue reduction)
State Education Fund	revenue increase	revenue increase	revenue increase
Higher Education Fund	revenue increase	revenue increase	revenue increase
State Expenditures			
FTE Position Change			
Appropriation Required: None.			

* This summary shows changes from current law under the bill for each fiscal year. Transfers and diversions result in no net change to state revenue. Parentheses indicate a decrease in funds.

Summary of Legislation

Beginning with the current fiscal year, this bill requires that the State Treasurer transfer all of the year-end General Fund excess reserve as follows:

- 70 percent to the State Education Fund; and
- 30 percent to the newly created Higher Education Fund.

The year-end excess reserve is calculated once all other required transfers and appropriations, including taxpayer refunds required under Section 20 of Article X of the Colorado Constitution (TABOR). Year-end General Fund excess reserve transfers continue until the first fiscal year in which the Colorado Department of Education (CDE) no longer applies the negative factor to School Finance. No later than June 30 of each year, the Commissioner of Education must notify the State Treasurer and the State Controller if these conditions have been met.

This bill creates the Higher Education Fund to consist of moneys transferred annually from the year-end General Fund excess reserve. The General Assembly may appropriate moneys in the fund for any purpose related to higher education.

State Transfers

This bill will transfer 70 percent of the year-end General Fund excess reserve to the State Education Fund (SEF) and 30 percent to the Higher Education Fund (HEF). Because budgets have not been set for FY 2015-16 or FY 2016-17, and the supplemental budget bill has not been introduced for FY 2014-15, estimates of General Fund transfers to the SEF and the HEF cannot be determined.

Year-end General Fund transfers continue each fiscal year until the negative factor is eliminated from the school finance formula. Within the fiscal note forecast years (FY 2014-15 through FY 2016-17), transfers to the State Education Fund are not expected to eliminate the negative factor.

This fiscal note will be revised following the supplemental appropriations process to show projected transfers to the SEF and the HEF for FY 2014-15.

School District Impact

Assuming that the General Assembly uses the transferred money for school finance and to reduce the negative factor, each fiscal year transfer will be available for school finance in the following fiscal year. For example, the excess General Fund reserve for FY 2014-15 will not be available for appropriation until FY 2015-16. The State Controller will not publish the Comprehensive Annual Financial Report (CAFR) until December, 2015. Therefore, each fiscal year transfer will be available for appropriation in the following fiscal year.

Alternatively, the General Assembly could chose to appropriate the transferred funds for other education programs authorized to receive appropriations from the State Education Fund. In either case, the bill increases the balance in the State Education Fund which can be appropriated for use by school districts.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Education

Higher Education

Treasury

Personnel