

Preliminary LC 25 STAFF MEASURE SUMMARY

Joint Committee on the Second Special Session of 2020

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WHAT THE MEASURE DOES: This measure authorizes the transfer of \$400.0 million from the Education Stability Fund (ESF) for budgetary purposes to the State School Fund. This funding will assist in filling the estimated gap from falling General Fund, Lottery Funds and Fund for Student Success to maintain a \$9.0 billion State School Fund for 2019-21. The transfer will take place on March 1, 2021. This measure requires a three-fifths vote in each of the legislative chambers to pass.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND: The Education Stability Fund (ESF) has been accessed eight times since it was established in 2001-13. The last time it was accessed was in 2011-13. The ESF is composed of 18% of the net proceeds from the lottery and is capped at 5% of the amount accrued in General Fund revenues during the prior biennium. This cap has never been reached. The June 2020 economic and revenue forecast estimate a balance in the ESF of \$800.1 million at the end of the current biennium. That amount would be reduced to half that amount if this measure is adopted. The other major reserve fund available is the Rainy-Day Fund which is estimated to have a balance at the end of the 2019-21 biennium of \$1,003.2 million.

