

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING SUPPORT FOR EXPANDING BROADBAND ACCESS FOR PRESCHOOL THROUGH TWELFTH GRADE EDUCATION, AND, IN CONNECTION THEREWITH, CREATING THE CONNECTING COLORADO STUDENTS GRANT PROGRAM AND MAKING AN APPROPRIATION.

Prime Sponsors: Reps. Young and Soper
Sens. Donovan and Coram

JBC Analyst: Craig Harper
Phone: 303-866-3481
Date Prepared: December 1, 2020

Appropriation Items of Note

Appropriation Already Added to Bill, No Amendment in Packet

General Fund Impact

New Cash Fund (with Continuous Appropriation)

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 12/01/20.

| | |
|-----|--|
| XXX | No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill |
| | Update: Fiscal impact has changed due to <i>new information or technical issues</i> |
| | Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared |
| | Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill |

The Senate Finance Committee Report (12/01/20) includes amendments to the bill, however, Legislative Council Staff and JBC Staff agree that the committee amendments do not change the fiscal impact of the bill.

Amendments in This Packet for Consideration by Appropriations Committee

| Amendment | Description |
|-----------|-------------|
| None. | |

Current Appropriations Clause in Bill

The bill includes an appropriation clause that appropriates \$20.0 million General Fund to the Connecting Colorado Students Grant Program Fund, which is continuously appropriated to the

Department of Education to support the Connecting Colorado Students Grant Program.

Points to Consider

General Fund Impact

This bill requires a General Fund appropriation of \$20.0 million for FY 2020-21, reducing the amount of General Fund available for other purposes in FY 2020-21 or FY 2021-22 by the same amount.

There is significant uncertainty regarding the total amount of General Fund revenue that will be available in FY 2020-21 and FY 2021-22.

- *FY 2019-20 General Fund Reserve.* Based on the September 2020 economic forecasts, both the Office of State Planning and Budgeting (OSPB) and Legislative Council Staff (LCS) anticipate the General Fund reserve for the fiscal year ending June 30, 2020 to exceed the statutorily required reserve of \$363.5 million (3.07 percent of FY 2019-20 General Fund appropriations). OSPB anticipates an excess reserve of \$1,427.2 million and LCS anticipates an excess reserve of \$1,265.5 million.
- *FY 2020-21 General Fund Reserve.* The required General Fund reserve for the fiscal year ending June 30, 2021 is 2.86 percent of FY 2020-21 General Fund appropriations (currently \$306.9 million). Based on the September 2020 economic forecasts, both OSPB and LCS anticipate the General Fund reserve for the fiscal year ending June 30, 2021 to exceed the statutorily required reserve.
- *General Fund Revenue Uncertainty.* The OSPB and LCS projections of gross General Fund revenues to be collected differ significantly, with the OSPB projections exceeding those of LCS by \$887.6 million in FY 2020-21 and by \$292.0 million in FY 2021-22. In addition, the quarterly September 2020 economic forecasts do not reflect the revenue impacts of voter-approved statewide ballot measures (e.g., Proposition 116 which reduced the state income tax rate) or the economic impacts associated with the recent increases in COVID-19 cases. The economic forecasts that will be released on Friday, December 18, 2020, will reflect these impacts.

Technical Issue

The bill creates the new Connecting Colorado Students Grant Program Fund, which would consist of General Fund appropriated by the General Assembly for the Connecting Colorado Students Grant Program and any gifts, grants, and donations that are received by the Department for the Connecting Colorado Students Grant Program. Moneys in the Fund are continuously appropriated to the Department. Is it necessary to appropriate General Fund into a new cash fund, rather than appropriating General Fund directly to the Department for the Connecting Colorado Students Grant Program? Is it likely that any gifts, grants, and donations will be received for this program?