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Fiscal Note

Drafting Number: LLS 21-0652
Prime Sponsors: Sen. Hansen
Rep. Herod

Date: February 17, 2021
Bill Status: Senate Appropriations
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Bill Topic: **HIGHER EDUCATION STUDENT FINANCIAL ASSISTANCE FUNDING**

Summary of Fiscal Impact:

- | | |
|---|--|
| <input type="checkbox"/> State Revenue | <input type="checkbox"/> TABOR Refund |
| <input checked="" type="checkbox"/> State Expenditure | <input type="checkbox"/> Local Government |
| <input type="checkbox"/> State Transfer | <input type="checkbox"/> Statutory Public Entity |

For FY 2021-22 only, this bill temporarily suspends the statutory requirement that appropriations for student financial aid increase proportionally to the aggregate percentage increase of appropriations to institutions of higher education.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the introduced bill. The bill is recommended by the Joint Budget Committee.

Summary of Legislation

Under current law, the higher education appropriation for student financial aid is required to increase by at least the same percentage as the aggregate percentage increase of all General Fund appropriations to institutions of higher education in the previous year. This bill provides a temporary exemption to the requirement. For FY 2021-22, the statutory increase only applies to the amount, if any, of appropriations exceeding the aggregate amount of General Fund appropriations to the institutions for FY 2019-20. Further, any supplemental appropriations for financial aid enacted during the 2021 legislative session for the current FY 2020-21 are not included in the calculation for the financial aid appropriation for FY 2021-22.

State Expenditures

This bill provides budgetary flexibility, but does not require any change in state expenditures. The amount of the appropriation for institutions of higher education is at the discretion of the General Assembly, and the state budget for FY 2021-22 has not yet been adopted.

As an example of the bill's impact, the Governor's FY 2021-22 proposed budget requests a restoration of funding for public institutions of higher education to the FY 2019-20 level, which adds \$490.7 million for the institutions over the current year appropriation, an increase of 136.8 percent. An aligned increase for financial aid would require that an additional \$265.1 million General Fund be appropriated. Under this bill, the General Assembly has additional flexibility to determine the FY 2021-22 appropriation levels for institutions and for financial aid; however any increase for institutions above FY 2019-20 levels will require an aligned increase in financial aid.

Effective Date

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

State and Local Government Contacts

Higher Education

Joint Budget Committee