

## USE OF FOUNDATION AID STABILIZATION FUND AND BUDGET STABILIZATION FUND FOR STATE SCHOOL AID PAYMENTS - BASED ON BILL DRAFT 15.0055.02000

### USE OF FUNDS DURING REVENUE SHORTFALL

#### Current Law

Below is a schedule summarizing options to offset general fund allotments and revenue shortfalls based on current law.

Use of Foundation Aid Stabilization Fund and Budget Stabilization Fund to Offset Allotments and Revenue Shortfalls		
	State School Aid Payments	Other General Fund Appropriations
First 2.5 percent of allotment or revenue shortfall	A transfer from the foundation aid stabilization fund must be used to offset allotment.	No offset of revenue shortfall allowed.
Portion of allotment or revenue shortfall greater than 2.5 percent	A transfer from either the foundation aid stabilization fund or budget stabilization fund may be used to offset the allotment or revenue shortfall.	The Governor may order a transfer from the budget stabilization fund to offset revenue shortfall.

#### Provisions Included in Bill Draft

The bill draft clarifies the process in which the foundation aid stabilization fund and budget stabilization fund may be used to offset allotments for state school aid payments during a revenue shortfall. The bill draft provides for the funds to be used in the following order relating to state school aid payments:

- The foundation aid stabilization fund is to be used to offset the first 2.5 percent of a general fund allotment.
- The budget stabilization fund is to be used to offset any general fund revenue shortfall in excess of 2.5 percent.
- After the budget stabilization fund is depleted, any remaining general fund allotment may be offset with funds from the foundation aid stabilization fund.

### AMOUNT OF REVENUE SHORTFALL THAT MAY BE OFFSET Estimated Fund Balances and 2013-15 General Fund Appropriations

The table below summarizes the estimated ending fund balances of the foundation aid stabilization fund and budget stabilization fund on Monday, June 30, 2015, based on estimates made during the 2013 legislative session.

	Estimated Balance June 30, 2015
Foundation aid stabilization fund	\$615,436,791
Budget stabilization fund	\$583,545,799 <sup>1</sup>

<sup>1</sup>Does not reflect any potential transfers to be made from the general fund to the budget stabilization fund at the end of the 2013-15 biennium.

For the 2013-15 biennium, the Legislative Assembly appropriated a total of \$6,862,587,354 from the general fund, of which \$1,695,374,000 is for state school aid payments and \$5,167,213,354 is for other purposes.

#### Amount of Funding Used Based on Bill Draft

The following schedule details how much funding would be used from the foundation aid stabilization fund and budget stabilization fund to offset a revenue shortfall based on the provisions included in the bill draft:

Use of Foundation Aid Stabilization Fund and Budget Stabilization Fund to Offset Allotments - Based on Bill Draft 15.0055.02000			
Allotment/Revenue Shortfall Amount	State School Aid Payments - General Fund	Other General Fund Appropriations	Total
First 2.5 percent - Foundation aid stabilization fund	\$42,384,350	\$0	\$42,384,350
From 2.5 to 11 percent - Budget stabilization fund <sup>1</sup>	\$144,162,591	\$439,383,208	\$583,545,799
From 11 to 44.8 percent - Foundation aid stabilization fund	\$573,052,441	\$0	\$573,052,441

<sup>1</sup>The Legislative Assembly in 2013 House Bill No. 1015 provided \$720 million of general fund appropriations be excluded from the calculation used to determine the maximum balance of the budget stabilization fund. Therefore, the current fund balance of the budget stabilization fund is equal to approximately 8.5 percent of total general fund appropriations for the 2013-15 biennium.