



## Summary of Legislation

On its effective date, the bill transfers the unexpended and unencumbered balances of the State Employee Reserve Fund (SERF) and the Technology Advancement and Emergency Fund to the General Fund. Statute creating the funds is repealed effective June 30, 2020.

Under current law, General Fund appropriations to the Office of Information Technology (OIT) or another state agency for information technology (IT) resource procurement that are unexpended or unencumbered at the end of the fiscal year are transferred to the Technology Advancement and Emergency Fund. The bill repeals this transfer, allowing unexpended appropriations to revert to the General Fund.

## Background

**State Employee Reserve Fund.** The SERF was created in House Bill 12-1321 as part of the Modernization of the State Personnel System Act. Any allowable annual reversions of money appropriated for personal services-related line items may be credited to a subaccount in the fund for each department of state government. Up to \$2.0 million may be reallocated between departments by the Governor. Each department is granted continuous spending authority to use moneys in its subaccount, subject to approval from the Governor's Office of State Planning and Budgeting, for providing merit pay increases to eligible certified employees. However, SERF funds have not been used for this purpose since the fund was created.

**Technology Advancement and Emergency Fund.** This fund was created in Senate Bill 17-255 to be used for one-time costs associated with emergency IT expenditures, addressing deferred maintenance of state agency IT assets, and providing additional services to address unforeseen IT service demands. In addition to startup resources transferred to the fund via SB 17-255, the fund receives annual transfers of unexpended General Fund appropriations for IT procurement. The Office of the State Controller reports that \$8.9 million was transferred at the close of FY 2017-18 and \$6.2 million was transferred at the close of FY 2018-19.

## State Transfers

The bill creates one-time transfers to the General Fund in FY 2019-20 and eliminates ongoing transfers from the General Fund starting in FY 2019-20. On net, these changes to transfers to and from the General Fund increase available General Fund by \$47,866,269 in the current FY 2019-20 and by approximately \$1,200,000 per year in FY 2020-21 and subsequent fiscal years. These transfers and the cash funds involved are shown in Table 2.

**Table 2**  
**Transfers under HB 20-1382**

	FY 2019-20 <i>(current year)</i>	FY 2020-21	FY 2021-22
<b>Cash Fund Transfers to the General Fund</b>			
State Employee Reserve Fund	\$32,726,421	-	-
Technology Advancement and Emergency Fund	\$13,939,848	-	-
<b>General Fund Transfers to Cash Funds</b>			
Technology Advancement and Emergency Fund	(\$1,200,000)	(\$1,200,000)	(\$1,200,000)
<b>Net General Fund Impact</b>	<b>\$47,866,269</b>	<b>\$1,200,000</b>	<b>\$1,200,000</b>

Estimates for transfers from the abolished cash funds to the General Fund are based on the fund balances as of May 2020. Balances for both funds may change before the bill's effective date, as both funds may be accessed for their statutory purposes by executive branch agencies. Additionally, reversions of personal services-related line items may increase the SERF balance, though the amount of these reversions is unpredictable across fiscal years. The bill eliminates transfers of unexpended General Fund IT procurement appropriations to the Technology Advancement and Emergency Fund, which is expected to increase the General Fund balance by about \$1.2 million annually. This amount is less than that observed for prior years, reflecting lower expected appropriations for IT procurement during and following the economic recession.

**Effective Date**

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

**State and Local Government Contacts**

Information Technology                      Personnel