

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING THE CREATION OF FINANCIAL LITERACY AND EXCHANGE PROGRAM ACCOUNTS.

Prime Sponsors: Representative Herod

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**Appropriation Items of Note**

**Appropriation Required, Amendment in Packet**

**General Fund Impact**

**New Cash Fund (with Continuous Appropriation)**

**Significant Cost Increase in Second Year**

**Fiscal Impact of Bill as Amended to Date**

The most recent Legislative Council Staff Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/25/22.

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

The House Business Affairs & Labor Committee Report (04/27/22) 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                            |
|-----------|--|
| J.001     | Staff-prepared appropriation amendment |

**Current Appropriations Clause in Bill**

The bill requires but does not contain an appropriation clause.

**Description of Amendments in This Packet**

**J.001** Staff has prepared amendment **J.001** (attached) to add a provision appropriating a total of \$103,355 General Fund to the FLEX Fund administered by the Department of Local Affairs for FY 2022-23.

The amount included in the appropriation *does not* include \$19,462 General Fund for centrally appropriated costs. This accounts for the difference between the \$122,817 General Fund appropriation identified in the fiscal note and the \$103,355 appropriation included in J.001.

**Points to Consider***General Fund Impact*

The Joint Budget Committee has proposed a budget package for FY 2022-23 based on the March 2022 Legislative Council Staff revenue forecast. The budget package includes two set-asides:

- \$40.0 million General Fund for bills that create ongoing obligations; and
- \$900.0 million General Fund for bills that create one-time obligations in FY 2022-23.

The \$40.0 million *appropriations* set-aside includes an additional \$6.0 million General Fund to provide a 15.0 percent General Fund reserve for those appropriations. The \$900.0 million *obligations* set-aside does not include an additional amount for a General Fund reserve and, assumes, but does not require, that obligations be addressed through statutory transfers rather than appropriations. Therefore *appropriations* from the \$900.0 million set-aside require an additional 15.0 percent to maintain the statutory General Fund reserve.

This bill creates an ongoing obligation and requires a General Fund appropriation of \$103,355 for FY 2022-23, reducing the \$40.0 million set aside by the same amount.

*Future Fiscal Impact*

The bill is assumed to require a General Fund appropriation of at least \$332,081 in FY 2023-24 and future years.

*Legislative Appropriation Authority*

Continuous spending authority, also known as **continuous appropriations**, allows departments to spend money for statutorily specified purposes up to the amount of money in the fund without seeking annual legislative approval. An annual appropriation provides a limit on spending authority, while a continuous appropriation provides unlimited spending authority.

This method of funding moves these expenditures off-budget, and thus expenditures are not reported or accounted for through the budget process. Is it necessary for the Department of Local Affairs to **not** seek annual authority from the General Assembly to spend money from the FLEX Fund?