

HB456 INTRODUCED



1 HB456
2 R3P5MMN-1
3 By Representative Garrett
4 RFD: Ways and Means Education
5 First Read: 16-Apr-24



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SYNOPSIS:

Under the Education Trust Fund Rolling Reserve Act, the Education Trust Fund Advancement and Technology Fund was created to receive certain excess revenues for appropriation through a supplemental appropriation act. Any monetary interest that accrues in the fund is not retained in the fund from year to year.

This bill would provide that any interest earned in the Education Trust Fund Advancement and Technology Fund shall be retained in the fund from year to year.

A BILL
TO BE ENTITLED
AN ACT

Relating to the Education Trust Fund Rolling Reserve Act; to amend Section 29-9-4, Code of Alabama 1975, as last amended by Act 2023-390 of the 2023 Regular Session, to provide that any monetary interest earned in the Education Trust Fund Advancement and Technology Fund shall be retained in the fund from year to year.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 29-9-4, Code of Alabama 1975, as



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29 last amended by Act 2023-390 of the 2023 Regular Session, is
30 amended as follows:

31 "§29-9-4

32 (a) There is hereby created in the State Treasury an
33 Education Trust Fund Budget Stabilization Fund and an
34 Education Trust Fund Advancement and Technology Fund. Any
35 monetary interest that accrues in the Education Trust Fund
36 Budget Stabilization Fund and the Education Trust Fund
37 Advancement and Technology Fund shall be retained in the
38 ~~fund~~funds from year to year and shall be subject only to the
39 provisions of this chapter. If total revenues deposited into
40 the Education Trust Fund during the immediately preceding
41 fiscal year exceed the fiscal year appropriation cap for the
42 immediately preceding fiscal year, and total Education Trust
43 Fund appropriations for the immediately preceding fiscal year
44 are less than the fiscal year appropriation cap for the
45 immediately preceding fiscal year, the excess revenues shall
46 remain in the Education Trust Fund as nonrecurring revenue. On
47 or before May 31 of each fiscal year through the fiscal year
48 ending September 30, 2023, if the total revenues deposited
49 into the Education Trust Fund during the immediately preceding
50 fiscal year exceed the fiscal year appropriation cap for the
51 immediately preceding fiscal year, and Education Trust Fund
52 appropriations for the immediately preceding fiscal year were
53 equal to the fiscal year appropriation cap, the excess
54 revenues shall be transferred to the Education Trust Fund
55 Rainy Day Account until the account has been repaid in full.
56 If the account has been repaid in full, any excess revenues



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57 remaining shall be transferred to the Education Trust Fund
58 Budget Stabilization Fund and the Education Trust Fund
59 Advancement and Technology Fund created in this chapter. The
60 transfers to the Education Trust Fund Budget Stabilization
61 Fund and the Education Trust Fund Advancement and Technology
62 Fund shall be made annually as follows:

63 (1) To the Education Trust Fund Budget Stabilization
64 Fund in an amount up to one percent of the previous year's
65 Education Trust Fund total appropriations until the fund
66 reaches seven and one-half percent of the previous year's
67 appropriations from the Education Trust Fund.

68 (2) a. Any excess revenues remaining after those
69 transferred in subdivision (1) shall be transferred to the
70 Education Trust Fund Advancement and Technology Fund each
71 year. Any amount of the available balance in the Education
72 Trust Fund Advancement and Technology Fund may be available
73 for appropriation only by and through an independent
74 supplemental appropriation bill for the following nonrecurring
75 expenses: repairs or deferred maintenance of facilities for
76 public education purposes in the state, capital outlay, for
77 classroom instructional support as provided in Section
78 16-13-231(b)(2)c. and Section 16-13-231.3, for insuring
79 facilities, for transportation as provided in Section
80 16-13-233, for school security measures, and for the
81 acquisition or purchase of education technology and equipment,
82 or both. These funds, however, shall not be used as a pledge
83 for the issuance or payment of debt service. No funds shall be
84 appropriated in years when the balance of the Education Trust



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85 Fund Advancement and Technology Fund at the end of the
86 previous fiscal year is less than ten million dollars
87 (\$10,000,000). Amounts in the Education Trust Fund Advancement
88 and Technology Fund shall be budgeted and allotted in
89 accordance with Sections 41-4-80 through 41-4-96 and Sections
90 41-19-1 through 41-19-12, but shall not be limited by the
91 fiscal year appropriation cap.

92 b. The annual appropriation of funds from the Education
93 Trust Fund Advancement and Technology Fund shall be divided
94 between the public schools and institutions of higher
95 education in the state in accordance with the percentage
96 split, based on the fiscal year in which an appropriation is
97 made, between these two sectors of education as certified by
98 the Legislative Fiscal Officer at the end of the preceding
99 fiscal year. Public schools shall be interpreted to include
100 any public school in operation for the current fiscal year,
101 the Alabama School of Math and Science, the Alabama School of
102 Fine Arts, the Alabama School of Cyber Technology and
103 Engineering, the portion of the Alabama Institute for Deaf and
104 Blind providing appropriate elementary/secondary instruction,
105 and may include the Department of Youth Services School
106 District.

107 (b) There is created in the State Treasury the
108 Educational Opportunities Reserve Fund into which monies shall
109 be deposited as provided in this chapter and as appropriated
110 by the Legislature. Any monetary interest that accrues to the
111 Educational Opportunities Reserve Fund shall be retained in
112 the fund from year to year and shall be subject only to this



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113 chapter.

114 (c) On or before May 31 of each fiscal year beginning
115 with the fiscal year ending September 30, 2024, if the total
116 available revenues in the Education Trust Fund during the
117 immediately preceding fiscal year exceed Education Trust Fund
118 total appropriations for the immediately preceding fiscal
119 year, and there is an unpaid balance owed to the Education
120 Trust Fund Rainy Day Account, the excess revenues shall be
121 transferred to the Education Trust Fund Rainy Day Account
122 until the account has been repaid in full. If the account has
123 been repaid in full, any excess revenues remaining shall be
124 transferred to the Education Trust Fund Budget Stabilization
125 Fund, the Education Trust Fund Advancement and Technology
126 Fund, and the Educational Opportunities Reserve Fund created
127 in this chapter. The transfers to the Education Trust Fund
128 Budget Stabilization Fund, the Education Trust Fund
129 Advancement and Technology Fund, and the Educational
130 Opportunities Reserve Fund shall be made annually as follows:

131 (1) To the Education Trust Fund Budget Stabilization
132 Fund in an amount up to one percent of the previous year's
133 Education Trust Fund total appropriations until the fund
134 reaches 10 percent of the previous year's appropriations from
135 the Education Trust Fund.

136 (2)a. Fifty percent of the excess revenues remaining
137 after those transferred in subdivision (1) shall be
138 transferred to the Education Trust Fund Advancement and
139 Technology Fund each year, not to exceed one billion dollars
140 (\$1,000,000,000) in any fiscal year. Any amount of the



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141 available balance in the Education Trust Fund Advancement and
142 Technology Fund may be available for appropriation only by and
143 through an independent supplemental appropriation bill for the
144 following nonrecurring expenses: repairs or deferred
145 maintenance of facilities for public education purposes in the
146 state, capital outlay, for classroom instructional support as
147 provided in Section 16-13-231(b)(2)c. and Section 16-13-231.3,
148 for insuring facilities, for transportation as provided in
149 Section 16-13-233, for school security measures, and for the
150 acquisition or purchase of education technology or equipment,
151 or both. These funds, however, shall not be used as a pledge
152 for the issuance or payment of debt service. No funds shall be
153 appropriated in years when the balance of the Education Trust
154 Fund Advancement and Technology Fund at the end of the
155 previous fiscal year is less than ten million dollars
156 (\$10,000,000). Amounts in the Education Trust Fund Advancement
157 and Technology Fund shall be budgeted and allotted in
158 accordance with Sections 41-4-80 through 41-4-96 and Sections
159 41-19-1 through 41-19-12, but shall not be limited by the
160 fiscal year appropriation cap.

161 b. The annual appropriation of funds from the Education
162 Trust Fund Advancement and Technology Fund shall be divided
163 between the public schools and institutions of higher
164 education in the state in accordance with the percentage
165 split, based on the fiscal year in which an appropriation is
166 made, between these two sectors of education as certified by
167 the Legislative Fiscal Officer at the end of the preceding
168 fiscal year. Public schools shall be interpreted to include



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169 any public school in operation for the current fiscal year,
170 the Alabama School of Math and Science, the Alabama School of
171 Fine Arts, the Alabama School of Cyber Technology and
172 Engineering, the portion of the Alabama Institute for Deaf and
173 Blind providing appropriate elementary/secondary instruction,
174 and may include the Department of Youth Services School
175 District.

176 (3)a. Twenty percent of the excess revenues remaining
177 after those transferred in subdivision (1) shall be
178 transferred to the Educational Opportunities Reserve Fund.
179 Amounts in the Educational Opportunities Reserve Fund may be
180 withdrawn by and through an independent supplemental
181 appropriation bill to provide one-time funding for the
182 following purposes only: (i) to offset a reduction in revenues
183 to the Education Trust Fund that could negatively impact
184 funding for budgeted obligations from the Education Trust Fund
185 for the current fiscal year as certified by the Director of
186 Finance and the Legislative Fiscal Officer; (ii) to provide
187 funding for unanticipated obligations, and to sustain required
188 programmatic increases for existing obligations paid from the
189 Education Trust Fund in the event of a change in economic
190 conditions; (iii) to provide funding to maintain prior year
191 appropriation levels, if the computation of the fiscal year
192 appropriation cap or secondary spending limit is less than
193 Education Trust Fund base appropriations for the previous
194 fiscal year, not to exceed the difference between the two
195 figures; and (iv) for start-up or transitional support for
196 initiatives that provide access to enhanced educational



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197 opportunities to all public K-12 or higher education students
198 in the state, or both. Amounts in the Educational
199 Opportunities Reserve Fund shall not be appropriated for any
200 of the following purposes: repairs or deferred maintenance for
201 facilities, capital outlay, pay raises or bonuses for
202 educational personnel or retirees, or to provide additional
203 support for ongoing expenditures other than as specified in
204 subdivision (2). Provided, however, funds may be appropriated
205 to maintain Foundation Program state funding in extraordinary
206 situations.

207 b. No funds may be appropriated until the balance of
208 the Educational Opportunities Reserve Fund at the end of the
209 previous fiscal year equals or exceeds three hundred million
210 dollars (\$300,000,000). Once this threshold is attained, any
211 amount of the available balance may be appropriated for the
212 purposes specified in this subsection. Amounts in the
213 Educational Opportunities Reserve Fund shall be budgeted and
214 allotted in accordance with Sections 41-4-80 through 41-4-96
215 and Sections 41-19-1 through 41-19-12.

216 (4) Any remaining excess revenues after the transfers
217 in subdivisions (1) through (3) shall remain in the Education
218 Trust Fund as nonrecurring revenue."

219 Section 2. This act shall become effective on June 1,
220 2024.