

Analysis of General Fund Transfer to Education Fund

Paul Cillo

Act 68, which was signed into law by Governor Douglas in 2003, provides that the amount to be transferred from the general fund to the education fund each year will be last year's transfer amount adjusted by the "percentage change in general fund base spending." However, this has not actually happened. Consequently, the education fund has been shorted nearly \$25 million over two budget years, increasing property taxes throughout the state by this amount.

From Act 68 of 2003:

Sec. 78. FY 05 AND 06 FUND APPROPRIATIONS AND TRANSFERS

(a) In fiscal year 2005, it is the intention of the General Assembly to appropriate and transfer from the general fund to the education fund the amount of \$249,300,000.00.

(b) In fiscal year 2006 and thereafter, there shall be appropriated and transferred from the general fund to the education fund the amounts prescribed by 16 V.S.A. § 4025(a)(2).

Sec. 36 amended state statute to read as follows:

16VSA§4025(a)

(2) Funds appropriated or transferred by the general assembly, and in fiscal year 2006 and thereafter there is appropriated and transferred from the general fund to the education fund the amount appropriated and transferred in the prior fiscal year adjusted by the percentage change in general fund base spending in the current fiscal year. For each fiscal year, the governor shall present a budget to the legislature providing for a general fund appropriation and transfer to the education fund in this amount, and the legislature shall appropriate and transfer this amount adjusted as necessary to reflect the actual amount of general fund base spending enacted by the legislature for that fiscal year. ■

General Fund Transfer to Education Fund (\$ in millions)

	Statute		Actual		Shortage
	GF base growth %	Transfer \$	Transfer %	Transfer \$	
FY-05	-	\$ 249.30	-	\$ 249.30	\$ -
FY-06	7.07%	\$ 266.93	4.00%	\$ 259.27	\$ 7.65
FY-07	7.44%	\$ 286.78	4.00%	\$ 269.64	\$ 17.14

Source data: JFO

© 2006 Public Assets Institute, Montpelier, VT