
OFFICE OF GOVERNOR RONNIE MUSGROVE
INTEROFFICE MEMORANDUM

TO: GOVERNOR
FROM: RILEY
SUBJECT: PROPOSAL TO ALLOCATE HB 1379 (ELECTRONIC TRANSFER BILL) FUNDS TO EDUCATION
DATE: 2/22/02
CC: RENICK
GAVIN
KINNEY

The attached spreadsheet depicts the proposed allocation of funds to education generated if HB 1379 passes. This assumes that the 3 educational entities (MDE, Junior College, IHL) receive their historical percentage of revenues and that the transfer generates \$119 million in revenue.

K-12 education would receive \$51.4 million of the \$119 million. This would be coupled with \$20 million from the Public School Building Fund for a total of \$71.4 million to K-12. The proposal is built upon K-12 needing \$64.4 million to maintain the FY 02 level of operations in FY 03. Thus, \$7 million of the \$71.4 million would not be needed by K-12.

Junior Colleges and IHL have agreed to split this \$7 million with 30% going to junior colleges and 70% going to IHL. Thus, Junior Colleges would receive \$4 million of the original \$119 million diversion plus \$2.1 million of the \$7 million not needed by K-12, for a total of \$6.1 million of the diversion.

IHL would receive \$14 million of the original \$119 million diversion plus \$4.9 million of the \$7 million not needed by K-12, for a total of \$18.9 million of the diversion.

Chairman Warren's quote for the paper on the proposed allocation was "We have to live one day at a time and one year at a time." Such an attitude does not stimulate responsible fiscal planning, leaves our schools in limbo from year to year and does not make education a priority.