EXHIBIT 3
DATE 1/14/2005
HB

Legislative Fiscal Division

Guarantee Account and the General Fund Appropriation of Base Aid

* Guarantee account is first source of revenue to pay for Base Aid, it does not appear in HB 2

* After guarantee account has been exhausted then Base Aid is paid for with general fund up to the appropriation amount in HB 2

Base Aid Appropriation in HB 2			
	Year 1	Year 2	Bienniem
Base Aid Required	402	410	812
Guarantee Fund available for Base Aid	55	53	108
General Fund Base Aid Appropriation - HB 2	347	357	704

Issues

* What happens if revenue available for Base Aid in Guarantee Account falls short of the revenue estimate?

BASE Aid Actual Revenues and Spending			
	Year 1	Year 2	Bienniem
Base Aid Required	402	410	812
Guarantee Fund available for Base Aid	50	50	100
General fund Base Aid Required - HB 2	352	360	712
Supplemental in Year 2			8

* If actual revenue is more than anticipated there is a general fund reversion.

* Interest and Income revenue in the guarantee fund:
  - Deposits in February (25%) and in June (75%)
  - Part of the June Payment is an interest receivable, not cash
  - Because the cash on this receivable won't be rec'd until October, OPI must take out a loan
  - The loan is paid back in Oct when the cash arrives

* The total amount available for distribution to BASE Aid available is not known until June.

* There is a risk that it will be short, and the appropriation authority in the general fund is already used up

* That's why in HB 3 there is language to allow the general fund appropriation to be $3 million higher in case this situation develops.

* Is there a better way to do this?