INVESTMENT POLICY STATEMENT

For

The Colorado Public School Fund Investment Board

Fund Description (State Constitution: Article IX, Section 3; CRS 22-41-101/106)

IPS Approved: November 14, 2022

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Fund Description

(State Constitution: Article IX, Section 3; CRS 22-41-101/106)

The State Public School Fund, d/b/a the Public School Permanent Fund (PSPF), was created under Colo. Const. art. IX, § 3, and CRS 22-41-101, et seq., and consists of a portion of the proceeds from the sale or use of such lands as have been or may be granted to the state by the federal government for state school educational purposes.

The State Treasurer is the custodian of the PSPF. Investments in the fund are directed by The Public School Fund Investment Board (PSFIB), created in 2016 under CRS 22-41-104(2). The PSFIB consists of five members: the State Treasurer, who serves as the Chair of the Board, one member of the State Board of Land Commissioners, and three members appointed by the State Treasurer. The State Treasurer and two other voting members of the PSFIB constitute a quorum of the Board. Except for the State Treasurer, members of the PSFIB serve two-year terms and may not serve more than three consecutive terms. The State Board of Land Commissioners or the State Treasurer may remove their appointed members for any cause that renders the member incapable of discharging or unfit to discharge his or her duty to the PSFIB.

The public purpose for the creation of the PSFIB is to facilitate reasonable growth in the PSPF through lawful investments authorized under CRS 24-36-109 (time deposits under 2 years), CRS 24-36-112 (deposits in savings and loan associations under 3 years), CRS 24-36-113 (fixed income securities denominated in United States Dollars), CRS 24-36-111.5 (real property owned by a school district), CRS 22-41-104 (stock mutual funds, index funds, other instruments that are not a direct investment in a corporation, and bonds issued by school districts), and other lawful financial assets as specified in the PSFIB's Investment Policy.

The State Constitution, article IX, § 3, states that this fund shall forever remain inviolate and intact. Interest and income is expended in the maintenance of the schools of the State and distributed amongst the several counties and school districts of the State in accordance with CRS 22-41-102 and related statutory provisions. Except as otherwise provided by law, no part of the PSPF, principal or interest and income, can be transferred to any other fund or used or appropriated. The State, by appropriation, must supply all losses of principal if not offset by a gain on an exchange or sale pursuant to section 2-3-103 (5), C.R.S, or section 22-41-104 (2).

Purpose

The purpose of this Investment Policy Statement (IPS) is to assist the PSFIB in effectively supervising, monitoring, and evaluating the investments of the PSPF.

The investment program is defined in the various sections of the IPS by:

- Stating in a written document the PSFIB's expectations, objectives, and guidelines for the investment of all assets.

- Setting forth an investment structure for managing all assets. This structure includes various asset classes, investment management styles, asset allocation and acceptable ranges that, in total, are expected to produce a sufficient level of overall diversification and total investment return over the long-term.

- Providing guidelines for certain investment portfolios that control the level of overall risk and liquidity assumed in that portfolio, so that the PSPF is managed in accordance with stated objectives. Manager specific guidelines are contained within Appendix I of this IPS.

- Encouraging effective communications among the PSFIB, the Investment Consultant(s), the Investment Managers, State Treasury, State Land Board, and other stakeholders.

- Establishing formalized criteria to monitor, evaluate, and compare the performance results achieved by the investment managers on a regular basis.

- Complying with all fiduciary, prudence, and due diligence requirements that experienced investment professionals would utilize, and with all applicable laws, rules, and regulations from various local, state, and federal political entities that may impact the PSPF's assets.

This IPS has been formulated, based upon consideration by the PSFIB of the financial implications of a wide range of policies, and describes the prudent investment process that the PSFIB deems appropriate. Although the PSFIB seeks to set forth an investment policy that provides broad overarching guidance, this IPS is not designed to be comprehensive as to all investment scenarios that may arise, nor can it account for all contingencies that may impact the PSPF. This IPS is subject to modification or revision at the PSFIB's discretion. The IPS will be reviewed at least annually to ensure it reflects the goals and objectives of the PSPF and the PSFIB.

Investment Objective

The primary investment objective of the PSFIB is to securely invest PSPF assets for the intergenerational benefit of public schools and in a manner that complies with the "Uniform Prudent Investor Act," (§ 15-1.1-101, et seq., C.R.S.). Since the PSPF is to remain inviolate and intact, and not subject to appropriation by the General Assembly, the overall objective of the PSFIB is to preserve, protect, and grow the principal of the PSPF with a prudent level of risk over a long-term time horizon.

Distribution Policy

As per CRS 22-41-102, the order of distribution of interest or income earned on the investment of the moneys in the PSPF is as follows:

- the first $21 million for FY 2017-18, FY 2018-19, FY 2019-20, and every fiscal year thereafter, is credited to the public school fund created by CRS 22-54-114 for distribution as provided by that section;
- an amount annually appropriated by the General Assembly shall be used to pay the expenses of the PSFIB, including but not limited to the services of Investment Managers and consultant(s);
- for FY 2017-18 and FY 2018-19, any interest or income exceeding $21 million plus the PSFIB's expenses, up to $31 million plus the cost of the PSFIB's expenses, is credited to the public school capital construction assistance fund created in CRS 22-43.7-104(5);
- for FY 2019-20, and every fiscal year thereafter, any interest or income exceeding $21 million plus the PSFIB's expenses, up to $41 million plus the cost of the PSFIB's expenses, is credited to the public school capital construction assistance fund created in CRS 22-43.7-104(5); and
- any excess interest or income over $31 million for FY 2017-18 and FY 2018-19, or $41 million for FY 2019-20 and future fiscal years, net of the PSFIB's expenses, is credited as specified by the Colorado General Assembly, taking into consideration the recommendations of the PSFIB.
    - Note there was a recommendation made by the PSFIB under CRS 22-41-102(3)(f)(IV) and (3)(g)(IV) that excess interest or income over these levels be reinvested back into the PSPF. This was approved by the PSFIB at its April 10, 2017 meeting.

Role of the Public School Fund Investment Board (PSFIB)

Under CRS 22-41-102.5(3), the PSFIB shall direct the State Treasurer on how to securely invest moneys deposited in the PSPF for the intergenerational benefit of public schools and in a manner that complies with the "Uniform Prudent Investor Act", (§ 15-1.1-101, et seq., C.R.S.). The prudent investor rule requires trustees and fiduciaries to exercise reasonable care, skill, and caution when considering the purposes, terms, distribution requirements, and other circumstances of a trust, like the PSPF. The PSFIB's investment and management decisions respecting individual assets must be evaluated not in isolation but in the context of the total Trust portfolio and as part of an overall investment strategy having risk and return objectives reasonably suited to a trust such as the PSPF.

The PSFIB considers a number of relevant factors in investing and managing PSPF assets. These include but are not limited to general economic conditions; the possible effects of inflation or deflation; the overall risk of the portfolio; the role that each investment or course of action plays within the overall portfolio; expected interest and income; capital appreciation; liquidity needs; correlation among asset classes; and, preservation of capital.

Role of the Portfolio Administrator

The Portfolio Administrator will act in coordination with the PSFIB with the overarching goal of ensuring the PSFIB and PSPF are in compliance with their respective legal obligations and investment policy(s). Other duties will include coordinating investment managers, consultant(s), State Treasury, custodian(s), and the PSFIB on matters relating to Board business.

Role of the Investment Consultant

The role of the investment consultant, as described in more detail in the Statement of Work (Exhibit A) included in their contract, is to support the PSFIB in matters concerning asset allocation, investment structure, manager selection, and performance measurement. The investment consultant is also expected to keep the PSFIB apprised of developments and trends in the capital markets and investment management industry.

Role of Investment Managers

The role of investment managers is to manage PSPF assets under their care, custody, and/or control in accordance with their respective contracts, the IPS objectives, and guidelines set forth in Appendix I. In doing so it is expected that each investment manager will:

- Exercise investment discretion (including holding cash equivalents as an alternative) within the IPS objectives and guidelines set forth herein.
- Promptly inform the Chair of the PSFIB, the Portfolio Administrator, and the Investment Consultant(s) in writing regarding all significant and/or material matters and changes pertaining to the investment of PSPF assets, including, but not limited to:

  A. Investment strategy
  B. Portfolio structure
  C. Tactical approaches
  D. Ownership
  E. Organizational structure
  F. Financial condition
  G. Professional staff
  H. Recommendations for guideline changes
  I. All material legal, SEC, and/or other regulatory agency proceedings affecting the firm.

- Utilize the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced, investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for similar programs with like aims in accordance and compliance with all applicable laws, rules and regulations from local, state, and federal bodies as it pertains to fiduciary duties and responsibilities.

- Acknowledge and agree in writing annually to their fiduciary responsibility to fully comply with the relevant portions of the IPS as set forth herein, and as modified in the future, as well as guidelines specified in their individual contracts.

- Immediately notify the Chair of the PSFIB, the Portfolio Administrator, and the Investment Consultant(s) if they are not in full compliance with the IPS and/or their respective contract or separate account guidelines, and provide plans to move into compliance. Work with the notified parties to establish a reasonable timeline for getting into compliance, keeping in mind the best interests of the portfolio.

Trades and Exchanges

Investment managers are granted discretionary authority to buy, sell, or exchange securities in the daily management of their individual portfolios. All investment managers will use reasonable efforts to ensure that realized losses are neutralized with realized gains within 18 months of the PSPF's June 30 fiscal year-end. The PSFIB will review the total portfolio realized and unrealized gain/loss position quarterly to identify opportunities where unrealized gains and losses across all investment advisors/managers may be matched to manage the total portfolio realized gain/loss position.

Liquidity

Sufficient liquidity must be maintained to ensure that all operational requirements are met and that the overall quality and marketability of the portfolio is maintained. Both short-term cash needs and long-term projections will be reviewed on a regular basis to establish an appropriate level of liquidity.

Strategic Asset Allocation

The Strategic Asset Allocation and rebalancing ranges are as follows:

Table 1

ASSET CLASSES	STRUCTURE	Lower Limit	Strategic Allocation	Upper Limit
Equities:				
	Domestic Equity	14%	18.0%	**22%**
	International Equity	8%	12.0%	16%
Total Equities		24%	**30.0%**	36%
Fixed Income:				
	Market Duration Bonds	45%	**52.5%**	60%
	Short Duration Bonds	5%	7.5%	10%
Total Fixed Income		60%	**60.0%**	70%
High Income Strategies:				
	High Yield Fixed Income	4.5%	8.5%	12.5%
	Preferred Securities	0%	1.5%	3.0%
Total High Income Strategies		5%	**10.0%**	15%
Total Portfolio			**100%**	

The Strategic Asset Allocation may change over time based on the PSFIB's assessment of current and long-term market conditions as well as distribution needs. This IPS will be modified accordingly.

The Strategic Asset Allocation is expected to meet the distribution objective of a minimum of $21 million per year, net of annually appropriated investment manager fees and Board expenses and, provide prudent growth in the corpus within the constraints established in state statute.

Rebalancing Guidelines

Individual investment managers have the authority to rebalance within their own portfolio.

The asset allocation of the PSPF will be reviewed at least quarterly by the Portfolio Administrator and PSFIB. The goal of the review is to evaluate whether action should be taken to rebalance the PSPF toward the IPS strategic asset allocation ranges.

When available, cash inflows will be deployed in a manner consistent with the strategic asset allocation and individual asset class structures. The PSFIB may deviate from the aforementioned allocation of cash inflows if deemed to be in the best interest of the PSPF.

In situations where the PSPF is outside the Strategic Asset Allocation rebalancing ranges, the Portfolio Administrator, in consultation with the Investment Consultant(s) and/or Investment Managers, will prepare rebalancing recommendations for the PSFIB to evaluate. Actions authorized by the PSFIB must take into consideration transaction costs and the impact on PSPF's realized gain and loss position.

All actions authorized by the PSFIB will be executed by the Portfolio Administrator as soon as practicable with guidance provided by the PSFIB as needed or requested.

Asset Class Objectives

Equity

The purpose of the equity portfolio is to provide exposure to broad economic growth through commingled exposure to stocks both domestically and abroad. The implementation may be through multiple mutual funds or exchange traded funds as long as the overall composition mirrors the target exposures.

The following security types are prohibited: individual equity securities, funds with insufficient liquidity profiles, and derivatives.

Market Duration Fixed Income

The purpose of market duration fixed income is to provide income and diversification to other asset classes in the Fund.

Short Duration Fixed Income

The purpose of the short duration portfolio is to provide capital preservation with a higher yield than cash and a means to manage net realized losses in the overall portfolio.

High Income Strategies

The purpose of the allocation to High Income Strategies is to provide higher potential cash yield to the fund while also diversifying the interest rate risk of the Market Duration Fixed Income allocation with moderate equity risk.

Cash

There is no strategic target allocation to cash. Cash will be held primarily to fund distributions or allocations to existing or new asset classes as needed.

Performance Measurement

Composites and individual portfolios will be measured against appropriate market indices and peer groups, where appropriate.

Total Fund

Total Fund performance will be measured using weighted blend of asset class benchmarks reflecting the current Strategic Asset Allocation of 60% Fixed Income, 30% Equities, and 10% High Income Strategies.

Fixed Income Composite

The total fixed income composite will utilize a blended benchmark representing the strategic allocation to sub-asset class strategies – 87.5 % Bloomberg Aggregate Index and 12.5 % Bloomberg 1-3 Year Government/Credit Index.

- Colorado State Treasury Market Duration Fixed Income Portfolio: Total rate of return performance for the portfolio will be measured against the Bloomberg U.S. Aggregate Index taking into account statutory constraints prescribed on income distribution and neutralizing realized gains/losses per CRS 22-41-102-104 and the State Constitution, article IX, § 3. The portfolio will also be measured relative to Callan's Core Bond Peer Group.
- Short Duration Fixed Income Composite: Total performance will be measured against the Bloomberg 1-3 Year Government/Credit Index and Callan's Short Duration Bond Peer Group.

Equity Composite

The equity portfolio will be measured against a blended benchmark comprised of 60% Russell 3000 Index / 40% MSCI ACWI x-U.S. Index. As the portfolio composition is customized, there is no comparable peer group.

High Income Strategies Composite

The total high income strategies composite will utilize a blended benchmark representing the strategic allocation to sub-asset class strategies – 85% Bloomberg U.S. Corporate High Yield Index and 15% ICE BofA U.S. All Capital Securities Index.

Appendix I: Investment Manager Guidelines

A. Colorado State Treasury Managed Market Duration Portfolio

The primary investment opportunity set is securities eligible for inclusion in the Bloomberg U.S. Aggregate index. Exceptions to this rule are itemized below under Additional Investment Opportunities.

Duration:

The effective duration of the portfolio shall be normally within +/- 30% of the Bloomberg U.S. Aggregate Index.

Bloomberg Aggregate Index Rules

- Must have at least one year to final maturity regardless of call features.
- Must have at least $300 million par amount outstanding. Asset-backed securities must have at least $500 million deal size and $25 million tranche size. For commercial mortgage-backed securities, the original transaction must have a minimum deal size of $500 million, and a minimum tranche size of $25 million; the current outstanding transaction size must be at least $300 million to remain in the index.
- Must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody's, S&P, Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be investment-grade.
- Must be fixed rate, although it can carry a coupon that steps up or changes according to a predetermined schedule.
- Must be dollar-denominated and non-convertible.
- Must be publicly issued. However, 144A securities with Registration Rights and Reg-S issues are included.

Additional Investment Opportunities

- Investment grade Collateralized Mortgage Obligation (CMO) tranches
- The ability to hold securities with less than 1 year to final maturity to avoid unnessecary losses to the portfolio

B. Externally managed Short Duration Portfolio

The main objective for the management of the Portfolio is to outperform the primary benchmark, the Bloomberg U.S. 1-3 Year Government/Credit Bond Index, in a risk adjusted manner over a full market cycle.

A custom secondary benchmark, reflecting the ability to allocate to out of benchmark securities, will be composed of 85% Bloomberg 1-3 Year Government/Credit Index and 15% BofAML 1-3 Year BB U.S. Cash Pay High Yield Index (J1A1).

Guidelines for the portfolio are as follows:

Investment Universe and Limitations: The account managed by Contractor on behalf of PSFIB will invest in corporate bonds and notes; government securities, including agencies; bank loans; mortgage and asset backed securities. The Portfolio may invest in U.S. dollar denominated securities issued by non-U.S. issuers and/or entities, although it intends to primarily invest in securities issued by U.S. issuers and/or entities. Investment types not explicitly allowed in these guidelines may still be used by the Contractor if deemed to be appropriate by Contractor in the exercise of its fiduciary duty to PSFIB. The PSFIB's permission will be sought by Contractor if the investment type is intended to be a primary strategy of the Portfolio, defined as more than 10% of net assets in the Portfolio.

Allowable Investments: The Portfolio managed by Contractor on behalf of PSFIB may include the following (subject to the limitations below):

- Corporate Credits;
- Preferreds;
- 144A securities; excluding 144A Reg S securities
- U.S. Treasuries and Agencies;
- Foreign Government Securities;
- Commercial loans, including bank loans, bridge loans, debtor-in-possession ("DIP") loans, and mezzanine loans; and
- Asset and mortgage backed securities, including, but not limited to commercial mortgage backed securities, collateralized mortgage obligations, collateralized loan obligations and to be announced mortgage backed securities.

General Restrictions: The Portfolio managed by Contractor on behalf of PSFIB shall be subject to the following restrictions:

- The duration of the Portfolio will generally be +25/-40% of the Bloomberg U.S. 1-3 Year Government/Credit Bond Index.
- The Portfolio will generally not invest more than 10% of its net assets in cash and cash equivalents.
- The maximum issuer position size will be limited to 5% of net assets at the time of purchase, excluding those issued by the U.S. Government and its agencies.

- No more than 10% of the net assets will be invested in preferred securities. The Portfolio will not hold equity securities.
- The Portfolio may invest up to 10% of net assets, at time of purchase, in illiquid securities. 144A securities determined to be liquid by Contractor will not be considered in the illiquid concentration.
- The portfolio may invest up to 25% in non-investment grade bonds with a minimum rating of BB-/Ba3 at the time of purchase. Non-investment grade bonds are defined as bonds that are rated BB+ or lower by Standard & Poor's Rating Service and Fitch Inc., or Ba1 by Moody's Investor Services. Unrated securities will be treated as non-investment grade.
- In the event a security is downgraded below BB- after purchase, the Contractor must immediately notify the Chair of the PSFIB, the Portfolio Administrator and the Investment Consultant(s). The security must be sold as soon as practical, keeping in mind the best interests of the portfolio.
- Split rated securities will be evaluated as follows:
    - i. If the security is rated by all three rating agencies, the middle rating will apply
    - ii. If the security is rated by all three rating agencies with two or more ratings the same, the majority rating applies.
    - iii. If the security is only rated by two agencies, the lowest rating applies.
- Securities that are not rated by any of the three major rating agencies, Standard & Poor's, Moody's, or Fitch, will be considered unrated.

Derivatives: The Portfolio managed by Contractor on behalf of PSFIB may invest in U.S. Treasury futures. The use of derivatives may not result in leverage in the portfolio and must be fully collateralized by cash or cash equivalents.

C. Equity Portfolio

An external investment manager will manage a global equity portfolio for the PSFIB that seeks to adhere to the PSFIB's gain/loss realization requirements with a predicted tracking error within approximately 1% of the composite benchmark. The Portfolio will invest in Exchange Traded Funds ("ETFs") selected for inclusion in the portfolio based upon their contribution to the portfolio's country/region allocation, market capitalization, industry weightings, and other fundamental characteristics.

Benchmark: 60% Russell 3000 Index / 40% MSCI ACWI ex-U.S. Index

Eligible Securities: All U.S.-traded ETFs and '40 Act Mutual Funds, defined to be an "open-end company" as stated in section 5(a)(1) of the Investment Company Act of 1940.
Prohibited Securities: The following security types are prohibited:

- Individual equity securities;
- Funds with insufficient liquidity profiles; and,
- Derivatives (including currency forwards).

Rebalancing: No scheduled rebalancing. The investment manager will review the portfolio with the PSFIB and/or the Portfolio Administrator on a quarterly basis in relation to the benchmark and will discuss potential rebalancing trades at that time.

Realized Gain/Loss Off-Set: The day-to-day management of the portfolio will seek to avoid net realized losses over the State Fiscal Year (July 1-June 30). Upon the PSFIB's request, the investment manager may realize gains or losses consistent with the Board's policies. The investment manager will review the portfolio with the PSFIB and/or the Board's Portfolio Administrator on a quarterly basis to discuss current unrealized positions.

Treatment of Dividends: Dividends will not be reinvested, unless otherwise instructed by the PSFIB. Available dividends shall be distributed by the custodian to the PSFIB on at least a quarterly basis.

D. <u>High Yield Fixed Income</u>

Objective / Reference Benchmark: The objective of this portfolio is to provide high yield fixed income exposure benchmarked against the Bloomberg U.S. Corporate High Yield Index and to invest assets in a manner that complies with the PSFIB's Investment Policy Statement, the Uniform Prudent Investor Act (§ 15-1.1-101, et seq., C.R.S.), Colorado statues and constitutional provisions governing the Fund (§ 22-41-101, et seq., C.R.S. & Colorado Constitution art. IX, § 3).

Realized Gain/Loss: The Contractor will coordinate with the PSPF Portfolio Administrator, Investment Consultant, Colorado Treasurer's Office, and other third party service providers to aggregate and monitor realized and unrealized gains and losses to ensure that net realized losses are minimized and, when they do occur, immediately coordinate efforts to activate plans to offset such losses with realized gains from other aspects of the Fund, in order to ensure compliance with § 22-41-102 and 104, C.R.S.

Earned Income: Earned income, not including capital gains, on the portfolio shall be swept from the account on a monthly basis. Sufficient liquidity must be maintained to ensure that all operational requirements are met and that the overall quality and marketability of the portfolio is maintained.

Credit Quality Guidelines: Invest in a diversified portfolio of high yield debt securities which are primarily in the lower rating categories of recognized rating agencies:

Moody's:	Baa1 to Caa3 or
S&P:	BBB+ to CCC-

For temporary defensive and cash management purposes, the portfolio may invest in cash and debt securities (including cash equivalents) rated A- or higher.

Ratings for compliance purposes will be calculated on the middle rating of the available ratings by S&P, Moody's, and Fitch. If only two of the three agencies are available, the lower rating will be used (Bloomberg Rating Methodology). These ratings will be applied to both the portfolio and the benchmark.

Permitted Investments: Debt securities in which the portfolio may invest include all types of debt obligations such as bonds, debentures, notes, bank debt, bank loan participations, commercial paper and U.S. Government securities (including obligations, such as repurchase agreements, secured by such instruments).

Convertible bonds are considered as fixed income hybrids whose properties more closely resemble bonds subject to the limit below.

The portfolio may not hold single name common stock or preferred stock.

The portfolio may invest in public and private placement securities, including Rule 144As with and without registration rights.

The portfolio may invest in securities of non-U.S. issuers if they are denominated in U.S. dollars.

Concentration Limits: Unrated securities must be considered to be of comparable quality by MacKay Shields and would not comprise more than 15% of the portfolio.

Securities rated CCC+ or below or of comparable quality will not exceed the greater of 1.5x the Index weight or 15% of the portfolio.

Foreign Securities will not exceed the greater of 2.0 times the Index weight or 25% of the portfolio. Emerging market securities, defined as those in which the issuer has a Country of Risk that is not included in the Developed Market countries list by the Bloomberg Indices, will not exceed 10% of the portfolio. Foreign Securities will be identified by the issuer's Country of Risk as defined by Bloomberg.

The portfolio may hold up to 5% in hybrid securities as described above.

The portfolio may participate, purchase, obtain, or exchange for a security (except for common stock and preferred stock) as part of a corporate action, reorganization, or workout.

The maximum holding for any single issuer will be 4% of the portfolio at the time of purchase (excluding government and agency issuers).

The maximum exposure to a single industry (measured on a Bloomberg Level 4 basis) will be the greater of 10% the portfolio's market value or 1.5x the Index weight.

Compliance: If the portfolio is not in full compliance with (i) the Contract, (ii) the Statement of Work, (iii) the Investment Policy Statement for the PSFIB and (iv) these Investment Guidelines, the Contractor shall immediately notify the Chair of the PSFIB, the PSFIB's administrator, and investment consultant and provide plans to move into compliance. The Contractor shall work with the notified parties to establish a reasonable timeline for getting into compliance, keeping in mind the best interests of the Fund.

Appendix II: Current and Historical Legislative Changes Affecting the PSPF

HB 22-1146: Public School Finance
(signed into law May 26, 2022)

House Bill 1146 authorizes the state treasurer to stagger the terms of the state treasurer's 3 appointed members to ensure that no more than 2 members' terms expire in the same year. The Bill also creates a working group convened by the state treasurer, to study opportunities to improve the growth of the public school fund and its distributions for the intergenerational benefit of public schools. The Bill also modifies the time frame from 12 months to 18 months in which a realized investment loss to the fund must be offset by realized gains before the general assembly is required to appropriate money to cover losses to the fund. It also adds language that the calculation of an aggregate loss must also include any gains that were realized in the twelve months prior to the loss of principal.

HB 20-1418: Public School Finance
(signed into law June 30, 2020)

Section 49 sweeps the revenue received by the state for the 2020-21 state fiscal year for natural resources purchased or extracted from state lands and the use of state lands that would otherwise go into the permanent school fund and instead places the revenue in the state public school fund for use for school finance.

HB 19-1055: Public School Cap Construction Financial Assistance
(signed into law May 21, 2019)

Beginning July 1, 2019, the act requires all state retail marijuana excise tax revenue to be credited to the assistance fund.

HB 18-1070: Additional Public School Capital Construction Funding
(signed into law May 30, 2018)

For state fiscal years commencing on and after July 1, 2018, the act increases the amount of retail marijuana excise tax revenue credited to the public school capital construction assistance fund (assistance fund) to the greater of 90% of the revenue annually collected or the first $40 million of such revenue. Previously, the first $40 million of state retail marijuana excise tax revenue annually collected was credited to the assistance fund and the remainder of the revenue was credited to the permanent school fund.