


Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 12-0698
Prime Sponsor(s): Sen. Steadman
 Rep. Becker

Date: February 2, 2012
Bill Status: Senate Education
Fiscal Analyst: Marc Carey (303-866-4102)

TITLE: CONCERNING A CAP ON THE 2011-12 STATE FISCAL YEAR TRANSFERS TO THE STATE PUBLIC SCHOOL FUND FROM PUBLIC SCHOOL LAND MONEYS.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013	FY 2013-2014
State Revenue			
State Transfers or Diversions			
Transfer of State Land Board Revenue* to the State Public School Fund	\$17.5 million (17.5 million)		
Transfer from the Public School Fund to the State Public School Fund	\$1.0 million		
State Expenditures			
Cash Funds			
State Public School Fund		(\$18.5 million)	
FTE Position Change			
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.			
Appropriation Summary for FY 2012-2013: None required.			
Local Government Impact: None.			

* This money is transferred from the State Land Board Trust Administration Fund and the Public School Capital Construction Assistance Fund.

Summary of Legislation

This bill, *recommended by the Joint Budget Committee*, caps the transfer to the State Public School Fund of revenue earned on state school lands and interest earned on the Public School (Permanent) Fund at \$21.0 million and \$15.0 million, respectively for FY 2011-12.

Background

Colorado's original allocation of school trust lands and the Permanent Fund that is supported by proceeds from these lands were both established in the state's enabling act. The Permanent Fund receives revenue resulting from the sale of state school lands, and the interest earned by the

Permanent Fund is meant to support public schools. Section 3 of Article IX of the State Constitution makes the principal of this fund inviolate and requires the interest and other income be used only to support the public schools of Colorado.

Prior to the establishment of Building Excellent Schools Today (B.E.S.T.) program in 2008, all income from these lands above what was required for operation of the State Land Board was transferred to the Permanent Fund. Under current law, income from these lands is allocated as follows:

- 50 percent of gross income from these lands is transferred to B.E.S.T.;
- \$9.1 million supports State Land Board operations; and
- the remainder is transferred to the State Public School Fund for appropriation through the School Finance Act.

State Transfers or Diversions

For FY 2011-12, the bill caps the transfer to the State Public School Fund of revenue earned from the state public school lands at \$21 million. It also caps the transfer of interest earned from the Permanent Fund at \$15 million. These caps result in an \$18.5 million reduction in the amount that would otherwise be transferred under current law, including \$1 million in interest on the Permanent Fund and \$17.5 million in state land revenue. The interest is to remain in the Permanent Fund and become part of the principal of the fund. The revenue will instead be transferred to the Permanent Fund and become part of the principal of the fund.

State Expenditures

Because the caps on the transfers were set at levels assumed in the FY 2011-12 School Finance Act (Senate Bill 11-230), the bill will not require any changes in FY 2011-12 school finance appropriations, and there is no state expenditure impact in that fiscal year. However, under this bill, an estimated \$18.5 million will now not be available for appropriation from State Public School Fund in FY 2012-13.

School District Impact

Under this bill, an estimated \$18.5 million that would have been available for appropriation from the State Public School Fund will not be. While it is not known if all of this money would have gone to support school finance, it is likely that some portion of it would have, and school districts will receive less than they would have otherwise.

Departments Contacted

Education

Joint Budget Committee Staff