

**STATE
FISCAL IMPACT**

Drafting Number: LLS 13-0788

Date: March 27, 2013

Prime Sponsor(s): Sen. Schwartz
Rep. Fischer

Bill Status: Senate Education

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TITLE: CONCERNING LEGISLATIVE OVERSIGHT OF THE FUNDING OF P-12 PUBLIC SCHOOL CAPITAL CONSTRUCTION PROJECTS THAT RECEIVE FUNDING UNDER THE "BUILDING EXCELLENT SCHOOLS TODAY ACT".

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
State Expenditures		
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2013-2014: None.		
Local Government Impact: None.		

Summary of Legislation

This bill, which is recommended by the Capital Development Committee (CDC), requires the Public School Capital Construction Assistance Board (assistance board) within the Colorado Department of Education to ensure that by June 30 of each year the balance of the Public School Capital Construction Assistance Fund (assistance fund) is equal to the total amount of the state share of annual lease payments for the Building Excellent Schools Today (BEST) program. The bill also grants the CDC limited oversight of the BEST program. Specifically, the CDC is added to the list of entities required to approve grant awards for pre-school through 12th grade (P-12) capital construction to be financed through lease purchase agreements. Beginning in FY 2012-13 for the FY 2013-14 grant funding cycle, the bill adds deadlines to the existing review and consideration of capital construction projects in order that the list of projects approved for funding through the use of lease-purchase agreements can be submitted to the CDC for final approval no later than June 25 of each year. The bill also adds to existing reporting requirements and adds the CDC to the list of entities the assistance board is required to report to annually regarding its activities.

Background

The BEST program was established in 2008 to provide grants to public schools to rebuild, repair, or replace the worst of the state's P-12 facilities. Two types of grants may be awarded to BEST-qualified projects, including: (1) cash awards; and (2) long-term borrowing either in the form of lease-purchase agreements called certificates of participation (COPs), or Qualified School

Construction Bonds, a federal program that allows public entities to borrow at zero percent interest to finance P-12 capital construction. The assistance fund is the source of state funds for the cash awards and to repay long-term borrowing and make annual lease payments. Money is annually appropriated in the Long Bill for this purpose. The fund collects revenue from the following sources:

- moneys earned from state public school lands in the form of rental income and mineral royalties in the amount of the state share of annual lease payments for the BEST program *or* 50 percent of the annual rent and royalty earnings, whichever is greater;
- a portion of lottery proceeds; and
- interest earnings on the assistance fund.

State Revenue and Expenditures

The bill codifies existing practice regarding how the assistance board budgets for annual lease payments on behalf of projects financed through the BEST program. This bill will not affect the amount of revenue collected or spent on behalf of P-12 capital construction projects through the BEST program.

The bill adds to the assistance board's existing reporting requirements to require that it annually provide revenue estimates for the assistance fund for the current and next budget year, including estimates of the total amount of financial assistance expected to be awarded through cash grants. This fiscal note assumes that this change to the reporting requirements can be absorbed within existing resources.

Departments Contacted

Education

State Land Board