

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING STATE SCHOOL LANDS.

Prime Sponsors: Senator Windels
Representative Penry

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Summary of Amendments Made to the Bill After the 02/13/06 Legislative Council Staff Revised Fiscal Note was Prepared

None.

JBC Staff Concurrence with Legislative Council Staff Fiscal Note

Concurs **Does Not Concur** **Updated Analysis**

Amendments/Appropriation Status

The FY 2006-07 Long Bill (H.B. 06-1385) includes the following appropriations to the Department of Education that are relevant to this bill:

Interest Earnings From the Public School Fund (cash funds exempt):

\$ 19,000,000 State Share of Districts' Total Program Funding

Land Management Proceeds (cash funds):

9,527,356 State Share of Districts' Total Program Funding

2,472,644 State Match for School Lunch Program

12,000,000

31,000,000 Total of Above Appropriations

Staff has prepared an amendment (**J.001**) to adjust the FY 2006-07 Long Bill by eliminating the above cash and cash exempt appropriations and replacing them with appropriations totaling \$31.0 million General Fund.

Sponsor Amendments

Sponsor amendment **L.002** would *allow*, rather than require, the General Assembly to appropriate up to \$12 million of land management proceeds "in support of the common schools" in a fiscal year in which Colorado personal income grows by less than 4.5 percent. By allowing the General

Assembly to choose to appropriate less than \$12 million of land management proceeds during an economic downturn, this amendment potentially increases the amount that will be retained in the Public School Fund. Legislative Council staff is currently projecting that Colorado personal income will increase by greater than 4.5 percent in the next six years. Thus, **this amendment does not affect the impact of the bill on FY 2006-07 appropriations.**

Whether or not L.002 is adopted, J.001 is necessary.

Points to Consider

1. The Joint Budget Committee has introduced a budget package for FY 2006-07 based on the March 2006, Legislative Council Staff revenue forecast. The budget package appropriates the maximum amount of General Fund allowed pursuant to the statutory six percent limit on General Fund appropriations, less \$10,000,000. This bill requires \$31,000,000 in additional General Fund appropriations for FY 2006-07; these appropriations are subject to the six percent statutory limit on General Fund appropriations. If this bill is enacted, other appropriations for existing programs will need to be reduced by \$21,000,000 in order to comply with the statutory limit on General Fund appropriations.
2. Although this bill would increase annual General Fund appropriations by \$31 million for the next several fiscal years, once the Public School Fund reaches the target market value identified in the bill the amount available for annual appropriation will be significantly higher than \$31 million and will increase annually thereafter [as depicted in Figure 1 of the attached Legislative Council Staff Fiscal Note].
3. The bill would allow the General Assembly to appropriate income earned on the investment of moneys in the Public School Fund once the Fund reaches the target market value. The bill does not specify whether such moneys would be appropriated for the state share of districts' total program funding (as they are now), or for some other purpose. Thus, this decision will be left to a future General Assembly.