

**LOCAL
FISCAL IMPACT**

Drafting Number: LLS 14-0672	Date: February 6, 2014
Prime Sponsor(s): Rep. Ryden Sen. King	Bill Status: House Education
	Fiscal Analyst: Kori Donaldson (303-866-4976)

SHORT TITLE: SCHOOL DIST FINANCIAL CAPACITY CAP CONSTR GRANTS

Fiscal Impact Summary	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures		
FTE Position Change		
Appropriation Required: None.		

Summary of Legislation

The bill, recommended by the **Legislative Audit Committee**, adds two factors of consideration to existing law in order to determine how much matching money to require a school district or board of cooperative services (BOCES) to provide when applying for financial assistance under the Building Excellent Schools Today (BEST) program. These factors include: (1) a school district's available bond capacity or the average available bond capacity of participating members of a BOCES; and (2) a school district's unreserved fund balance as a percentage of its annual budget or the average unreserved fund balance of the annual budget of the participating members of a BOCES.

Background

The BEST program was established to provide grants to public schools to rebuild, repair, or replace the worst of the state's K-12 facilities. Two types of grants may be awarded to BEST-qualified projects, including: (1) cash awards; and (2) long-term financing 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 K-12 capital construction. The source of state funds for the cash awards and to repay long-term borrowing and make annual lease payments is the Public School Capital Construction Assistance Fund. Money is annually appropriated in the Long Bill for this purpose. The fund collects revenue from the following sources:

- 50 percent of the moneys earned from state public school lands in the form of rental income and mineral royalties;
- a portion of lottery proceeds; and
- interest earnings on the fund.

The BEST program also requires recipients to pay a portion of the cost of a project, unless a waiver is granted.

School District and BOCES Impact

To the extent that some school districts or BOCES may not meet the new test of financial health established under the bill, the amount of required matching funds may be reduced. However, since the total grant award amount in any given year is based on available program funds from the state, and a statutory limitation on the amount of COPs that can be issued, it is not anticipated that the number or amount of grant awards under the BEST program will change. This fiscal note assumes that the new factors of consideration established under the bill will offer the State Board of Education better information when making its grant funding recommendations.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Education
Treasurer

Personnel and Administration

State Auditor