

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2098H.01I
Bill No.: HB 1068
Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education
Type: Original
Date: April 17, 2023

Bill Summary: This proposal provides matching grant moneys to assist school districts with school safety construction projects.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue*	(\$10,102,013 up to \$16,215,583)	(\$10,118,102 up to \$16,252,006)	(\$10,119,319 up to \$16,256,423)
Total Estimated Net Effect on General Revenue	(\$10,102,013 up to \$16,215,583)	(\$10,118,102 up to \$16,252,006)	(\$10,119,319 up to \$16,256,423)

*Subject to an appropriation to fund the grant program.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
School Safety Construction Projects Matching Grant Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*Transfers in and distributions net to zero.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue	1 FTE up to 2 FTE	1 FTE up to 2 FTE	1 FTE up to 2 FTE
Total Estimated Net Effect on FTE	1 FTE up to 2 FTE	1 FTE up to 2 FTE	1 FTE up to 2 FTE

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Local Government	\$10,000,000 up to \$16,000,000	\$10,000,000 up to \$16,000,000	\$10,000,000 up to \$16,000,000

FISCAL ANALYSIS

ASSUMPTION

Section 160.670 – Sullivan School Safety Grant Program

Officials from the **Department of Elementary and Secondary Education (DESE)** estimate a potential cost that assumes 100 grants would be distributed annually, multiplied by a maximum grant award of \$160,000 (80% of the \$200,000 maximum project cost) for a total annual cost. Using a grant ranking system, and assuming that not all awards will be approved for \$160,000, estimated cost would be \$0 up to \$16,000,000.

DESE does not expect to be able to absorb the duties of creating grant guidelines, reviewing applications, follow up with schools, etc. with current staffing. At a minimum, DESE anticipates the need to add two (2) FTE for program implementation. One director FTE at a salary of \$74,794 + EE and one program specialist FTE at a salary of \$64,698 + Expense and Equipment.

Oversight notes an eligible project is one that does not exceed \$200,000. Matching grants are awarded on a sliding scale based on per-pupil expenditures. Oversight assumes the maximum grant amount authorized is 80% of \$200,000 per school district (for districts with the lowest one-third per-pupil expenditures). No more than 100 matching grants may be awarded per fiscal year. Therefore, Oversight will range a cost of \$10,000,000 (100 grants x 50% of \$200,000) up to \$16,000,000 (100 grants x 80% of \$200,000) in grants awarded per fiscal year, subject to appropriation. Oversight will also range the FTE needed by DESE from 1 FTE to 2 FTE.

Oversight assumes this proposal creates the School Safety Construction Projects Matching Grant Fund. For simplicity, Oversight assumes all funds appropriated will be used in the year in which they were received.

Officials from the **Office of the State Treasurer (STO)** did not respond to **Oversight's** request for fiscal impact for this proposal.

Oversight assumes STO is provided with core funding to handle a certain amount of activity each year. Oversight assumes STO could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, STO could request funding through the appropriation process.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE			
<u>Costs – DESE - \$160.670</u>			
Personnel Service	(\$53,915 up to \$116,243)	(\$65,345 up to \$142,282)	(\$65,998 up to \$145,127)
Fringe Benefits	(\$33,159 up to \$69,463)	(\$40,033 up to \$84,400)	(\$40,277 up to \$85,464)
Expense & Equipment	(\$14,939 up to \$29,876)	(\$12,724 up to \$25,325)	(\$13,044 up to \$25,831)
<u>Total Costs</u>	(\$102,013 up to \$215,583)	(\$118,102 up to \$252,006)	(\$119,319 up to \$256,423)
FTE Change	1 FTE up to 2 FTE	1 FTE up to 2 FTE	1 FTE up to 2 FTE
<u>Transfer Out – for grant distributions - \$160.670</u>	(\$10,000,000 Up to \$16,000,000)	(\$10,000,000 Up to \$16,000,000)	(\$10,000,000 Up to \$16,000,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$10,102,013 up to \$16,215,583)	(\$10,118,102 up to \$16,252,006)	(\$10,119,319 up to \$16,256,423)
Estimated Net FTE Change on General Revenue	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT – State Government</u> <u>– Continued</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
SCHOOL SAFETY CONSTRUCTION PROJECTS MATCHING GRANT FUND			
<u>Transfer In</u> – from General Revenue	\$10,000,000 up to \$16,000,000	\$10,000,000 up to \$16,000,000	\$10,000,000 up to \$16,000,000
<u>Costs</u> – for grant distributions	(\$10,000,000 up to \$16,000,000)	(\$10,000,000 up to \$16,000,000)	(\$10,000,000 up to \$16,000,000)
ESTIMATED NET EFFECT ON THE SCHOOL SAFETY CONSTRUCTION PROJECTS MATCHING GRANT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
SCHOOL DISTRICT			
<u>Revenue Gain</u> – matching grants for school safety construction projects - §160.670	\$10,000,000 up to \$16,000,000	\$10,000,000 up to \$16,000,000	\$10,000,000 up to \$16,000,000
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>\$10,000,000</u> up to <u>\$16,000,000</u>	<u>\$10,000,000</u> up to <u>\$16,000,000</u>	<u>\$10,000,000</u> up to <u>\$16,000,000</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill establishes the "Sullivan School Safety Grant" and the "School Safety Construction Projects Matching Grant" program.

This program will provide school districts an opportunity to apply for a matching grant for "eligible projects" not exceeding \$200,000 in total costs; such projects must be related to safety construction in the district that is designed to prevent intruders to a school.

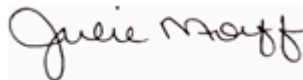
The bill outlines the application and notification process and authorizes the Department of Elementary and Secondary Education to review applications and determine grant recipients. Grant award calculations are outlined in the bill and the matching amount districts must provide is based on the districts per-pupil expenditures as outlined in the bill. The bill limits the number of grants to 100, and the Department may assign priority status to districts that demonstrate need for physical security enhancements.

The bill creates the "School Safety Construction Projects Matching Grant Fund" and requires that the program will sunset August 28, 2029.

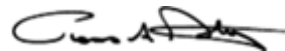
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Office of the Secretary of State
Joint Committee on Administrative Rules



Julie Morff
Director
April 17, 2023



Ross Strobe
Assistant Director
April 17, 2023