

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4402-01
Bill No.: HB 1532
Subject: Economic Development Department; Education, Elementary and Secondary.
Type: Original
Date: March 9, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue Fund	\$0 or (UNKNOWN)	\$0 or (UNKNOWN)	\$0 or (UNKNOWN)

* Partially subject to appropriation - could exceed \$100,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Economic Development Through Community School Fund **	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

** Potential income and expenses that offset.

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Treasurer** assume the proposal would not fiscally impact their agency.

Officials from the **Department of Elementary and Secondary Education (DESE)** state they have no way to estimate the number of school districts that would participate. Even if only one school participated, the costs of this proposal would be significant.

DESE estimates the fiscal impact to be an unknown amount of costs to the General Revenue fund as payments to local school districts through the new fund for operation of building facilities. DESE assumes a corresponding unknown amount of income to the local school districts that would receive these funds.

Officials from the **Department of Economic Development (DED)** state they would be required to work with the Department of Elementary and Secondary Education to distribute appropriated funds to certain schools during years where there was funding appropriated and the funding level for normal school foundation funding dropped below 95%. It is uncertain how much involvement would be required and/or how it would be determined how much would be distributed by DED to each school. DED assumes the need for personnel, expenses & equipment

ASSUMPTION (continued)

but the amount would be unknown and largely dependant on the size of the appropriations to the Economic Development Through Community Schools Fund and the number of applications for funding from this source.

Oversight assumes the possible transfer into the Economic Development Through Community Schools Fund from the General Revenue Fund would be either \$0 (if the foundation formula is funded at a rate more than 95%) or an unknown amount, subject to appropriation. Oversight also assumes DED would not incur additional costs unless money was appropriated by the General Assembly to the new fund. Therefore, Oversight will also range the expenses of DED from \$0 to (Unknown).

Oversight also assumes DED would distribute all of the proceeds that are appropriated to the Economic Development Through Community Schools Fund to the local school districts in the same year.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
GENERAL REVENUE			
<u>Costs</u> - Department of Economic Development (DED)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Transfer Out</u> - to the Economic Development Through Community Schools Fund *	<u>\$0 or</u> (Unknown)	<u>\$0 or</u> (Unknown)	<u>\$0 or</u> (Unknown)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0 or</u> <u>(UNKNOWN)</u>	<u>\$0 or</u> <u>(UNKNOWN)</u>	<u>\$0 or</u> <u>(UNKNOWN)</u>

* Subject to appropriation

FISCAL IMPACT - State Government
 (continued)

FY 2005
 (10 Mo.)

FY 2006

FY 2007

**ECONOMIC DEVELOPMENT
 THROUGH COMMUNITY
 SCHOOLS FUND**

Transfer In - from General Revenue * \$0 or Unknown \$0 or Unknown \$0 or Unknown

Costs - Disbursements to local school districts \$0 or
 (Unknown) \$0 or
 (Unknown) \$0 or
 (Unknown)

**ESTIMATED NET EFFECT TO THE
 ECONOMIC DEVELOPMENT
 THROUGH COMMUNITY
 SCHOOLS FUND**

\$0

\$0

\$0

* Subject to appropriation

FISCAL IMPACT - Local Government

FY 2005
 (10 Mo.)

FY 2006

FY 2007

LOCAL SCHOOL DISTRICTS

Income - from the state's economic development through community school fund \$0 or Unknown \$0 or Unknown \$0 or Unknown

**ESTIMATED NET EFFECT TO
 LOCAL SCHOOL DISTRICT**

\$0 or
UNKNOWN

\$0 or
UNKNOWN

\$0 or
UNKNOWN

FISCAL IMPACT - Small Business

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

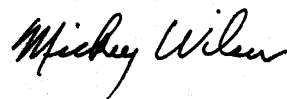
DESCRIPTION

This proposal permits schools in second, third, and fourth classification counties and in distressed communities to apply to the Department of Economic Development for funds to preserve a school when it is the only school serving those grades in the community. Schools may apply for building operation and maintenance funds in years when the school aid formula is funded at less than 95%. The Department of Elementary and Secondary Education will notify the Department of Economic Development when a year will qualify. The proposal creates the Economic Development Through Community Schools Fund to be administered by the Department of Economic Development in conjunction with the Department of Elementary and Secondary Education.

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 Economic Development
Department of Elementary and Secondary Education
Office of the State Treasurer



Mickey Wilson, CPA
Director
March 9, 2004