

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4465-01
Bill No.: HB 1496
Subject: Education, Elementary and Secondary: Elementary and Secondary Education
Dept; Employees - Employers; Labor and Industrial Relations Dept
Type: Original
Date: February 23, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 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	Unknown	Unknown	Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume passage of this proposal would require zero increase in state cost and has the added benefit of reducing public school district facility construction costs significantly (potentially 15%-40%). A statewide survey of school district facility needs conducted in February 2000 found that the age of the facilities exceeded 30 years for 64% of the school buildings reported. 25% of the school buildings exceeded 50 years of age and 12% exceeded 70 years. This report estimated current building costs for required repairs, renovation, modernization and new construction to exceed \$4 billion. DESE assumes if the passage of this proposal reduced the school district facility cost by 15%, the cost savings could be \$600 million, spread over a number of years.

Officials from the **Department of Labor and Industrial Relations** indicated this proposal would have no fiscal impact on their agency.

Officials from the **Mexico Public Schools** stated that, typically, their district anticipates doing a million dollars worth of construction each year. Assuming a savings of 5 to 10%, the district could realize a savings of \$50,000 to \$100,000 per million.

Officials from the **Kansas City Missouri School District** assume this proposal would reduce the cost of construction contracts.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
SCHOOL DISTRICTS			
<u>Savings</u> - Construction costs	Unknown	Unknown	Unknown
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<u>FISCAL IMPACT - Small Business</u>			

Small businesses in the construction industry could be fiscally impacted as a result of this proposal.

DESCRIPTION

This proposal would allow a school district to exempt itself, for work done on behalf of a school, from the prevailing wage law upon a majority vote of the school board of such district.

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
Department of Labor and Industrial Relations
Kansas City Missouri School District
Mexico Public Schools

NOT RESPONDING

St Louis Public Schools
Columbia Public Schools
Parkway Public Schools
Nixa Public Schools

A handwritten signature in black ink that reads "Mickey Wilson". The signature is fluid and cursive, with the first name "Mickey" and last name "Wilson" clearly distinguishable.

Mickey Wilson, CPA
Director
February 23, 2004