

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3206-01
Bill No.: SB 765
Subject: Education, Elementary and Secondary; Capitol Improvements
Type: Original
Date: February 6, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$54,615,378)	(\$54,624,935)	(\$54,628,484)
Various Funds	(\$60,227,441)	(\$60,227,441)	(\$60,227,441)
School Building Revolving Fund	(\$4,638,155)	\$0	\$0
School Building Construction and Renovation Fund	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	(\$119,480,974)	(\$114,852,376)	(\$114,855,925)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
School Districts	(\$73,997,684)	(\$71,122,038)	(\$71,122,038)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **State Treasurer's Office (STO)** assume the proposal has no administrative impact to the STO, but indicates it does have significant fiscal and revenue impact to the state as the interest earnings of every state fund not Constitutionally created would be transferred to a newly created fund. STO estimated that \$116,712,964 would be transferred to the newly created School Building Construction and Renovation Fund from 104 interest earning funds (not created by the Constitution). The STO used cash interest allocations for Fiscal Year 2001. This transfer included \$54,485,524 transferred from the General Revenue Fund.

Officials from the **Secretary of State's Office (SOS)** assume the rules, regulations and forms issued by the Department of Elementary and Secondary Education require as many as 14 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the Missouri Register is \$23. The estimated cost of a page in the Code of State Regulations is \$27. The actual costs could be more or less the SOS's estimated cost of \$861 for FY 2002. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials of **Department of Elementary and Secondary Education (DESE)** estimated an average need of \$150,000,000 per year over a ten year period for construction and renovation projects.

DESE would request a Director and an Administrative Assistant and related expense and equipment as minimal staff needed to begin to carry out provisions of this proposal.

Various state agencies responded, indicating a significant fiscal impact on their agencies and programs.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
GENERAL REVENUE			
<u>Cost - Transfer interest to School Building and Renovation Fund</u>	(\$54,485,524)	(\$54,485,524)	(\$54,485,524)
<u>Cost - Department of Elementary and Secondary Education (DESE)</u>			
Salaries	(\$77,347)	(\$95,136)	(\$97,515)
Fringe Benefits	(\$25,780)	(\$31,709)	(\$32,502)
Equipment and Expense	(\$26,727)	(\$12,566)	(\$12,943)
<u>Total Cost - DESE</u>	<u>(\$129,854)</u>	<u>(\$139,411)</u>	<u>(\$142,960)</u>
ESTIMATED NET EFFECT TO GENERAL REVENUE	<u>(\$54,615,378)</u>	<u>(\$54,624,935)</u>	<u>(\$54,628,484)</u>
VARIOUS FUNDS			
<u>Cost - Transfer interest to School Building Construction and Renovation Fund</u>	<u>(\$60,227,441)</u>	<u>(\$60,227,441)</u>	<u>(\$60,227,441)</u>
SCHOOL BUILDING CONSTRUCTION AND RENOVATION FUND			
<u>Income - Transfer from School Building Revolving Fund</u>	\$4,638,155		
<u>Income - Transfer interest from General Revenue</u>	\$54,485,524	\$54,485,524	\$54,485,524
<u>Income - Transfer from Various Funds</u>	<u>\$60,227,441</u>	<u>\$60,227,441</u>	<u>\$60,227,441</u>
	\$119,351,120	\$114,712,965	\$114,712,965
<u>Costs - Matching Grants</u>	<u>(\$119,351,120)</u>	<u>(\$114,712,965)</u>	<u>(\$114,712,965)</u>
ESTIMATED NET EFFECT ON SCHOOL BUILDING CONSTRUCTION AND RENOVATION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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SCHOOL BUILDING REVOLVING FUND

<u>Cost - Transfer to School Building Construction and Renovation Fund</u>	<u>(\$4,638,155)</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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SCHOOL DISTRICTS

<u>Income - Grants</u>	\$119,351,120	\$114,712,965	\$114,712,965
<u>Costs - Grant Matches</u>	(\$73,997,694)	(\$71,122,038)	\$71,122,038
<u>Costs - Construction and Renovations</u>	<u>(\$119,351,120)</u>	<u>(\$114,712,965)</u>	<u>(\$114,712,965)</u>
	<u>(\$193,348,814)</u>	<u>(\$185,835,003)</u>	<u>(\$185,835,003)</u>

ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>(\$73,997,694)</u>	<u>(\$71,122,038)</u>	<u>(\$71,122,038)</u>
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FISCAL IMPACT - Small Business

Small businesses could be impacted with in increase in construction related business as a result of this proposal.

DESCRIPTION

This proposed legislation eliminates the School Building Revolving Fund and creates the School Building Construction and Renovation Fund. All moneys in the School Building Revolving Fund on August 28, 2002, would be transferred to the School Building Construction and Renovation Fund. The interest accruing to all state funds, other than funds created by the Missouri Constitution, shall be transferred quarterly to the newly created School Building Construction and Renovation Fund.

The proposal would provide priorities for projects to receive grants and specify that facilities built or renovated with grant funds remain the responsibility of school districts.

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

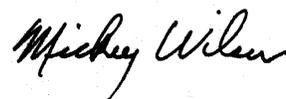
SOURCES OF INFORMATION

Office of State Treasurer
Department of Mental Health
Department of Natural Resources
Department of Agriculture
Missouri Lottery
Department of Transportation
Department of Revenue
Office of State Courts Administrator
Department of Insurance
Office of Prosecution Services
Office of Administration
 Ethics Commission
Public School Retirement System
State Tax Commission
Department of Labor and Industrial Relations
Office of Lieutenant Governor
Non-Teacher School Employee Retirement System
Department of Elementary and Secondary Education

Missouri Consolidated Health Care Plan
Department of Public Safety
 Missouri State Water Patrol
 Office of the Adjutant General
 Missouri State Highway Patrol
Office of Attorney General
Coordinating Board of Higher Education
Office of Secretary of State
Administrative Rules Division
House of Representatives
Office of State Auditor
Department of Social Services
Department of Conservation
Missouri Gaming Commission
Department of Health and Senior Services

Not responding

Office of Administration
 Budget and Planning
 Administrative Hearing Commission
Department of Economic Development
Department of Corrections
Missouri Veterans Commission
Missouri Senate Administration



Mickey Wilson, CPA
Acting Director
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