

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0237-02
Bill No.: HB 320
Subject: Education, Elementary and Secondary: Elementary and Secondary Education
Dept
Type: Original
Date: February 10, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
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 2004	FY 2005	FY 2006
Total Estimated Net Effect on All Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
School Districts	Expected to Exceed \$100,000	Expected to Exceed \$100,000	Expected to Exceed \$100,000

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** indicated that there would be no fiscal impact to their agency. DESE further states that the proposal would give local school districts greater purchasing flexibility and would save advertising costs. DESE was unable to determine an estimate of savings, but indicated that it could be a significant amount.

Officials from the **Saint Louis Public Schools** stated that there could be slight advertising savings based on the revised minimum bid amount and reduced time to advertise. However, these savings might be offset by escalating advertising costs in newspapers of general circulation.

Officials from the **Parkway C-2 School District** indicated a minimum annual savings of \$15,000 would result from this proposal, primarily due to the cost of advertising. This savings would depend upon how many projects in that cost range are planned, which might vary significantly over time.

Officials from the **Kansas City, Missouri School District** and from the **Nixa R-II School District** did not specifically indicate a savings realization, but based on their responses, **Oversight** assumes potential savings to these districts.

ASSUMPTION (continued)

Officials from the **Belton School District** stated that savings to the school districts would come from the following areas: 1) Fewer advertisements that cost at least \$150 per ad or \$300 per bid; 2) Reduced labor in preparing, receiving, and archiving bids; 3) Greater efficiency in responding to needs by reducing time lost to bidding process.

Oversight assumes that, even with minimal savings to individual school districts, the total savings could exceed \$100,000 annually.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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SCHOOL DISTRICTS

Savings - Decreased costs of advertising for competitive bids for school construction projects

Expected to Exceed <u>\$100,000</u>	Expected to Exceed <u>\$100,000</u>	Expected to Exceed <u>\$100,000</u>
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ESTIMATED NET EFFECT ON SCHOOL DISTRICTS

<u>Expected to Exceed</u> <u>\$100,000</u>	<u>Expected to Exceed</u> <u>\$100,000</u>	<u>Expected to Exceed</u> <u>\$100,000</u>
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FISCAL IMPACT - Small Business

Small businesses dealing in advertising could experience a negative fiscal impact due to reduced advertising requirements.

DESCRIPTION

This proposal raises from \$12,500 to \$25,000 the threshold requiring bids for school construction projects. It clarifies that the two-successive-week advertisement requirement is met with advertisements on two days within the two successive weeks and that advertising may be in business or trade papers.

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
Kansas City, Missouri School District
St Louis Public Schools
Parkway C-2 School District
Belton School District
Nixa R-II School District



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Director
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