

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4809-02
Bill No.: SB 1170
Subject: Education, Elementary and Secondary; Board, Commissions, Committees,
 Councils
Type: Original
Date: March 31, 2008

Bill Summary: Creates the Rebuild Missouri Schools Program to allows loans to rebuild certain damaged school facilities.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|---|---|---|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| General Revenue | (Not expected to exceed \$100,000) | (Not expected to exceed \$100,000) | (Not expected to exceed \$100,000) |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | (Not expected to exceed \$100,000) | (Not expected to exceed \$100,000) | (Not expected to exceed \$100,000) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| Rebuild Missouri Schools Program Fund* | \$0 | \$0 | \$0 |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds* | \$0 | \$0 | \$0 |

*Offsetting transfers in and distributions are not expected to exceed \$100,000 each year.
 Numbers within parentheses: () indicate costs or losses. This fiscal note contains 6 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| Local Government* | \$0 | \$0 | \$0 |

* Offsetting income and costs are not expected to exceed \$100,000 each year.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Treasurer** state this proposal will have no fiscal impact on their agency.

Officials from the **Office of Secretary of State (SOS)** assume 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 to the SOS office for Administrative Rules for this proposal is less than \$2,500. The SOS recognizes this is a small amount and does not expect additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed in a given year and that collectively the costs may be in excess of what the SOS can sustain with their core budget. Any additional required funding would be handled through the budget process.

Officials from the **Department of Elementary and Secondary Education** state the costs of this proposal cannot be estimated. Any impact would depend upon the extent to which school facilities sustain uninsured damage or destruction due to an act of God or extreme weather events.

Officials from the **Springfield School District** state that recent damage to a district building resulted in a \$20,000 insurance deductible.

Officials from the **Francis Howell School District** state that 75% of Missouri school districts belong to the Missouri United School Insurance Council (MUSIC) and deductibles are \$1,000. They estimate that the likelihood of many districts meeting the criteria set out in the proposal in any given year would be small and the total out of pocket costs to school districts would be minimal. **Oversight** notes that, according to the MUSIC web site, 87% of the districts in the state are members.

Officials from the **Poplar Bluff School District** assume fiscal impact would be minimal.

Oversight assumes the assistance provided by this proposal is limited to a school district facility that has experienced at least fifty percent damage or destruction, as calculated or determined by the Federal Emergency Management Agency, due to an act of God or extreme weather events, including but not limited to tornado, flood, or hail. Only the portion of a project that is not covered by insurance or other public or private emergency assistance is eligible for the

ASSUMPTION (continued)

no-interest loans provided for in this proposal. Fiscal impact is unknown, but in any given year, **Oversight** assumes the impact would not exceed \$100,000.

| | | | |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - State Government</u> | FY 2009 (10 Mo.) | FY 2010 | FY 2011 |
|---|---------------------|---------|---------|

GENERAL REVENUE

| | | | |
|---|---|---|---|
| <u>Cost - Department of Elementary and Secondary Education - Funding for Rebuild Missouri Schools Program</u> | (Not expected to exceed <u>\$100,000</u>) | (Not expected to exceed <u>\$100,000</u>) | (Not expected to exceed <u>\$100,000</u>) |
|---|---|---|---|

| | | | |
|--|--|--|--|
| ESTIMATED NET EFFECT ON GENERAL REVENUE | <u>(Not expected to exceed \$100,000)</u> | <u>(Not expected to exceed \$100,000)</u> | <u>(Not expected to exceed \$100,000)</u> |
|--|--|--|--|

REBUILD MISSOURI SCHOOLS PROGRAM FUND

| | | | |
|---|--|--|--|
| <u>Transfer In - Appropriation for no-interest loans to certain schools</u> | Not expected to exceed <u>\$100,000</u> | Not expected to exceed <u>\$100,000</u> | Not expected to exceed <u>\$100,000</u> |
|---|--|--|--|

| | | | |
|---|---|---|---|
| <u>Transfer Out - Distribution to school districts as no-interest loans</u> | (Not expected to exceed <u>\$100,000</u>) | (Not expected to exceed <u>\$100,000</u>) | (Not expected to exceed <u>\$100,000</u>) |
|---|---|---|---|

| | | | |
|--|-------------------|-------------------|-------------------|
| ESTIMATED NET EFFECT ON MISSOURI SCHOOLS PROGRAM FUND | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
|--|-------------------|-------------------|-------------------|

| <u>FISCAL IMPACT - Local Government</u> | FY 2009 (10 Mo.) | FY 2010 | FY 2011 |
|---|---|---|---|
| LOCAL POLITICAL SUBDIVISIONS | | | |
| <u>Income</u> - School Districts - No-interest loans for rebuilding school facilities | | | |
| | Not expected to exceed \$100,000 | Not expected to exceed \$100,000 | Not expected to exceed \$100,000 |
| <u>Cost</u> - School Districts - Building repairs or construction | | | |
| | (Not expected to exceed <u>\$100,000</u>) | (Not expected to exceed <u>\$100,000</u>) | (Not expected to exceed <u>\$100,000</u>) |
| ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

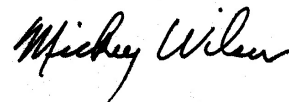
This proposed legislation creates the Rebuild Missouri Schools Program. The state board of education will distribute no-interest loans with a twenty-year repayment agreement to school districts that have school facilities located in an area declared a disaster area by the Governor or President that have experienced at least 50% damage or destruction as calculated by the Federal Emergency Management Agency due to an act of God as described in the proposal. Loans may only be distributed for portions of emergency projects for school facilities that are not covered by insurance or other public or private emergency assistance.

The provisions of this proposal will expire in six years unless reauthorized.

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 Secretary of State
 Administrative Rules Division
Office of State Treasurer
School Districts
 Springfield
 Francis Howell
 Poplar Bluff



Mickey Wilson, CPA
Director
March 31, 2008