

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1234-02
Bill No.: HCS for SB 206
Subject: Elementary and Secondary Education; Construction and Building Codes; State Departments
Type: Original
Date: April 25, 2019

Bill Summary: The proposal modifies provisions relating to contracts for government facilities.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	Unknown to (Unknown, Could exceed \$3,000)	Unknown to (Unknown)	Unknown to (Unknown)
Total Estimated Net Effect on General Revenue	Unknown to (Unknown, Could exceed \$3,000)	Unknown to (Unknown)	Unknown to (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	\$0 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 8.231

In response to a similar proposal, HB 717 (2019), officials from the **Office of Administration - Facilities Management Design and Construction (FMDC)** assumed the impact of this legislation is unknown because it is uncertain if FMDC will enter into additional energy saving performance contracts in the future or what the terms of any future contracts will be. FMDC prefers to engage in energy saving projects with funds appropriated for that purpose, rather than borrowing money to fund energy saving performance contracts that must be paid back over an extended period. In addition, energy saving performance contracts do not guarantee actual cost savings to FMDC. Cost savings are typically tracked by contractually agreed-upon or stipulated measurements, not actual cost. Engaging an energy service company to perform work at State facilities adds a layer of cost and oversight, and FMDC has engineers and other professional staff who work to find and implement energy conservation measures in state facilities.

Oversight notes that FMDC has stated energy performance contracts do not guarantee actual cost savings and is unsure if FMDC will enter into additional energy saving performance contracts in the future. FMDC also stated that engaging in energy service companies adds a layer of cost and oversight for FMDC staff. Oversight does not have any information to the contrary. Therefore, Oversight will range fiscal impact of a savings of \$0 to Unknown (contracting with energy performance companies) and also a cost of \$0 to (Unknown) (cost and oversight for implementing energy conservation measures) to the General Revenue Fund.

In response to a similar proposal, HB 717 (2019), officials from the **Office of Administration - Budget and Planning (B&P)** assumed this proposal:

- has no direct impact on B&P.
- has no direct impact on general and total state revenues.
- will not impact the calculation pursuant to Art. X, Sec. 18(e).

In response to a similar proposal, HB 717 (2019), officials from the **Department of Insurance, Financial Institutions and Professional Registration, the Department of Corrections** and the **Department of Mental Health** each deferred to the Office of Administration to estimate the fiscal impact of the proposed legislation on their respective organizations.

Officials from the **Legislative Research, Office of the State Courts Administrator, Missouri Consolidated Health Care Plan, Department of Public Safety (State Emergency Management Agency, Gaming Commission, Capitol Police and Fire Safety), Missouri Tax Commission, Joint Committee on Administrative Rules, Office of Prosecution Services,**

ASSUMPTION (continued)

Office of the State Treasurer, State Public Defender’s Office, Missouri State Employee's Retirement System, Office of the Governor, Missouri Lottery Commission, Department of Revenue and Office of the State Auditor each assume the proposal will have no fiscal impact on their respective organizations.

In response to a similar proposal, HB 717 (2019), officials from the **Attorney General’s Office, Department of Agriculture, Department of Economic Development (Public Service Commission, Office of the Public Council, and the Division of Energy), Department of Elementary and Secondary Education, Department of Higher Education, Department of Health and Senior Services, Department of Natural Resources, Department of Labor and Industrial Relations, Department of Public Safety (Office of the Director, Alcohol & Tobacco Control, Missouri Highway Patrol, Missouri National Guard and the Veterans Commission), Missouri Department of Conservation, Missouri Ethics Commission, Missouri House of Representatives, Office of the Lieutenant Governor, Department of Transportation, MoDOT & Patrol Employees’ Retirement System, Office of Administration (Administrative Hearing Commission), Missouri Senate, and the Office of the Secretary of State** each assumed the proposal would have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Officials from the **City of Kansas City, City of Columbia and University of Central Missouri** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a similar proposal, HB 717 (2019), officials from the **University of Missouri, Missouri State University, Technical College of Missouri, Kansas City, Greene County and Monroe County** each assumed the proposal would have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned entities have stated the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note. For these agencies

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other colleges and universities, cities and counties were requested to

ASSUMPTION (continued)

respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

Sections 167.2000 to 167.2020

In response to a similar proposal, HB 592 (2019), officials from the **Department of Elementary and Secondary Education (DESE)** assumed the proposal would result in no cost to the department.

In response to a similar proposal, HB 592 (2019), officials from the **Office of the Attorney General, Missouri Senate and Missouri House of Representatives** each assumed the proposal would have no fiscal impact on their respective organizations.

In response to a similar proposal, HB 592 (2019), officials from the **Springfield Public Schools** assumed this proposal would cost \$20,000 for parent notification.

Oversight received a limited number of responses from local education agencies related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information that we have. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Oversight notes that one school district has responded to our request for fiscal impact and stated the proposal could result in costs to the district. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a range of impact from \$0 (no data security breach) to an unknown cost to school districts.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other school districts were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

The proposal creates a fourteen member task force in Section 167.2020. Oversight will assume the task force may incur expenses (such as travel reimbursement) in FY 2020 and will reflect a cost of \$3,000 to the General Revenue Fund.

Section 177.086

In response to a previous version, SB 206 (2019), officials from the **Department of Elementary and Secondary Education** assumed the proposal would result in no cost to their organization.

ASSUMPTION (continued)

In response to a previous version, SB 206 (2019), officials from the **Francis Howell School District** assumed this proposal would have a minimal positive fiscal impact for district, as we would have to publish bid notices less frequently.

In response to a previous version, SB 206 (2019), officials from the **Springfield Public Schools** assumed a minimal unknown savings and no cost to the district.

In response to a previous version, SB 206 (2019), officials from the **Wellsville-Middletown R-1 School District** assumed this proposal would have the potential to have a positive fiscal impact on the district.

In response to a previous version, SB 206 (2019), officials from the **KIPP St. Louis Charter School** assumed the proposal would have no fiscal impact on their organization.

Oversight assumes there could be a savings to school districts that are no longer required to advertise in the newspaper for certain projects. Oversight will show a fiscal impact of \$0 (no qualifying projects) to an unknown savings.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other school districts were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
<u>Savings - FMDC</u>			
Energy Savings Performance Contracts §8.231	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Cost - FMDC</u>			
Cost and Oversight to FMDC Staff to implement energy conservation measures §8.231	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Costs - of Task Force to study issues relating to student data privacy §167.2020</u>	<u>(\$3,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	Unknown to (Unknown, Could exceed <u>\$3,000</u>)	Unknown to (Unknown)	Unknown to (Unknown)
<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
SCHOOL DISTRICTS			
<u>Cost - parent notification of data breach §167.2015</u>	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Savings - no longer required to advertise in the newspaper for certain projects §177.086</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>\$0 or Unknown to (Unknown)</u>	<u>\$0 or Unknown to (Unknown)</u>	<u>\$0 or Unknown to (Unknown)</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Section 8.231

Currently, a governmental unit is required to award a contract to a qualified provider if, among other things, it finds that the amount it would spend on the energy cost savings measures recommended in the proposal would not exceed the amount of energy or operational savings, or both, within a 15-year period from the date installation is complete, if the recommendations in the proposal are followed. This bill extends the time frame to a 25-year period.

The bill also modifies the definition of "energy cost savings measure" to include a training program or facility improvement, modernization, system replacement, or building replacement, including any of the following:

- (1) Roofing, exterior building, envelope, and piping;
- (2) Domestic water, sewer, and domestic hot water system improvements;
- (3) Indoor swimming pool improvements; and
- (4) Any security or safety improvement that provides long term operating cost reduction and improves the safety of the building occupants.

Sections 167.2000 to 167.2020

This bill establishes procedures governing the use of and access to student data by third parties. Beginning August 28, 2019, any time a school provides access to student data to a contractor, the contractor shall agree to a written contract with the school governing the contractor's access to and use of student data. A contractor shall maintain security practices designed to protect student data. The school shall notify students and parents whose data is affected by the contract.

The bill also requires the operators of school websites that collect, maintain, or use student data to maintain security practices designed to protect student data. Operators are prohibited from keeping or using student data except for authorized purposes specified in the bill.

The bill requires notification of the school and affected students and parents if security breaches cause the unauthorized disclosure of student data.

FISCAL DESCRIPTION (continued)

The bill also establishes a task force to study issues relating to student data privacy. The members of the task force are specified in the bill and include two members appointed by the Speaker of the House of Representatives. The task force must submit a report to the Joint Committee on Education before January 31, 2020.

Section 177.086

Currently, any school district authorizing the construction of facilities that may cost more than \$15,000 shall advertise in a newspaper and comply with certain bidding requirements. This act increases that amount to \$25,000.

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

Attorney General's Office
Department of Agriculture
Department of Economic Development
 Public Service Commission
 Office of the Public Council
 Division of Energy
Department of Elementary and Secondary Education
Department of Higher Education
Department of Health and Senior Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Mental Health
Department of Natural Resources
Department of Corrections
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety
 Office of the Director
 Division of Alcohol and Tobacco Control
 Capitol Police
 Fire Safety
 Missouri Gaming Commission
 Missouri Highway Patrol
 State Emergency Management Agency

SOURCES OF INFORMATION (continued)

Veterans Commission
Department of Social Services
Office of the Governor
Joint Committee on Administrative Rules
Missouri Lottery Commission
Legislative Research
Missouri Consolidated Health Care Plan
Missouri Department of Conservation
Missouri Ethics Commission
Missouri House of Representatives
Department of Transportation
Office of Prosecution Services
Missouri State Employee's Retirement System
MoDOT & Patrol Employees' Retirement System
Office of Administration
Office of the State Courts Administrator
Office of the State Auditor
Missouri Senate
Office of the Secretary of State
Office of the State Public Defender
Office of the State Treasurer
State Tax Commission
University of Missouri
Missouri State University
State Technical College of Missouri
Kansas City
Greene County
Monroe County



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