

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 07-0395
Prime Sponsor(s): Sen. Schwartz
Rep. Massey

Date: January 28, 2007
Bill Status: Senate Education
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TITLE: CONCERNING THE CREATION OF THE “PUBLIC SCHOOL FACILITIES EQUITY ACT” TO ADDRESS THE CAPITAL CONSTRUCTION NEEDS OF COLORADO PUBLIC SCHOOLS.

Fiscal Impact Summary	FY 2007-2008	FY 2008-2009
State Revenue	\$ 0	\$ 0
State Expenditures		
Cash Funds - School Construction and Renovation Fund	\$ 168,729	\$ 12,316,942
FTE Position Change	2.0 FTE	2.0 FTE
Effective Date: July 1, 2007.		
Appropriation Summary for FY 2007-2008: See State Appropriations section.		
Local Government Impact: See School District Impact section.		

Summary of Legislation

This bill, the Public School Facilities Equity Act, creates the 14-member Advisory Committee for Public School Capital Construction and stipulates the composition of the committee. The purpose of the advisory committee is to provide the State Board of Education with recommendations on how to update and maintain school facilities. It is also responsible for reviewing yearly grant applications and making recommendations on grant awards. Committee members are to serve without compensation but are eligible to receive reimbursement for travel and expenses incurred carrying out official duties.

The advisory committee is required to formulate and propose rules for a minimum facilities standard to the State Board of Education. On or before July 1, 2008, the board will consider the proposed rules when establishing a uniform statewide minimum facility and safety standard. This standard will be used to set state funding assistance qualifications. The bill lists the factors that should be included in the development of the standard. Broadly, these factors include the following:

- the facility's suitability to the student population;
- the ability of the facility to meet health, safety, and special needs;
- the building's functionality both in the classroom and in the other services it provides the students and staff; and
- the method of determining whether renovation, replacement, or discontinuation is the best option for a particular facility.

Beginning on July 1, 2008, the advisory committee is also responsible for overseeing a statewide needs assessment. The needs assessment will examine every school facility in the state to determine its condition and utility. The assessment must incorporate the minimum statewide facility standards developed by the advisory committee. Information collected in the needs assessment will be used in determining the funding priority of facilities projects. The Colorado Department of Education (CDE) will establish and maintain a database of the facility conditions. Information gathered will be updated by performing a new needs assessment at least every five years.

The bill requires that sufficient staff be provided to the advisory committee to perform the following duties:

- provide assistance to districts applying for grants and to the committee in reviewing and making recommendations on grants;
- help with the development, implementation, and oversight of the statewide minimum uniform standards;
- help with the development, implementation, and oversight of the statewide school facilities needs assessment; and
- assist in project management and cost reduction efforts for charter schools and districts too small to have in-house expertise.

State Revenues

The source of revenue for this bill is the School Construction and Renovation Fund. The School Construction and Renovation Fund is established to provide grants to school districts that are undertaking construction or renovation projects. The fund may also be used to cover expenses associated with the grant program. Typically, moneys received by the fund are subsequently provided to schools with capital construction needs. Section 24-75-201.1 (4)(b)(V), C.R.S., identifies a General Fund appropriation to the fund of \$10.0 million. This appropriation is subject to approval by the General Assembly annually and was \$15.4 million in FY 2006-07.

State Expenditures

This bill will increase state expenditures by \$168,729 and 2.0 FTE in FY 2007-08 and \$12,316,942 and 2.0 FTE in FY 2008-09. The expenditure increase in FY 2007-08 is for contract staff necessary to help smaller school districts to manage their construction projects. FY 2008-09 expenditures include contract staff plus costs to implement the needs assessment. Refer to Table 1 and the discussion that follows for more detail on the expenditures.

Table 1. Total Costs Under SB07-041		
Cost Components	FY 2007-08	FY 2008-09
Personal Services (2.0 FTE - Senior Consultant)	\$116,667	\$116,667
Operating and Capital Expenses	7,010	1,000
Travel Expenses	38,275	38,275
Legal Services - to Department of Law	6,777	0
Needs Assessment	0	12,161,000
Total Expenditures	\$ 168,729	\$ 12,316,942
FTE	2.0	2.0

Advisory Committee Staff— The advisory committee staff will help to develop the minimum facility standards, implement the state school facilities assessment, and aid in the grant process. New to the department is the responsibility for assisting smaller school districts with construction project oversight. It is estimated that the department will require 2.0 FTE at a Senior Consultant level. This staffing increase is based on the expectations that: (1) roughly \$20 million will be available for school district facility construction awards, and (2) historical data regarding the distribution of grant money. Staffing needs will increase or decrease based on the availability of construction funds.

Implementation of the School Facility Needs Assessment — The cost of the needs assessment is highly dependent on the requirements developed by the advisory committee for minimum facility standards. The more rigorous the standards, the more rigorous and costly the needs assessment will be. Estimates based on similar assessments from other states, adjusted to the square footage found in the Colorado school system, range from \$6.4 to \$12.2 million. The \$6.4 million assessment is based on a program implemented in Massachusetts. The more thorough assessment is based on a program in Arkansas and would cost \$12.2 million. This fiscal note assumes that the more thorough needs assessment will be used. Note that the first year costs for the needs assessment are predicted to be significantly higher as the implementation procedures, database system, and baseline measures must all be developed. Future assessments are anticipated to cost less.

Legal Services — The bill requires the State Board of Education to promulgate rules for the minimum facilities standards. In FY 2007-08, the Department of Education will require 100 hours of legal services from the Department of Law to assist in the rule-making process. While not considered in this fiscal note, should litigation result from the creation of minimum standards, attorney general services may be required to defend the state.

Additional Considerations — SB07-041 establishes that the members of the committee can be reimbursed for reasonable expenses. It is anticipated that these expenses will be minimal and can be covered by existing program administration funds.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, funding for the items noted below will not be included in fiscal note expenditure estimates.

- group health, life and dental insurance
- inflation indices
- amortization equalization disbursements
- supplemental amortization equalization disbursements
- short-term disability
- leased space
- indirect costs

School District Impact

This bill has a school district impact as each district will be required to assist in the collection and maintenance of school facility data. The largest burden on the school districts will come in the first year for the initial school assessments. After the initial assessment, school districts will be required to continually maintain the school assessment database and participate in the five-year follow-up assessments.

State Appropriations

In FY 2007-08, this bill requires a cash funds exempt appropriation of \$168,729 and 2.0 FTE from the School Construction and Renovation Fund to the Department of Education. From this amount, the Department of Law will require an appropriation of \$6,777.

Departments Contacted

Education

Legislative Council