



Colorado Legislative Council Staff Fiscal Note
**STATE and LOCAL
 FISCAL IMPACT**

Drafting Number: LLS 12-0160
Prime Sponsor(s): Sen. Schwartz
 Rep. Massey

Date: May 2, 2012
Bill Status: Senate Education
Fiscal Analyst: Alex Schatz (303-866-4375)

TITLE: CONCERNING GOVERNMENTAL OVERSIGHT OF PUBLIC SCHOOL CAPITAL CONSTRUCTION PROJECTS.

Fiscal Impact Summary	FY 2012-13	FY 2013-14
State Revenue <i>(reduction)</i>		
Cash Funds - Public School Construction & Inspection Cash Fund	(\$41,116)	(\$137,990)
State Expenditures <i>(reduction)</i>		
Cash Funds - Public School Construction & Inspection Cash Fund	(\$35,564)	(\$118,545)
FTE Position Change	(0.6 FTE)	(2.0 FTE)
Effective Date: July 1, 2012.		
Appropriation Summary for FY 2012-2013: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

This fiscal note is based on preliminary information received from the Department of Public Safety. The note will be revised if additional information alters the fiscal analysis.

Summary of Legislation

Under current law, school districts, including the state charter school institute and charter schools, may elect to comply with building and fire code requirements by submitting to either the Division of Fire Safety (DFS) in the Department of Public Safety or the local building department, provided that the local building department has been prequalified and executed a memorandum of understanding with the DFS. This bill eliminates the discretion of certain school districts to use the DFS compliance process. Under the bill, a public school district located entirely within one prequalified local building department jurisdiction is required to obtain plan reviews, inspections, building permits, and certificates of occupancy from the local building department.

Under current law, the Public School Capital Construction Assistance (PSCCA) board recommends awards and grants from the Building Excellent Schools Today (BEST) financial assistance fund. The bill bars individuals with a financial interest in projects funded by the PSCCA board from serving on that board. PSCCA board reporting requirements are altered to include new financial data, and information reported to the General Assembly committees must be made available online.

The director of the Division of Public School Capital Construction Assistance, also known as the BEST program, in the Department of Education, is added to the Board of Appeals in DFS, which hears appeals on building code matters under DFS jurisdiction.

Background

Under current law, DFS has prequalified local building departments in both large (e.g., Denver, Thornton) and smaller (e.g., Gypsum) local jurisdictions to conduct plan reviews and inspections and issue building permits and certificates of occupancy for public school construction projects. School construction projects subject to building code compliance under state or local oversight include projects funded by the BEST program.

The capital project cycle for school districts is oriented toward construction in the summer months, meaning that plan review and permitting for many FY 2012-13 projects will have occurred prior to the effective date of this bill.

State Revenues

The bill reduces fee revenue collected by the Department of Public Safety by \$41,116 in FY 2012-13 and by \$137,990 in FY 2013-14. The DFS assesses fees for building code-related services, set according to current law at a level that covers the expenses of the DFS public school construction and inspection program and deposited in the Public School Construction and Inspection Cash Fund. State revenue will be reduced by an amount equal to the reduction in state expenditures and expenditures not included, as detailed in those sections below.

State Expenditures

This bill reduces expenditures in the Department of Public Safety by \$35,564 and 0.6 FTE in FY 2012-13, and is estimated to reduce expenditures by \$118,545 and 2.0 FTE per year beginning in FY 2013-14. These reduced expenditures are summarized in Table 1.

Cost Components	FY 2012-13	FY 2013-14
Personal Services - <i>reduction</i>	(\$34,994)	(\$116,645)
FTE - Plans examiner - <i>reduction</i>	(0.3)	(1.0)
FTE - Inspector - <i>reduction</i>	(0.3)	(1.0)
Operating Expenses - <i>reduction</i>	(570)	(1,900)
TOTAL	(\$35,564)	(\$118,545)

This bill will increase the use of local building departments to conduct building code functions for public school projects, as opposed to the Department of Public Safety (DPS) performing these duties. Currently, the building departments of a significant number of local jurisdictions are prequalified to perform school building code functions; however, many school districts opt to use DFS despite a local option, either selectively or for all projects. As of July 1, 2012, the workload of DFS will decrease by 0.6 FTE as local school districts meeting the geographic conditions of the bill are compelled to use currently prequalified local building departments, eliminating the corresponding workload in DFS. The workload of DFS will decrease by an additional 1.4 FTE as:

- additional local building departments are prequalified by DFS; and
- a complete capital budget cycle is affected by the bill in FY 2013-14.

The fiscal note assumes that the full impact of the bill occurs by FY 2013-14. However, new prequalification of local building departments may occur over a longer span of time, with the aggregate impact of the bill following a similarly protracted schedule.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, the costs summarized in Table 2 will be addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill.

Table 2. Expenditures Not Included Under SB12-179*		
Cost Components	FY 2012-13	FY 2013-14
Employee Insurance (Health, Life, Dental, and Short-term Disability)	(\$3,686)	(\$12,285)
Supplemental Employee Retirement Payments	(1,866)	(7,160)
TOTAL	(\$5,552)	(\$19,445)

**More information is available at: <http://colorado.gov/fiscalnotes>*

Local Government Impact

This bill is expected to increase building department workload for local governments in equal degree, statewide, to the staff reduction at DFS. It is assumed that local governments already have inspection staff qualified to perform these tasks and will typically absorb additional workload with current resources. Local building department fees will increase, offsetting costs associated with new workload.

State Appropriations

For FY 2012-13, appropriations from the Public School Construction and Inspection Cash Fund to the Department of Public Safety should be *reduced* by \$35,564 and 0.6 FTE.

Departments Contacted

Education

Local Affairs

Public Safety

Revenue