

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 15-0385
Prime Sponsor(s): Sen. Donovan

Date: February 10, 2015
Bill Status: Senate Agriculture
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BILL TOPIC: ALTERNATIVE ENERGY FOR SCHOOLS GRANT PROGRAM

| Fiscal Impact Summary* | FY 2015-2016 | FY 2016-2017 |
|--|----------------------------------|----------------------------------|
| State Revenue | | |
| State Expenditures | <u>at least \$130,400</u> | <u>at least \$195,600</u> |
| General Fund | at least 130,400 | at least 195,600 |
| FTE Position Change | | |
| Appropriation Required: \$130,400 - Colorado Energy Office (FY 2015-16) | | |

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

The bill expands the scope of the Wind for Schools Grant Program in the Colorado Energy Office by:

- allowing grants for any type of alternative energy project at schools, rather than only wind energy projects;
- increasing the maximum grant amount from \$5,000 to \$15,000; and
- renaming the program the Alternative Energy for School Grant Program.

The bill also sets forth the goals of the program and the standards for evaluating grant applications, including the potential for reduced energy costs for schools and incorporation of the alternative energy project into the school curriculum.

Background

The Wind for School Grant Program was created in 2007 and dispersed 12 grants to schools totaling \$60,000 over several years. Previously, the grant program was funded primarily by federal American Recovery and Reinvestment Act (ARRA) money. This stream of federal revenue has ended and the state grant program is currently inactive.

State Expenditures

The bill increases General Fund expenditures in the Colorado Energy Office by at least \$130,400 in FY 2015-16 and \$195,600 in FY 2016-17 and future years. This estimate is based on the minimum amount necessary to create a viable grant program and includes a phase-in period in the first year as schools learn about the grant program and develop projects. The General Assembly may provide additional funding at its discretion in order for additional grants to be made. These costs are summarized in Table 1 and discussed below.

Assumptions. The fiscal note assumes that 8 grants will be awarded in the first year and 12 grants per year will be awarded in future years. The amount of each grant is assumed to be \$15,000 and the cost per grant review is assumed to be \$1,300. In addition, expanding the program to include additional types of renewable energy and increasing the award amount are assumed to increase the number of grant applications compared to the prior iteration of the program that funded only wind projects.

| Cost Components | FY 2015-16 | FY 2016-17 |
|--|-------------------|-------------------|
| Grants to Schools (\$15,000 x 8 in first year / 12 in second year) | \$120,000 | \$180,000 |
| Consultant Services (\$1,300 x 8 in first year / 12 in second year) | 10,400 | 15,600 |
| TOTAL | \$130,400 | \$195,600 |

Grants to schools. Based on the assumptions above, \$120,000 in grants will be awarded in the first year and \$180,000 will be awarded in subsequent years. If the General Assembly wishes to fund additional grants beyond the level assumed in the fiscal note, it may do so by appropriating additional funding to the program.

Consultant services. The Colorado Energy Office will use consulting staff to administer the grant program and review grant applications. Based on the number of grants assumed above, the cost of consultant services will be \$10,400 in the first year and \$15,600 in future years. Should additional funding be appropriated to provide more than 12 grants per year, the administrative costs will also increase beyond this estimate.

School District Impact

The bill increases revenue to schools that apply for and receive grants for alternative energy projects under the bill. Schools that choose to apply for grants will have costs to prepare and submit grant applications. Schools that implement alternative energy projects will likely have lower energy costs over the life of the project. The decision to apply for grants is at the discretion of schools.

Under current law, school districts and Boards of Cooperative Educational Services (BOCES) may submit estimates of fiscal impacts within seven days of a bill's introduction. As of the date of this fiscal note, no summaries of fiscal impacts were submitted by districts or BOCES for this bill. If summaries of fiscal impacts are submitted by districts or BOCES in the future, they will be noted in subsequent revisions to the fiscal note and posted at this address: <http://www.colorado.gov/lcs>.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

The Colorado Energy Office requires a General Fund appropriation of at least \$130,400 for FY 2015-16.

State and Local Government Contacts

Colorado Energy Office Education