

Department of Planning and Budget 2022 Fiscal Impact Statement

1. Bill Number: HB563

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: O'Quinn

3. Committee: Education

4. Title: School Construction Matching Grant Fund and Program; established; funding sources.

5. Summary: Establishes the School Construction Matching Grant Fund and Program for the purpose of awarding matching grants on a competitive basis to local school boards that demonstrate poor school building conditions, commitment, and need, based on certain enumerated factors, in order for such local schoolboards to fund the construction of new public school buildings in the local school division. The bill permits the Board of Education to transfer sums from the Literary Fund to the School Construction Matching Grant Fund and for the Department of Education to use such sums to provide matching grants pursuant to the Program.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Preliminary, see Item 8.

8. Fiscal Implications: The additional state cost for the School Construction Matching Grant Fund (Fund) cannot be determined, as any cost is dependent on the amount of funding appropriated by the General Assembly for such grants. Any funds transferred from the Literary Fund by the Board of Education to be disbursed from the proposed Fund as matching grants would not be repaid or “recirculate” to the Literary Fund for future use as loans for school construction and upgrades, thus reducing available funding in the Literary Fund for its existing loan program.

The Department of Education (DOE) can absorb the cost of developing and implementing the School Construction Matching Grant Program but estimates it will require \$25,000 annually to support staff needed to administer the program.

9. Specific Agency or Political Subdivisions Affected: Board of Education, Department of Education, local school divisions

10. Technical Amendment Necessary: No

11. Other Comments: The bill does not delineate any limitations on the Board of Education to transfer funding from the Literary Fund to the School Construction Matching Grant Program.

The state constitution requires a minimum balance of \$80 million be maintained in the Literary Fund.