

Department of Planning and Budget 2005 Fiscal Impact Statement

1. Bill Number HB1510

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron Shuler

3. Committee Appropriations

4. Title Public School Authority; grants for school construction.

5. Summary/Purpose: This bill authorizes the Virginia Public School Authority to issue bonds to fund grants to local school divisions in the total amount of \$1 billion to pay the costs of school construction, school renovation, and other school infrastructure projects. One-half of the grants (\$500 million) shall be distributed to each school division in an equal amount of \$3,676,471. The remaining one-half shall be distributed to each local school division on a set per pupil amount based on each school division's actual September 30, 2004, fall membership data as a proportion of total actual September 30, 2004, fall membership data for all school divisions.

6. Fiscal Impact (See #8.)

7. Budget amendment necessary: Yes, potentially if the issuance of the bonds is in the FY 2006 timeframe.

8. Fiscal implications: Funds for the payment of grants authorized under this act is to be provided from the issuance of bonds by the Virginia Public School Authority, with all bonds necessary to raise \$1 billion being issued no later than January 1, 2012. Implementation of this bill is contingent upon the inclusion of a debt service appropriation in the Appropriation Act. Assuming that the provisions of this bill become effective July 1, 2005, then an appropriation may be needed in both FY 2006 and FY 2007 but is dependent upon the timing of the debt issuance.

The annual cost of debt service, assuming four issuances at \$250 million each at 5.1 percent over 20 years, is estimated at \$20.6 million per issuance (with a potential cost estimated at \$82.4 million per year when the entire \$1 billion has been issued). The cost obviously would be contingent on the timing of the issuance, the amount of the issuance, the interest rate at the time of the issuance, and time period for paying off the debt service.

The fiscal impact of this bill also includes the costs of one additional full time employee, beginning in FY 2006. The salary and benefits cost of this position is estimated at \$85,000.

9. Specific agency or political subdivisions affected: Virginia Public School Authority, school divisions, Department of Education.

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 01/18/05 / acd

Document: H\ bos\k12 legislation\2005 session\completed bills\HB1510.doc.

cc: Secretary of Education
Secretary of Finance