

OFFICE OF FISCAL ANALYSIS

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sSB-423

AN ACT IMPROVING INDOOR AIR QUALITY IN PUBLIC SCHOOL CLASSROOMS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Labor Dept.	GF - Cost	562,493	542,756
State Comptroller - Fringe Benefits ¹	GF - Cost	198,797	203,767
Treasurer, Debt Serv.	GF - Cost	Significant	Significant

Note: GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 23 \$	FY 24 \$
Local and Regional School Districts	STATE MANDATE ² - Cost/Revenue Gain	Potential Significant	Potential Significant

Explanation

The bill, which establishes a school indoor air quality assessment and ventilation monitoring program and expands allowable non-priority list expenses to include installation, remediation, and replacement of HVAC systems to comply with temperature and humidity ranges

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 40.53% of payroll in FY 23.

² State mandate is defined in Sec. 2-32b(2) of the Connecticut General Statutes, "state mandate" means any state initiated constitutional, statutory or executive action that requires a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

established within the bill, represents a significant cost to the state and potential cost and revenue gain to municipalities.

Program Development and Implementation Costs

The bill requires the Department of Labor (DOL), in consultation with the Office of Policy and Management and the State Department of Education, to establish the school air quality program by June 30, 2023, post the requirements on DOL's website, review the program every three years or in the event of a public health emergency, and ensure compliance. In order to accommodate these requirements, DOL would need six positions (one Occupational Health and Safety Manager, two Occupational Hygienists, and three Occupational Health and Safety Officers) at a total annualized cost of \$706,523 (\$502,756 for salaries and \$203,767 in fringe benefit costs). Additionally, DOL would incur costs for overhead, supplies, and equipment (including six indoor air quality instruments and a velometer) at a cost of \$72,000 in FY 23 and \$40,000 in FY 24.

Program Compliance Costs

Under the requirements of the bill, municipalities need to install HVAC systems to keep temperature and humidity within allowable ranges. Results of the 2021 School Facilities Survey³ show that 31% of responding school districts have indicated that all district facilities are air conditioned across the district and approximately 40% of schools were reported to have central air for the full facility. Those schools without universal air conditioning will likely need some level of HVAC installation or upgrade in order to avoid the school closure mandate. This results in a cost to those municipalities, which may be partially reimbursed by the state under the expanded school construction program (see details below).

The bill requires local and regional school districts to close for the day if the mandated public school temperature range cannot be maintained

³<https://portal.ct.gov/-/media/DAS/Communications/Communications-List-Docs/Special-Reports/SCG1050-School-Survey-Report.pdf>

for two or more consecutive school activity hours and prevents any staff member from a pay reduction who was scheduled to work on that day. This could result in an additional cost to local and regional school districts associated with paying hourly employees for days the school was closed. The cost to the district would be dependent on the number of staff and days the school must remain closed.

Additionally, the bill establishes a complaint and investigation process related to mold, evidence of pest infestation, hazardous odors or chemicals, and poor indoor air-quality. This could result in additional costs to local and regional school districts associated with staff time and resources necessary for the investigation. The costs to districts would be dependent on the severity of and the steps required to investigate the complaint, but are anticipated to be significant.

School Construction Program

The school construction program is funded using General Obligation (GO) bonds, in two large tracts: priority list projects (i.e., larger projects approved in legislation) and non-priority list projects. Non-priority list projects currently include emergency items, such as fire or catastrophe damage, leaking roofs, or code violations. The bill expands the non-priority list projects to include HVAC upgrades necessary to maintain temperature and humidity within allowable ranges.

Non-priority list projects are allowed at the discretion of the Commissioner of Administrative Services within available resources of the program. As of March 1, 2022, the unallocated bond balance available under the school construction authorization is \$636 million, with another \$550 million effective under current law to start FY 23. The bill is expected to result in an increase in the use of GO bond funds for non-priority list reimbursable expenses, which would expedite anticipated debt service from existing bond authorizations.

The bill does not change GO bond authorizations relevant to the program. However, those funds are necessary to support both priority list and non-priority list projects. The most recent estimate by the

Department of Administrative Services indicated approximately \$2.6 billion worth of outstanding long-term liability for current grant commitments, to be paid over the next several years.⁴ The expanded use of current authorizations for HVAC upgrades through the non-priority list program will necessitate increased bond authorizations for the program in the future, which will increase long-term debt service costs.

Specific costs for eligible projects, including the marginal increase from expanded eligibility, can only be determined as project expenses are incurred by municipalities and state reimbursements are sought and offered.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation, the number of complaints and investigations, and the terms of any bonds issued for the school construction program

⁴<http://143ld24rzjx265ftv4dyehdx-wpengine.netdna-ssl.com/wp-content/uploads/2021/12/CTState04a-FIN.pdf>