

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## ASSEMBLY, No. 764

### STATE OF NEW JERSEY 218th LEGISLATURE

DATED: APRIL 6, 2018

#### SUMMARY

- Synopsis:** “Alyssa’s Law”; requires public school buildings to be equipped with emergency light and panic alarm linked to local law enforcement.
- Type of Impact:** Reallocation of State Bond Proceeds.  
Potential Recurring Expenditure Increase to School Districts.
- Agencies Affected:** Schools Development Authority; Department of Education; School Districts.

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>Reallocation of State Bond Proceeds</b>	\$2,500,000 to \$12,500,000		
<b>Local Expenditure Increase</b>	Indeterminate		

- The Office of Legislative Services (OLS) determines that this bill would reallocate existing and future bond proceeds that the Schools Development Authority (SDA) uses to finance the construction of school facilities. Reallocated funds would pay for the installation of panic alarms and emergency lights in school buildings.
- Research on the cost of installing panic alarm systems in schools in recent years suggests that the cost may range from \$1,000 to \$5,000 per school. Given that there are approximately 2,500 public schools located in the State, the total cost of installing the initial systems required by the legislation may range from \$2.5 million to \$12.5 million. Thereafter, panic alarm system purchases would recur intermittently to the extent that schools replace defective and outdated systems.
- After installation of the panic alarm systems is completed, school districts may incur indeterminate ongoing testing and maintenance costs.

#### BILL DESCRIPTION

This bill requires that all public elementary and secondary schools in the State be equipped with at least one panic alarm that is directly linked to local law enforcement (or State Police, if

the municipality does not operate its own police department) for use in an emergency situation. The panic alarm must be silent within the school building, and must also activate an emergency light located on the exterior of the school building in a highly visible location.

Proceeds of bonds issued by the Economic Development Authority (EDA) on behalf of the SDA under the “Educational Facilities Construction and Financing Act” would be used to finance the installation of the panic alarms and emergency lights.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS determines that this bill would reallocate existing and future bond proceeds that the SDA uses to finance the construction of school facilities. Reallocated funds would pay for the installation of panic alarms and emergency lights in school buildings.

The OLS determines the bill’s effect to be a reallocation of existing and future bond proceeds because State law provides for a ceiling on the par amount of bonds that the EDA may issue on behalf of the SDA to finance school facilities construction. The SDA is approaching the limits of its statutory bonding capacity and has encumbered almost all available funds. If the authority wished to increase its bonding capacity it may not be able to return to capital markets to raise the additional funds without prior voter approval. For that reason, the OLS determines the legislation’s impact to be a reallocation of existing resources.

The cost of installing a panic alarm in a school appears to vary considerably, ranging from \$1,000 per school to \$5,000 per school. Given that there are approximately 2,500 public schools located in the State, the total cost of installing the initial systems required by the legislation may range from \$2.5 million to \$12.5 million. Some schools may already be in compliance with the bill’s requirement, however, which would lower the initial cost of the bill. Once the initial systems are installed, panic alarm system purchases would recur intermittently to the extent that schools replace defective and outdated systems.

School districts may incur indeterminate ongoing testing and maintenance costs after the equipment is installed.

*Section: Education*  
*Analyst: Allen T. Dupree*  
*Principal Fiscal Analyst*  
*Approved: Frank W. Haines III*  
*Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).