

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2016 REGULAR SESSION  
REVISED**

**MEASURE**

2016 BR NUMBER **1912**

**SENATE** BILL NUMBER **196**

RESOLUTION NUMBER \_\_\_\_\_

AMENDMENT NUMBER \_\_\_\_\_

**SUBJECT/TITLE** **An ACT relating to books for preschool children and making an appropriation therefor.**

**SPONSOR** **Senator Humphries**

**NOTE SUMMARY**

FISCAL ANALYSIS:  IMPACT     NO IMPACT     INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT:  STATE     LOCAL     FEDERAL

BUDGET UNIT(S) IMPACT: **Kentucky Department for Libraries and Archives**

FUND(S) IMPACT:  GENERAL     ROAD     FEDERAL     RESTRICTED AGENCY \_\_\_\_\_     OTHER

**FISCAL SUMMARY**

FISCAL ESTIMATES	2015-2016	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
<b>REVENUES</b>				
<b>EXPENDITURES</b>		\$50,000	\$50,000	\$50,000
<b>NET EFFECT</b>		(\$50,000)	(\$50,000)	(\$50,000)

( ) indicates a decrease/negative

**MEASURE'S PURPOSE:** SB 196 proposes to establish a Books for Brains Program that would provide an age appropriate book each month to children 5 years old or younger. The program would be overseen by a board appointed by the Governor and staffed by the Kentucky Department for Libraries and Archives (KDLA). It requires a collaborative arrangement with a non-profit organization for the selection and mailing of the books. Funding would be through a combination of state funds, gifts, grants, and other public or private fund sources.

**PROVISIONS/MECHANICS:**

Section 1 creates a new section of KRS Chapter 171 to establish the Books for Brains Program to provide an age appropriate book every month to children five years old or younger, and attaches the program to KDLA for administrative purposes. It also creates an oversight board for the program, denotes how the Governor is to make appointments, sets board member term limits, requires board members to receive payment for necessary and actual expenses once funds are available, and establishes the duties of the board.

Section 2 creates a new section of KRS Chapter 171 to establish a restricted trust fund to be used by the board for the financial support of the program. It allows the use of state appropriations, gifts, grants, and other public and private fund sources. It allows all funds be carried forward to the next year and not lapse.

Section 3 creates a new section of KRS Chapter 171 requiring KDLA to promulgate administrative regulations to outline operating procedures for the program.

**FISCAL EXPLANATION:** The overall impact of SB 196 is estimated to be up to \$50,000 for required staffing. KDLA estimates that to staff the Books for Brains Program Board (Board), it will require approximately one-half of an FTE which is estimated to have an annual cost of \$50,000. While the board members would only be reimbursed for expenses once funds had become available through the newly created restricted trust fund, the board could still hold meetings in order to establish the program, garner grant funding and donations for future operations, and establish connections with local organizations. Staff time will be required to assist the Board and for the development and administrative work of the program. Assuming no subsequent General Fund moneys are appropriated for the program, and sufficient grants and gifts are available to operate the program, the program could potentially not have a fiscal impact beyond the initial cost of staffing.

If an appropriation were to be made in the future, KDLA estimates the state portion could be as much as \$700,000, but the current bill does not require these costs to be incurred. As with similar programs and trust funds, the bill requires that if there are not sufficient funds, the general operations of the program would remain inactive. Since there is no General Fund appropriation in the bill, it is expected that until grants and gifts sufficient to begin the program are received, those general operations would remain inactive, other than the initial activities of the Board and staff.

KDLA estimates total annual operational costs of the program to be approximately \$1,400,000. It is assumed that there are approximately 277,000 children ages 5 and under, and that one-fifth of those would potentially register for the program. This would result in 55,400 children in the program. KDLA projects the total cost of each book and mailing it to be around \$2.10 per child, per month, for a total cost of \$1,400,000 million annually. The bill requires that the Books for Brains Program Board is responsible for paying half of the program costs, when funds are available, while local partners are responsible for the other half. This means up to \$700,000 could be needed from the program's restricted trust fund if the program reaches full operational capacity. Based on the language of the bill, this funding could be composed of an unknown mix of state funds, grants, and gifts.

All of the above expenses will be primarily paid from gifts and grants to the program. The General Fund costs should not exceed \$50,000 annually, once the program becomes functional.

**DATA SOURCE(S):** Kentucky Department for Libraries and Archives

**PREPARER:** Jim Bondurant **NOTE NUMBER:** 109 **REVIEW:** JRS **DATE:** 3/2/2016