

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: House Bill 123 requires the Public Education Department (PED) to maintain an integrated digital system for managing state and federal grant programs for school districts and charter schools. The bill establishes a unified application process, mandates expenditure approval by the department, and sets compliance monitoring requirements. The system must be operational by December 31, 2026.

Effective Date: July 1, 2026.

FISCAL IMPLICATIONS

The bill appropriates \$1,000,000 to PED for FY26–FY27 to upgrade or maintain the system. PED is likely to incur additional recurring costs for upkeep and staff training after FY27. Streamlined processes may reduce administrative burdens for districts.

This Bill should not have a fiscal impact on DoIT. This is the type of technical project that DoIT routinely helps agencies to vet and implement through its C2 and project management processes. DoIT would not incur any additional expenses in helping PED to manage this project and ensure its successful implementation.

SIGNIFICANT ISSUES

The legislation enhances transparency and efficiency in grant management. Coordination with federal programs such as ESSA and IDEA will be necessary. Implementation delays may occur if system integration proves complex or vendor-dependent.

PERFORMANCE IMPLICATIONS

The integrated system will improve data accuracy and compliance monitoring. Grant processing will become faster and duplication will be reduced.

ADMINISTRATIVE IMPLICATIONS

Additional IT resources may be required for implementation and ongoing support.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

Clear standards for expenditure codes and compliance monitoring must be established. Cybersecurity and data privacy compliance will be essential.

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

The Legislature could consider incremental upgrades to existing platforms instead of a full system overhaul. A phased implementation approach could reduce risk.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Failure to enact the bill would perpetuate inefficiencies and fragmented grant management. The risk of noncompliance with federal requirements would increase.

AMENDMENTS