153rd GENERAL ASSEMBLY
FISCAL NOTE

BILL:	**HOUSE SUBSTITUTE NO. 1 FOR HOUSE BILL NO. 404**
SPONSOR:	**Representative Hilovsky**
DESCRIPTION:	**AN ACT TO AMEND TITLE 14 OF THE DELAWARE CODE RELATING TO THE ARTIFICIAL INTELLIGENCE AND EXTENDED REALITY IN SCHOOLS PILOT PROGRAM.**

Assumptions:

1. This Act becomes effective upon signature by the Governor and shall sunset three years after the Act's enactment into law.

2. This Act instructs the Department of Education (DOE), in collaboration with local education agencies, to establish and administer the Artificial Intelligence (AI) and Extended Reality (XR) in Schools Pilot Program. This includes the acquisition and maintenance of AI systems and XR devices, training and coaching for participating schools, and an independent program evaluation.

3. To support oversight and implementation of the program, DOE anticipates the need to hire a 1.0 FTE Education Associate with costs estimated as follows:
    a. Recurring costs
        i. $153,980 in personnel costs, including 33.41% in Other Employment Costs (OECs).
        ii. $1,580 for annual supplies and licensing needs.
    b. One-time costs - $7,300 for a computer, office furniture, and other startup costs for the position.

4. The Fiscal Year 2027 personnel costs have been estimated for nine months of funding, with the annualization of the remaining three months incorporated into the subsequent year estimates. To incorporate the Public Education Compensation Committee's recommendations a 3.7% inflationary adjustment has been included for projected increases to salary and OECs for FY 2028. A 2% inflationary adjustment has been included for projected increases to salary and OECs for FY 2029.

5. To support implementation of the program, DOE anticipates the need for contracted support estimated at $490,000 annually for four technology coaches and to provide semi-annual training support.

6. Equipment, software, and licensing costs are estimated at $233,040 annually with one-time costs of $91,200. This includes the purchase of VR headsets, charging carts, Wi-Fi upgrades at participating schools, annual replacement costs, and licenses for AI platforms.

7. Substitutes would be needed to cover classrooms on professional development days for participating teachers. This is estimated at $150 per day per teacher. As the need for training would decrease throughout the pilot, estimates are as follows:
    a. $66,000 for FY 2027.
    b. $26,000 for FY 2028.
    c. $19,000 for FY 2029.

8. To complete the independent program evaluation required by the Act, an institute of higher education would be contracted with a cost estimated at $20,000 for FY 2028 and $75,000 for FY 2029.

9. DOE may apply for Federal grants to offset some of the estimated costs of this Act. Additionally, the federal Education Rate program provides discounts of 20-90% on telecommunications, internet access, and internal connections for eligible K-12 schools and libraries, which can further offset the estimated costs of this Act. Combined, this could reduce FY 2027 estimated costs by up to $100,000 and costs by Fiscal Years 2028 and 2029 by $35,000.

Cost:

	Recurring/Operating Costs	**One-Time Costs**
Fiscal Year 2027:	$944,600	$98,500
Fiscal Year 2028:	$982,523	
Fiscal Year 2029:	$1,034,782	

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