

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0122-01
Bill No.: SB 102
Subject: Education, Elementary and Secondary; Elementary and Secondary Education
 Dept; Children and Minors; Disabilities
Type: Original
Date: January 31, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Public Placement Fund*	(\$0 to Unknown)	(\$0 to Unknown)	\$0 to Unknown)
Total Estimated Net Effect on Other State Funds*	(\$0 to Unknown)	(\$0 to Unknown)	(\$0 to Unknown)

* Expected to Exceed \$100,000

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
School Districts*	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

***Expected to exceed \$100,000**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services - Division of Youth Services (DOS-DYS)** stated this proposal is not expected to impact their agency. Although DOS-DYS sometimes provides shelter to youth for the purposes of providing protective custody in Jackson County, the number of occurrences is minimal and the term is brief.

Officials from the **Department of Social Services - Children's Division (DOS-CD)** stated that since DOS-CD does not provide direct special education services to children in the protective custody of DOS nor do they employ teachers to provide such services to children in the protective custody of DOS, no fiscal impact can be expected from passage of this proposal.

According to the **School District of Kansas City, Missouri (District)**, although the District provides services to students as the result of their being in the protective custody of the Department of Social Services, the District does not currently record its special education expenses in a manner that would make it easy to separate this category of special education expenses from other special education services to students. The special education expenses are currently recorded by type of disability. If this proposal is adopted it would result in additional revenue to the District because the District does not currently receive 100% reimbursement for any special ed students.

ASSUMPTION (continued)

According to the **Department of Elementary and Secondary Education (DESE)**, \$10,099,337 currently exists in state funding in the Public Placement Fund pursuant to Section 167.126, RSMo, which provides funding for the “excess costs” to educate children publicly placed in a non-domicile district by the Department of Social Services, Department of Mental Health or a court of competent jurisdiction. Approximately 46% of the publicly placed children require special education services. The FY 04 appropriation for the Public Placement Fund paid 100% of the excess costs to educate children (both special education children and regular education children) publicly placed in a school district outside their domicile, and is anticipated to do the same in FY05.

This proposal references Article X, Section 21 of the Missouri Constitution which requires the state to fully fund a new activity or increase in the level of activity beyond that required by “existing” law. Existing law requires district(s) to provide for the education needs of all resident children within the district. According to DESE, this proposal would require the state to reimburse the district for the entire cost of special education for a group of children in one county for which the school district is currently receiving state exceptional pupil aid (EPA), Federal Part B funds, and Basic State Aid through the foundation formula.

This "new" group of children for which the state would pay 100% of the costs of special education, in addition to existing state and federal funds paid to the districts, consists of those children who are removed from one residence “within” a school district and moved to another residence “within” the same school district by the Department of Social Services.

DESE provided the following assumptions:

1. Approximate number of children placed by the Department of Social Services within Jackson County from another location within Jackson County: 800
2. Approximate percentage of publicly placed students requiring special education services: 46%
3. Average K-12 special education costs per child in FY 2004: \$5,300
4. Estimated new state cost to reimburse the cost of special education pursuant to this proposal:
 $800 \times .46 \times \$5,300 = \$1,950,400.$

Oversight assumes school districts would only be reimbursed for the difference between current reimbursement for costs from existing sources and those actual costs incurred. The difference

ASSUMPTION (continued)

between actual special education costs and the amount reimbursed is unknown but could exceed \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
REPLACEMENT FUND			
<u>Cost</u> - Reimbursement to certain school districts for special education services*	(\$0 to Unknown)	(\$0 to Unknown)	(\$0 to Unknown)
ESTIMATED NET EFFECT ON REPLACEMENT FUND*	<u>(\$0 to Unknown)</u>	<u>(\$0 to Unknown)</u>	<u>(\$0 to Unknown)</u>

***Expected to exceed \$100,000**

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
SCHOOL DISTRICTS			
<u>Income</u> - Reimbursement to costs not already reimbursed for special educational services in certain districts	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>

*** Expected to Exceed \$100,000**

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

LD:LR:OD (12/02)

This proposal states that school districts located at least partially in Jackson County shall be reimbursed fully by the Department of Elementary and Secondary Education for the costs associated with offering special educational services to any children that are in the protective custody of the department of social services.

The proposal cites Article X, Section 21 of the Missouri Constitution, which is the Hancock amendment's unfunded mandate provision.

This legislation is not federally mandated, would not duplicate any other program, and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Social Services
Kansas City School District



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Director
January 31, 2005