

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3097-07
Bill No.: HCS for SS for SCS for SB 894
Subject: Education, Elementary and Secondary; Elementary and Secondary Education Dept
Type: Original
Date: April 25, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(\$96,466)	(\$102,146 to Unknown)	(\$104,698 to Unknown)
Total Estimated Net Effect on General Revenue Fund	(\$96,466)	(\$102,146 to Unknown)	(\$104,698 to Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
State School Moneys Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* **Offsetting Transfers In and Out correspond with net effect on General Revenue**

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this proposal for Administrative Rules is less than \$1,500. The SOS recognizes this is a small amount and does not expect additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed in a given year and that collectively the costs may be in excess of what the SOS can sustain with their core budget. Any additional required funding would be handled through the budget process.

SECTION 160.755

Officials from the **Office of State Courts Administrator** assume there will be no fiscal impact on the Courts.

According to officials from the **Department of Social Services - Division of Youth Services**, no fiscal impact is expected. If Division policy or procedural changes are determined to be needed, resources currently exist to implement the changes.

ASSUMPTION (continued)

According to officials from the **Department of Elementary and Secondary Educations (DESE)**, the proposal would require the local board of education of each school district to establish and adopt a written policy prohibiting harassment, intimidation, or bullying at school. DESE would be required to develop a model policy, applicable to grades K-12, and post the policy on DESE's web site. Other than staff time, DESE does not anticipate significant costs to the Department.

The proposal would also require notice of the policy to appear in any school board or school publication that sets forth the comprehensive rules, procedures, and standards of conduct for its schools, as well as, in the student handbook in the next published version after the adoption of the policy. DESE assumes school districts will incur printing costs to ensure the policy appears in the required publications; however, DESE does not expect the costs to be significant for any **Oversight** assumes that since the policy is to be published in the next scheduled published materials and handbooks covering rules, procedures, and standards of conduct that no additional publishing costs will be incurred.

The following school districts indicated there would be little or no fiscal impact associated with this proposal: **Parkway, Poplar Bluff, Columbia, Kansas City, and Lee's Summit.**

SECTION 161.213

Officials from the **Department of Elementary and Secondary Education (DESE)** state DESE has already begun the process of developing standards for high-quality early childhood education. The work is consistent with the wording in the proposed legislation. There will be continued meetings to complete this project that will require travel and lodging costs; however, DESE does not expect those costs to be significant.

Allowing school districts to charge tuition and related fees for early childhood education programs will likely bring about additional costs for the districts in order for them to track, collect, and expend the funds. These additional costs would likely be recouped through the additional income.

Oversight assumes that since the process has already begun, resources have been available to begin development of the standards for high-quality early childhood education. There does not appear to be a reduction in funding in the areas of early childhood education for the FY 07 budget year, so it is assumed funding will be available to complete the project. If additional resources are needed to complete the development of the standards, funds would be sought

ASSUMPTION (continued)

through the appropriations process.

SECTION 161.670

Officials from the **Department of Elementary and Secondary Education (DESE)** assume DESE would identify qualified providers of online or virtual instruction. While DESE would oversee the virtual school, DESE would not house such instruction or its equipment. Districts or individuals would enroll with the providers.

The provisions of the bill as written would not begin until July 1, 2007, giving DESE a year to write the regulations, enter into contracts and modify data collection and payment systems, if needed. DESE would require 1.0 FTE Director and 1.0 FTE Secretary I to perform these preliminary duties and implement the program once established.

Based on a cost of \$5,200 per FTE enrollment, DESE assumes participation in the program can be calculated as follows:

<u>Fiscal Year</u>	<u>FTE enrollment</u>	<u>Cost per enrollment</u>	<u>Total</u>
2008	500	\$5,200	\$2,600,000
2009	750	\$5,200	\$3,900,000

Oversight assumes that, subject to appropriation, the virtual school will receive 85 percent of the state adequacy target attributable to each student enrolled in the virtual school which should offset costs attributed to the virtual school program.

Officials from the **Poplar Bluff School District** assume the proposed legislation could have a negative or positive fiscal impact on public schools. If the public schools have free access to the virtual school and are allowed to count the student for state aid purposes, the impact would be positive. If no state aid is allowed, students currently enrolled in public school that utilize the virtual school would cause a reduction in dollars coming to a school district.

Officials from the **Parkway School District** does not anticipate a significant fiscal impact on their district.

Officials from the **Francis-Howell School District** assume this proposed legislation would redirect state aid from the local school district to the virtual school. For FY2007-08, the Francis Howell School District would lose \$2,207.70 for every resident student who previously attended

ASSUMPTION (continued)

public schools in the District and then chose to enroll in the virtual school. Officials cannot estimate the number of students who may choose to enroll in a virtual school.

Officials from the **Kansas City, Missouri School District** assume their district will lose 85% of per pupil revenue for each student participating, but are unable to project the number of students who may participate in the program.

Oversight assumes certain school districts will have a potential unknown cost due to decreases in state aid, making more aid available to other districts; however, the total statewide school aid funding will not be affected.

SECTION 163.031

Officials from the **Department of Elementary and Secondary Education (DESE)** state this proposed legislation will have no fiscal impact on their agency or on local school districts.

SECTION 1

Officials from the **Department of Economic Development - Division of Workplace Development** stated this proposal would have no fiscal impact on their agency.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this portion of the proposal would require DESE to develop a "ready to work" endorsement program. DESE assumes this would apply to all high school students who have earned 3 or more credits in an approved career education program. The "ready to work" program shall consist of assessment tools and techniques for a third-party, independent, and objective assessment and endorsement of individual student achievement through an existing workforce investment service delivery system.

In developing the standards for the program, DESE shall involve various representatives. This will result in unknown travel costs. DESE cannot estimate the costs to develop such program and provide an assessment; however, DESE assumes the costs could be significant.

Oversight assumes costs associated with the development of this program would not exceed \$100,000 and could be absorbed with existing resources. If a significant fiscal impact were to result, funds to support the program would be sought through the appropriations process

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE			
<u>Cost</u> - Department of Elementary and Secondary Education - Virtual School Program			
Personal Costs (2 FTE)	(\$56,646)	(\$70,905)	(\$72,677)
Fringe Benefits	(\$25,399)	(\$31,241)	(\$32,021)
Equipment and Expense	(\$13,421)	\$0	\$0
Program Cost		(Unknown - Expected to Exceed \$100,000)	(Unknown - Expected to Exceed \$100,000)
TOTAL PROGRAM COSTS	<u>(\$96,466)</u>	(\$102,146 to <u>Unknown</u>)	\$104,698 to <u>Unknown</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE*	<u>(\$96,466)</u>	<u>(\$102,146 to Unknown)</u>	<u>(\$104,698 to Unknown)</u>
* Subject to Appropriation			
STATE SCHOOL MONEYS FUND			
<u>Transfer In</u> - Department of Elementary and Secondary Education - Virtual School Program*	\$0	Unknown - Expected to Exceed \$100,000)	Unknown - Expected to Exceed \$100,000)
<u>Transfer Out</u> - Disbursement to Virtual School Program (85% of the State Adequacy Target attributable to each pupil enrolled)*	\$0	(Unknown - Expected to Exceed <u>\$100,000)</u>	(Unknown - Expected to Exceed <u>\$100,000)</u>
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2007	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposed legislation renders several alterations to the state's education policy:

Section 160.775

Requires every school district to adopt an anti-bullying policy no later than September 1, 2007. The proposal defines the term "bullying" and asserts that the policy shall not contain specific lists of protected classes of students. The policy shall require district employees to report any bullying instance of which the employee has firsthand knowledge.

Section 161.213

Requires the Department of Elementary and Secondary Education to develop guidelines for high-quality early childhood education no later than June 30, 2007. The standards shall be applicable to all public school pre-kindergarten programs that receive Title I or Missouri preschool project funds. Such guidelines shall include, but not be limited to: access for all children whose parents or guardians choose to participate; focus on cognitive, language, physical, and social/emotional development; assessment of needs of children and their families; highly qualified and/or properly certified teachers; and delivery of comprehensive services supported by strong and accessible technical assistance and professional development.

In developing such standards, the department shall involve various early childhood stake holders, as specified in the proposal.

Unless otherwise prohibited by federal law, public school districts shall not be prohibited from charging tuition for early childhood education programs.

Section 161.670

Requires the State Board of Education to establish a virtual public school by July 1, 2007.

DESCRIPTION (continued)

Any student in kindergarten through grade 12 may enroll in a virtual public school, regardless of the physical location within the state in which the student resides. State school aid will treat the student as part of the enrollment of the district in which the student physically resides at the choice of the student's parent or guardian. The virtual school will report aid-related data to the district of residence. The school district will receive 15 percent and the virtual school will receive 85 percent of the state aid attributable to the student. A full-time equivalent student is one who completes six credits per regular term, and each virtual course counts as one class.

The virtual school must comply with all laws applicable to school districts, including the state accreditation program, adequate yearly progress, annual performance report, teacher certification, and curriculum standards. The Department of Elementary and Secondary Education must ensure that multiple providers are available from whom the curriculum may be obtained.

Section 163.021

Requires any school district that levies an operating levy for school purposes that is less than the performance levy to provide written notice to the Department of Elementary and Secondary Education asserting whether or not such district is providing an adequate education to the students of the district. If a district asserts that it is not providing an adequate education, such inadequacy shall be deemed to be a result of insufficient local effort. The performance levy is \$3.43.

The provisions of this section shall not apply to any Special School District.

Section 1

Requires the Department of Elementary and Secondary Education to develop a "ready to work" endorsement program no later than June 30, 2007. The program will award a certificate to students who complete the program. The proposal delineates the program's components and the stakeholders who shall be involved in policy development.

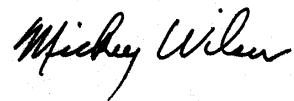
This proposal has an emergency clause for Section 163.021, with an effective date of July 1, 2006.

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
Office of Secretary of State
 Administrative Rules Division
Office of State Courts Administrator
Department of Economic Development
 Division of Workplace Development
Department of Social Services
 Division of Youth Services

School Districts
 Parkway
 Poplar Bluff
 Columbia
 Kansas City
 Lee's Summit
 Francis-Howell



Mickey Wilson, CPA
Director
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