

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3097-10
Bill No.: Truly Agreed To and Finally Passed CCS for HCS for SS for SCS for SB 894
Subject: Education, Elementary and Secondary; Elementary and Secondary Education
Department
Type: Original
Date: June 7, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(\$0 to Unknown- Expected to be less than \$100,000)	(\$0 to Unknown- Expected to be less than \$100,000)	(\$0 to Unknown- Expected to be less than \$100,000)
Total Estimated Net Effect on General Revenue Fund	(\$0 to Unknown- Expected to be less than \$100,000)	(\$0 to Unknown- Expected to be less than \$100,000)	(\$0 to Unknown- Expected to be less than \$100,000)

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 Costs are (\$0 to Unknown-Expected to be less than \$100,000)**

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 10 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

Offsetting Income and Losses are (\$0 to Unknown-Expected to be Less than \$100,000)

FISCAL ANALYSIS

ASSUMPTION

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.

According to officials from the **Department of Elementary and Secondary Education (DESE)**, the act will 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 act will 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

ASSUMPTION (continued)

in the required publications; however, DESE does not expect the costs to be significant for any one school district.

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 act: **Parkway, Poplar Bluff, Columbia, Kansas City, and Lee's Summit.**

SECTION 163.011 (2)

According to officials from **DESE**, there is no cost associated with this section of the act. The change might reduce the number of hours of summer school attendance used in the state aid calculation. The reduction is expected to be minimal but cannot be calculated. No amount of savings can be estimated.

SECTION 163.011(10)(b)

According to officials from **DESE**, there is a potential unknown cost as a result of this act. Replacing the 2004-05 amount of fines with a decreased amount will increase the state cost of the formula. DESE has no way to estimate the amount of decrease in fines that might occur in any district.

Officials from the **Office of State Courts Administrator** were unable to determine if there have been any decreases in fine collection. After December, 2007 they will be able to track that information but will have no historical data prior to that date.

Oversight assumes, according to Reports of the Public Schools of Missouri and annual reports from county clerks, that fine and escheat receipts have been relatively flat, with a more significant increase in 2005 (annual reports from county clerks). **Oversight** further assumes that decreases in fine receipts, if any, would be less than \$100,000 per year.

SECTION 163.021

Officials from **DESE** state this section of the act will have no fiscal impact on their agency or on local school districts.

ASSUMPTION (continued)

SECTION 163.031.4 (7)

According to officials from **DESE**, the proposed revision to the summer school penalty included in last session's school funding formula will not increase the cost of the formula. This proposal decreases the penalty to a district whose summer school average daily attendance is significantly lower than the 2005 summer school average daily attendance. Since there has been no reduction through FY06 and there has been no way to project penalties for FY07, reducing the penalty before such provision becomes effective will not increase the cost of the SB 287 (2005) formula.

SECTION 1

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

Officials from **DESE** assume this section of the act will 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

SECTION 2

The Children's Division of the **Department of Social Services (DOS)** do anticipate a minimal fiscal impact due to this legislation. This proposal would mandate the St. Louis City school district to report all instances of school absences which exceed fifteen (15) days. This would include instances which meet the criteria for educational neglect and truancy. Truancy cases fall normally under the auspices of the Juvenile Office, not the Children's Division.

ASSUMPTION (continued)

Although there is a similar protocol now in effect in St. Louis City, referrals from the school district are made sporadically. Mandating such referrals in law and including all cases, including truancies, would result in an increase in the number of educational neglect reports to the Children's Division.

It is difficult to ascertain exactly how many more reports and investigations / family assessments DOS would get from this. However, even if the Children's Division received a 50% increase in educational neglect only reports, the division would require one additional staff person to manage these additional calls, therefore the expected fiscal impact would be minimal and less than \$100,000.

Oversight assumes the costs associated with the anticipated minimal number of cases resulting from this proposal could be absorbed with existing resources. If a significant fiscal impact were to result, funds could be sought through the appropriations process.

Officials from the **Department of Elementary and Secondary Education (DESE)** state this proposal will have no fiscal impact on their agency; however, the proposal will likely result in additional record keeping, tracking, and reporting duties for the St. Louis Public School District. DESE assumes the resulting costs could be significant; however, they defer to the school district regarding any impact.

Officials from the **St Louis Public School District** did not respond to a request for fiscal impact. **Oversight** assumes that since a protocol has already been established, no additional cost will be assigned to the school district for this proposal.

Officials from the **Office of State Courts Administrator - Division of Juvenile and Adult Court Program** did not respond to a request for fiscal impact. **Oversight** assumes, based on information from the Department of Social Services regarding protocol already in place, that if a significant fiscal impact were to result, funds could be sought through the appropriations process.

SECTION 3

Officials from **DESE** state this section of the act will have no fiscal impact on their agency or on local school districts.

FISCAL IMPACT - State GovernmentFY 2007
(10 Mo.)

FY 2008

FY 2009

Cost - Elementary and Secondary
Education - Increase in state aid to
schools to offset decrease in fines(\$0 to
Unknown-
Expected to be
less than
\$100,000)(\$0 to
Unknown-
Expected to be
less than
\$100,000)(\$0 to
Unknown-
Expected to be
less than
\$100,000)**ESTIMATED NET EFFECT ON
GENERAL REVENUE**(\$0 to
Unknown-
Expected to be
less than
\$100,000)(\$0 to
Unknown-
Expected to be
less than
\$100,000)(\$0 to
Unknown-
Expected to be
less than
\$100,000)**STATE SCHOOL MONEYS FUND**Transfer In - Increased state aid for
schools\$0 to Unknown-
Expected to be
less than
\$100,000\$0 to Unknown-
Expected to be
less than
\$100,000\$0 to Unknown-
Expected to be
less than
\$100,000Cost - Distribution to schools(\$0 to
Unknown-
Expected to be
less than
\$100,000)(\$0 to
Unknown-
Expected to be
less than
\$100,000)(\$0 to
Unknown-
Expected to be
less than
\$100,000)**ESTIMATED NET EFFECT ON
STATE SCHOOL MONEYS FUND**\$0\$0\$0

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
<u>Income</u> - Increased state aid	\$0 to Unknown- Expected to be less than \$100,000	\$0 to Unknown- Expected to be less than \$100,000	\$0 to Unknown- Expected to be less than \$100,000
<u>Loss</u> - Decreased fine income	(\$0 to Unknown- Expected to be less than \$100,000)	(\$0 to Unknown- Expected to be less than \$100,000)	(\$0 to Unknown- Expected to be less than \$100,000)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<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 act 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 act 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 163.011(2)

Disallows summer school physical education hours that do not count as credit toward graduation for students in grades nine, ten, eleven, and twelve to be utilized when calculating a district's average daily attendance.

DESCRIPTION (continued)

SECTION 163.011(10)(b)

When calculating the local effort component of a district's state aid calculation, the formula utilizes information from fiscal year 2005. In subsequent years, this figure is adjusted to include any increase in the amount received for school purposes from fines.

This act adds a provision that would adjust the local effort figure to include any decrease in the amount received for school purposes from fines in any school district located entirely in St. Charles county, provided that the county creates a county municipal court after January 1, 2006.

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 163.031.4(7)

Currently, the phase-in period of the SB 287 formula contains a provision that reduces current-year funding for any district that decreases its summer school average daily attendance below 15 percent of the district's 2005-2006 summer school average daily attendance. The level of such funding reduction is pegged to the district's drop in summer school attendance from the 2005-2006 summer school attendance.

This act alters the aforementioned policy by phasing the threshold for allowable decreases in summer school attendance upward in the following intervals: 20 percent for the 2006-07 summer school term; 30 percent for the 2007-08 summer school term; and 35 percent for the 2008-09 through the 2011-12 summer school terms. The act applies the aforesaid reduction only to the percent reduction that is in excess of the threshold rather than the reduction from the base 2005-2006 summer school amount. The amendment exempts from the funding reduction provision any school district eligible to receive a small school grant and any school district with a regular term average daily attendance of three hundred fifty students or fewer. Further, the act asserts that the funding reduction provision shall not be construed to permit any reduction that

DESCRIPTION (continued)

results in any hold harmless district receiving a current-year payment that is less than their hold harmless payment amount.

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 act delineates the program's components and the stakeholders who shall be involved in policy development.

SECTION 2

Requires the City of St. Louis School District to report to the Children's Division within the Department of Social Services any student younger than 17 years of age who incurs 15 or more absences in any one school year. The division will contact the parents or guardians regarding the absences and the possibility that they are subject to the educational neglect provisions under Section 210.145, RSMo.

SECTION 3

If a school district has been classified as unaccredited within the previous five school years and the district is subsequently classified as provisionally accredited, the district shall be subject to lapse on June 30 of any school year in which the state board of education withdraws provisional accreditation or at a later date as determined by the state board of education.

The provisions of this section shall become effective January 1, 2010.

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

Children's Division

Office of State Courts Administrator

Department of Economic Development

Division of Workplace Development

School Districts

Parkway

Poplar Bluff

Columbia

Kansas City

Lee's Summit

NOT RESPONDING

Office of State Courts Administration

Division of Juvenile and Adult Court Programs

St Louis City Public School District



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Director

June 7, 2006