

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3315-06
Bill No.: HCS for SB 644
Subject: Education, Elementary and Secondary: Elementary and Secondary Education
 Dept
Type: Original
Date: March 30, 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 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on All 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 163.011

According to officials from the **Department of Elementary and Secondary Education (DESE)**, there is a potential unknown cost as a result of this proposal. 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 163.031

According to officials from the **Department of Elementary and Secondary Education**, the

ASSUMPTION (continued)

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 167.231

Officials from the **Office of Secretary of State - Division of Elections, Department of Transportation**, and the **Department of Public Safety - Office of the Director** stated there would be no fiscal impact on their respective agencies as a result of this proposal.

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.

According to the officials from the **Department of Elementary and Secondary Education (DESE)**, this proposal would require a review of district transportation data to determine whether a district is subject to the administrative penalty. DESE will require 1.0 FTE supervisor to perform this duty.

Based on the 2004-05 school year transportation data being used in the 2005-06 Calculation for State Transportation Aid, a total of 238 districts transport students who live less than 1 mile from school, but only 38 incur a penalty for exceeding the 12% allowance. The total of penalties incurred by the 38 districts is approximately \$738,753. This amount is redistributed to the transportation formula.

Oversight assumes the additional administrative duties could be absorbed with existing resources; if a significant fiscal impact were to result, funds would be sought through the appropriations process.

FISCAL IMPACT - State Government

FY 2007

FY 2008

FY 2009

GENERAL REVENUE

Cost - Elementary and Secondary
 Education - Increase in state aid to
 schools to offset decrease in fines
 (Section 163.011)

(\$0 to Unknown- Expected to be less than <u>\$100,000</u>)	(\$0 to Unknown- Expected to be less than <u>\$100,000</u>)	(\$0 to Unknown- Expected to be less than <u>\$100,000</u>)
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**ESTIMATED NET EFFECT ON
 GENERAL REVENUE**

<u>(\$0 to Unknown- Expected to be less than \$100,000)</u>	<u>(\$0 to Unknown- Expected to be less than \$100,000)</u>	<u>(\$0 to Unknown- Expected to be less than \$100,000)</u>
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STATE SCHOOL MONEYS FUND

Transfer In - Increased state aid for
 schools (Section 163.011)

\$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
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Cost - Distribution to schools (Section
 163.011)

(\$0 to Unknown- Expected to be less than <u>\$100,000</u>)	(\$0 to Unknown- Expected to be less than <u>\$100,000</u>)	(\$0 to Unknown- Expected to be less than <u>\$100,000</u>)
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**ESTIMATED NET EFFECT ON
 STATE SCHOOL MONEYS FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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Currently, the phase-in period of the SB 287 (2005) formula contains a provision that reduces DESCRIPTION (continued)

current year funding for any district that decreases its summer school average daily attendance below 15% 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.

Under the provisions of this proposed legislation, for the 2006-07 school year, if a school district experiences a decrease in summer school average daily attendance of more than twenty percent from the district's 2005-06 summer school average daily attendance, an amount equal to the product of the percent reduction that is in excess of twenty percent of the district's summer school average daily attendance multiplied by the funds generated by the district's summer school program in the 2005-06 school year shall be subtracted from the district's current year payment amount.

For the 2007-08 school year, if a school district experiences a decrease in summer school average daily attendance of more than thirty percent from the district's 2005-06 summer school average daily attendance, an amount equal to the product of the percent reduction that is in excess of thirty percent of the district's summer school average daily attendance multiplied by the funds generated by the district's summer school program in the 2005-06 school year shall be subtracted from the district's payment amount.

For the 2008-09 school year through the 2011-12 school year, if a school district experiences a decrease in summer school average daily attendance of more than thirty-five percent from the district's 2005-06 summer school average daily attendance, an amount equal to the product of the percent reduction that is in excess of thirty-five percent of the district's summer school average daily attendance multiplied by the funds generated by the district's summer school program in the 2005-06 school year shall be subtracted from the district's payment amount.

SECTION 167.231

The board of education may provide transportation for pupils living less than one mile from school at the expense of the district and may prescribe reasonable rules and regulations as to eligibility of pupils for transportation, and, notwithstanding any other provisions of law, no such district shall be subject to an administrative penalty when the district demonstrates pursuant to rule established by the state board of education that such students are required to cross a state highway or county arterial in the absence of sidewalks, traffic signals, or a crossing guard and that no existing bus stop location has been changed to permit a district to evade such penalty.

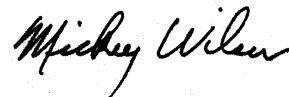
This proposal contains an emergency clause with an effective date of July 1, 2006.

DESCRIPTION (continued)

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 Transportation
Department of Public Safety
 Office of the Director
Office of Secretary of State
 Division of Elections
 Division of Administrative Rules
Office of State Courts Administrator



Mickey Wilson, CPA
Director
March 30, 2006