

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3359-01  
Bill No.: SB 653  
Subject: Education, Elementary and Secondary; Elementary and Secondary Education  
 Dept; Children and Minors; Disabilities  
Type: Original  
Date: January 11, 2006

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Public Placement Fund*	(\$0 to Unknown)	(\$0 to Unknown)	(\$0 to Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds*</b>	<b>(\$0 to Unknown)</b>	<b>(\$0 to Unknown)</b>	<b>(\$0 to Unknown)</b>

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

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
<b>School Districts*</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

\* 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 this proposal has no direct fiscal impact on the Children's Division. The proposal would require the DOS-CD to inform any local school district in Jackson County that the child is in the department's custody. This requirement is consistent with present Child Welfare Manual policy Section 1, Chapter 3.3.

DOS-CD further stated that this proposal might directly affect total state revenue to the extent that the Department of Elementary and Secondary Education (DESE) be required to fully reimburse the school districts described in this proposal for the costs of providing special education services to students placed by the Department of Social Services. The rate of reimbursement to districts for special education services is determined yearly through the legislative process and the impact to total state revenue is better assessed by DESE.

ASSUMPTION (continued)

According to the **Department of Elementary and Secondary Education (DESE)**, approximately \$10 million 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. In FY 05, 48.6% of the publicly placed children required special education services. The FY 05 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 FY06. Costs for children placed outside of their domicile district tend to be higher due to the additional services they need due to special circumstances they have encountered (disability, substance abuse, physical abuse, etc.).

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. DESE assumes this proposal will create a new state funding requirement, apart from Section 167.126, RSMo, and is only applicable to a single county. This proposal would require the state to reimburse the district for the entire cost of special education for a group of children in this 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.

Assumptions

1. Approximate number of children placed by the Department of Social Services within Jackson County from another location within Jackson County: 727
2. Approximate percentage of publicly placed students requiring special education services: 48.6%
3. Average K-12 special education costs per child in FY 2005: \$5,650.88 (based on preliminary FY 2005 Annual Secretary of the Board Report data).
4. Estimated new state cost to reimburse the cost of special education pursuant to this proposal:

ASSUMPTION (continued)

727 x .486 x \$5,650.88 = \$1,994,761.

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

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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**REPLACEMENT FUND**

<u>Cost</u> - Reimbursement to certain school districts for special education services*	(\$0 to <u>Unknown</u> )	(\$0 to <u>Unknown</u> )	(\$0 to <u>Unknown</u> )
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<b>ESTIMATED NET EFFECT ON REPLACEMENT FUND*</b>	<b><u>(\$0 to Unknown)</u></b>	<b><u>(\$0 to Unknown)</u></b>	<b><u>(\$0 to Unknown)</u></b>
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**\*Expected to exceed \$100,000**

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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**SCHOOL DISTRICTS**

<u>Income</u> - Reimbursement of costs not already reimbursed for special educational services in certain districts*	(\$0 to <u>Unknown</u> )	(\$0 to <u>Unknown</u> )	(\$0 to <u>Unknown</u> )
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<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICTS*</b>	<b><u>(\$0 to Unknown)</u></b>	<b><u>(\$0 to Unknown)</u></b>	<b><u>(\$0 to Unknown)</u></b>
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**\*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.

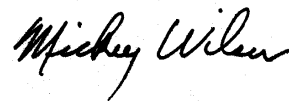
DESCRIPTION

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 placed by the Department of Social Services (DOS). When DOS places a child, DOS shall inform the local school district that the child is in the department's custody.

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  
    Division of Youth Services  
    Children's Division



Mickey Wilson, CPA  
Director  
January 11, 2006