

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2547-06  
Bill No.: SCS for SB 652  
Subject: Education, Elementary and Secondary; St Louis  
Type: Original  
Date: April 10, 2007

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Bill Summary: Relates to education issues within the metropolitan public school district.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
General Revenue	(\$64,656)	(\$69,324)	(\$70,953)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$64,656)</b>	<b>(\$69,324)</b>	<b>(\$70,953)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 12 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</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 FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
General Revenue	1 FTE	1 FTE	1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Local Government</b>	<b>(\$11,200,000 to Unknown)</b>	<b>(\$11,200,000 to Unknown)</b>	<b>(\$11,200,000 to Unknown)</b>

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## **FISCAL ANALYSIS**

### ASSUMPTION

Officials from the **Office of 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 to the SOS office for Administrative Rules is less than \$2,500. 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.

### §160.254, 162.079, 162.081, 162.1100 - ADDITIONAL DUTIES OF JOINT COMMITTEE ON EDUCATION AND TRANSITIONAL SCHOOL DISTRICT BOARD

Officials from the **Office of the Missouri Senate** and the **Office of the Governor** assume this portion of the proposal will either have no fiscal impact as it relates to their agency, or minimal costs which can be absorbed by present appropriations.

Officials from the **Department of Elementary and Secondary Education (DES)** assume that, depending on the actions of the committee, these sections could result in costs to DES, but do anticipate significant costs.

Officials from the **House of Representatives** did not respond; however, **Oversight** assumes any costs can be absorbed with current appropriations.

### §162.626 - MEGA-LOOPING

Regarding the study of the pilot program, DES officials state the agency does not have the capacity with current staff to conduct an evaluation of this type. The service would be contracted through an Office of Administration bid process. Based on the cost of the charter schools evaluation that was done in FY01, it is estimated that the one-year contract to evaluate the four-year pilot project will exceed \$100,000.

**Oversight** assumes any costs of the evaluation go beyond the scope of the fiscal note. DES will be able to request funding for the evaluation through the budget process prior to the time the evaluation is required.

ASSUMPTION (continued)

§167.031, 167.034, 167.501, 167.052 - COMPULSORY ATTENDANCE

Officials from the **Department of Elementary and Secondary Education** assume the increased state cost is unknown. Increasing the compulsory attendance age may increase the average daily attendance of districts. Basic state aid is paid, in part, on average daily attendance. As average daily attendance increases, the state cost increases.

**Oversight** assumes most students age seventeen are attending school and any average daily attendance increases would be minimal.

Officials from the **Department of Social Services - Division of Youth Services (DYS)** report that according to Kids Count Missouri, the annual school dropout rate in 2004 was 3.4%, or approximately 9,077 dropouts. This represents a continued decrease since peaking at 7.2% in 1995. According to the 2005 Juvenile Court Statistics Report, there were 3,730 referrals for truancy made to the juvenile courts involving youth under the age of 16 years. However, only 7 youth under the age of 16 were committed to DYS for truancy.

At any point in time, approximately 275 youth, age 16, are receiving aftercare services in the community. The division would be required to enforce school attendance for those youth. The division estimates that approximately 30 of those youth would participate in DYS day treatment programs rather than attend public schools.

The division expects to be able to absorb the 30 additional students requiring day treatment services using existing resources.

Officials from the **Department of Social Services - Children's Division** assume this proposal will require additional staff due to the additional reports that can be expected. The estimated number of 16 year olds that could be subject to educational neglect is based on the number of calls we currently receive on 15 year olds.

*Increased Child Abuse/Neglect Investigations*

The Division received 54,624 total reports to the Child Abuse/Neglect Hotline in FY 05. Of those reports, 22,177 were handled as investigations of which 6,578 were substantiated. Of the substantiated reports, educational neglect was found in 2% of the reports which would equal 132 substantiations for educational neglect. Approximately 30% of all investigations are substantiated. Based on this information, the number of investigations due to educational neglect reports should be 445. Fifteen year old children make up 7% of all victims in substantiated

ASSUMPTION (continued)

cases. In FY 05, 163 children were found to be victims of educational neglect, so approximately 11 children who were 15 year old were found to be substantiated victims of educational neglect. Based on the above information, if 11 children in this age group were found to be victims of educational neglect, then approximately 37 children age 15 were investigated in FY 05. The Division assumes the same number of 16 year olds would be reported and handled as investigations for educational neglect, therefore 37 additional CA/N reports would be investigated and 11 substantiated for 16 year olds.

*Increased Family Assessments due to Educational Neglect*

Using FY 05 data, the Division received 31,901 reports to the Child Abuse/Neglect Hotline that were handled as family assessments (F/A). Of all reports received, 9,840 F/A's found that CD services were either needed or services with an outside agency was linked through the help of the CD. Children age 15 made up 2% of the children in F/A's where services were needed or linked, which equals 1,040 children. Using the above data, we can assume approximately 638 F/A's reports were for 15 year old children. If we assume 20% of all F/A's were for educational neglect we can assume 127 F/A's were for educational neglect for 15 year old children. With the above data, the Division would assume the same number of 16 year olds would be reported and handled as family assessments for educational neglect, therefore 638 additional F/A reports would be received and 127 would be for educational neglect.

*Increased Cases Opened*

In FY 05, there were 9,702 Family Centered Service cases opened as a result of F/A's. If we assume 20% of these were opened for educational neglect, then 1,940 FCS cases would have been opened for educational neglect. If we assume 15 year olds were involved in 2% of the cases approximately 39 cases would have been opened for children 15 years of age and their families as a result of F/A's.

*Summary*

Using the above data, we can assume that approximately 11 additional cases would be opened as a result CA/N investigations and 39 additional cases would be opened as a result of F/A's due to passage of this bill. Therefore, 50 additional cases would be opened. There will be a need for additional 3.5 FTE to cover the additional cases, investigations and assessments. The following represents the breakdown of worker need:

ASSUMPTION (continued)

Service	FTE
37 CA/N Reports (15 reports per worker per month):	.21
127 Assessments (15 assessments per worker per month):	.71
39 FCS Cases (20 cases per worker):	1.95
11 LS1 Cases (18 cases per worker):	<u>.61</u>
Total Worker Need:	3.48

**Oversight** assumes that the caseload involving sixteen year olds due to educational neglect would be minimal. If the caseload does increase to the point of requiring additional staff, funding can be requested through the budget process.

In response to a similar proposal (SB 243), officials from the **Fair Grove School District** indicated there would be very little fiscal impact to their district and officials from the **Francis Howell School District** did not see a fiscal impact due to the proposed legislation since most of their students already attend school beyond their seventeenth birthday.

Section 167.034 deals specifically with the St Louis School District. **Officials from the St Louis School District did not respond to a request for fiscal note.**

**Oversight** notes that these sections of the proposal are not effective until July 1, 2013.

§168.700, 178.702 - MISSOURI TEACHING FELLOWS PROGRAM

According to officials from the **Department of Higher Education (DHE)**, this proposal would require DHE to administer a new program, the Missouri Teaching Fellows Program ("the Program").

DHE assumes they will incur significant personnel costs if they must administer the Program. The proposal mandates the creation of a "Teach for Missouri" coordinator position who would be responsible for identification, recruitment, and selection of potential Program participants. The duties listed for the coordinator indicate that much of that person's time would be spent out of the office marketing the Program and performing other external functions. An additional staff person would be required for the day-to-day operations, which would include fund disbursement, constant monitoring of Program participants to ensure that they are still engaging in "qualified employment," recovering money paid to or on behalf of ineligible participants, and other essential functions.

ASSUMPTION (continued)

DHE officials state they will require 1 FTE Research Associate position, at an estimated salary cost of \$35,000, and 1 FTE Program Specialist position, at an estimated salary cost of \$30,000, would be necessary for the Department to Administer the Program. DHE would also incur costs associated with these employees' fringe benefits, equipment, and other auxiliary expenses.. (§168.700.5)

**Oversight** assumes the proposal states that the DHE maintain a "Teach for Missouri" coordinator and that position would handle all duties of the program. For fiscal note purposes only, **Oversight** will show fiscal impact for one additional position. If position duties require additional personal costs, additional personnel can be requested through the appropriation process.

**Oversight** assumes that eligible applicants (high school seniors) will not be teaching in the qualifying districts until FY 13. No appropriations or disbursements for stipends would be needed until that time.

§162.1159 - STUDENT ASSESSMENTS

According to DES officials, CTB McGraw Hill currently works with the St. Louis City school district on benchmark assessments. The program is referred to as Acuity. This proposal would make it the state's responsibility to pay for this assessment. The estimated cost is \$18 per student per year. The 2006 Fall Enrollment from the Report of Public Schools is 39,554 for an annual impact of \$711,972. This cost represents an "off-the-shelf" assessment; if there is to be customization, there would be added costs.

**Oversight** assumes this cost is already in place. Funding would only be required for remedial tutoring.

§162.1165 - ALTERNATIVE SCHOOL

DES officials state the fiscal impact is difficult to estimate due to the following unknowns:

- 1) Number and type of discipline problems;
  - 2) Age of potential students that would need to be placed in the alternative school;
  - 3) Lack of good information on any average per student cost to start an alternative school;
- and,
- 4) Lack of information on specialized salaries for teachers and other faculty that are specifically trained to work with the needs of students in this type of setting.

ASSUMPTION (continued)

According to the Discipline Incidents Report for St. Louis City in the Annual Report of School Data, there were 2,224 students removed from their regular classroom during 2006. This is a total of all in-school suspensions, out of school suspensions, and expulsions. This could be a duplicated count. All 2,224 were listed under the "Other" category for type of offense. The usual ratio of students to teachers is 10 to 1, so 223 alternative locations would be needed. This number could increase because schools would not put a younger child in the same room with an older student or less involved students in the same room with students needing more supervision. Based on an average cost of \$5,000 per student, the total cost equals \$11,120,000.

Officials from the **Department of Mental Health (DMH)** anticipate their agency will be able to provide evaluations with existing staff and administrative agents. DMH assumes the school district would be responsible for the funding to meet the needs of the students.

Officials from the **Department of Social Services - Children's Division (DOS-CD)** assume the proposed legislation in this section may impact the Children's Division. The proposal states that "The school district shall work with the Departments of Mental Health and Social Services to evaluate students attending an alternative educational school in order to determine the specific need of each student." Currently the Children's Division only has educational input on children who have been placed in the custody of the Division by the juvenile court. DOS-CD assumes they could be mandated to assist in making educational decisions on children who are not in the custody of the Division. The Division does not have such expertise, therefore would need to contract for such evaluation services and consultation. The cost of such a contract is unknown, but would be less than \$100,000.

Section 1 - TASK FORCE ON ASSISTING SCHOOL DISTRICTS TO MEET COMPULSORY ATTENDANCE REQUIREMENTS

Officials from the **Office of the Missouri Senate** and the **Office of the Governor** assume this portion of the proposal will either have no fiscal impact as it relates to their agency, or minimal costs which can be absorbed by present appropriations.

**Oversight** assumes DES will have costs to reimburse members for actual and necessary expenses incurred in carrying out duties of the task force. Based on estimates for similar committees, Oversight assumes costs at \$15,000 per year.

Officials from the **House of Representatives** did not respond; however, **Oversight** assumes any costs can be absorbed with current appropriations.



<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>GENERAL REVENUE</b>			
<u>Cost - CBH</u>			
Personal Service	(\$30,042)	(\$37,132)	(\$38,245)
Fringe Benefits	(\$13,597)	(\$16,806)	(\$17,310)
Equipment and Expense	<u>(\$6,017)</u>	<u>(\$386)</u>	<u>(\$398)</u>
Total Personal Costs (\$168.700)	(\$49,656)	(\$54,324)	(\$55,953)
<u>Cost - DES - Reimbursement of expenses of task force members (Section 1)</u>			
	<u>(\$15,000)</u>	<u>(\$15,000)</u>	<u>(\$15,000)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>			
	<b><u>(\$64,656)</u></b>	<b><u>(\$69,324)</u></b>	<b><u>(\$70,953)</u></b>
Estimated Net FTE Change for General Revenue	1 FTE	1 FTE	1 FTE

**Oversight assumes that eligible applicants (high school seniors) will not be teaching in the qualifying districts until FY 13. No appropriations for the Missouri Teaching Fellows Program or disbursements for stipends for the program would be needed until that time.**

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>POLITICAL SUBDIVISIONS</b>			
Metropolitan School District			
<u>Cost - Remedial tutoring (\$162.1159)</u>	(Unknown)	(Unknown)	(Unknown)
<u>Cost - Alternative education school (\$162.1165)</u>	<u>(\$11,200,000)</u>	<u>(\$11,200,000)</u>	<u>(\$11,200,000)</u>
<b>ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS</b>			
	<b><u>(\$11,200,00 to Unknown)</u></b>	<b><u>(\$11,200,000 to Unknown)</u></b>	<b><u>(\$11,200,000 to Unknown)</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

ADDITIONAL DUTIES OF JOINT COMMITTEE ON EDUCATION AND TRANSITIONAL SCHOOL BOARD - §160.254, 162.079, 162.081, 162.1100

The Joint Committee on Education shall study and analyze issues and challenges as of educational system in the school districts classified as "provisionally accredited" or "unaccredited" by the State Board of Education.

COMPULSORY ATTENDANCE - §167.031, 167.034, 167.501, 167.052

Increases the compulsory attendance age for all children in Missouri to seventeen years of age.

MEGA-LOOPING - §162.626

Removes the district-wide use of mega-looping and instead modifies the existing pilot program. Ten schools shall utilize mega-looping, with five schools using a two-year loop and five schools using a three-year loop. After four years of the pilot program, DES shall report to the general assembly and the governor on the effectiveness of the program.

STUDENT ASSESSMENTS - §162.1159

Each student in the district shall be assessed every six weeks to determine proficiency in certain core areas. Any student failing to demonstrate proficiency shall be entitled to receive remedial tutoring by the district until such time as the student demonstrates proficiency. The cost of the tutoring shall be paid by the state.

ALTERNATIVE EDUCATION - §162.1165

The metropolitan school district shall establish alternative education schools for students who cannot be adequately served in a traditional classroom setting because of chronic truancy or behavioral problems. The district shall work with the Departments of Mental Health and Social Services to identify the specific needs of the students and the district shall employ teachers and other personnel with training on addressing the needs of the students. The curriculum of the schools shall stress core academic disciplines, as well as activities designed to enable the student to transition back to the traditional classroom.

DESCRIPTION (continued)

MISSOURI TEACHING FELLOWS PROGRAM - §168.700

The Coordinating Board for Higher Education shall maintain a "Teach for Missouri" coordinator position, the main responsibility of which shall be the identification, recruitment, and selection of potential students.

The general assembly shall appropriate an amount necessary to properly fund this program, not to exceed one million dollars in any fiscal year.

TASK FORCE ON ASSISTING SCHOOL DISTRICTS TO MEET COMPULSORY  
ATTENDANCE REQUIREMENTS - Section 1

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 the Governor

Office of the Senate

Department of Mental Health

Department of Social Services

Children's Division

Division of Youth Services

Department of Higher Education

Office of Secretary of State

Administrative Rules Division

Office of State Treasurer

School Districts

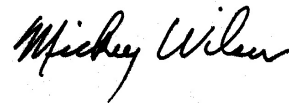
Fair Grove

Francis Howell

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**NOT RESPONDING**

**St Louis Public School District  
House of Representatives**

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large initial "M".

Mickey Wilson, CPA  
Director  
April 10, 2007