

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3624-01
Bill No.: SB 779
Subject: Children and Minors: Elementary and Secondary Education Department
Type: Original
Date: February 11, 2008

Bill Summary: Requires the state to provide fully subsidized preschool for children residing in unaccredited or provisionally accredited school districts.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(Up to \$55,119,476)	(Up to \$55,133,457)	(Up to \$55,136,443)
Total Estimated Net Effect on General Revenue Fund	(Up to \$55,119,476)	(Up to \$55,133,457)	(Up to \$55,136,443)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE	0	0	0

- 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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Senate** that this proposal either has no fiscal impact as it relates to their agency or minimal costs which can be absorbed by present appropriations.

Officials from the **Missouri House of Representatives** assume no fiscal impact to their agency.

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 for this proposal 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.

Officials from the **Department of Health and Senior Services** assume that since children in the unaccredited or provisionally accredited school districts have the potential to receive fully subsidized preschool, there may be an incentive to increase the size and number of licensed child care facilities to meet the increased need. This could result in an increased inspection workload for the Section of Child Care Regulation and a need to request additional staff to do these inspections. If the workload of the Section for Child Care Regulation were to increase in the future due to additional and/or larger child care facilities resulting from the subsidized preschool, the Division of Regulation and Licensure would request additional staffing at that time.

Officials from the **Department of Social Services - Children's Division (DOS)** assume that §162.1168 should not directly affect Children's Division as the wording in the legislation refers to DESE in all statements. DOS currently provides child care subsidies to many preschool and school age child care programs. These are provided both through the DOS regular child care subsidy program for low income families and through contracts with LINC and ARCHS, the Caring Communities Partnerships in Kansas City and St. Louis. To provide extended after school day child care services to school age children in the Kansas City and St. Louis public school districts, DOS would need to coordinate with DESE to ensure that they are not duplicating services. DOS assumes DESE will manage the program, therefore there would be no cost to the Department of Social Services.

ASSUMPTION (continued)

Officials from the Department of Elementary and Secondary Education (DESE) provided the following assumptions regarding fiscal impact of this proposal:

The following calculation includes the 11 districts that are provisionally accredited or unaccredited (including Wellston as "interim").

City/Dist Code	District Name	Census Population	Oct-06 % of FRL	Number Eligible for FRL	06/07 WADA	Total Cost
023-094	Wyaconda	14	84.62%	12	\$4,911.3746	\$58,936.50
040-101	Spickard	13	77.36%	10	\$3,949.0352	\$39,490.35
048-078	Kansas City	6,501	79.65%	5,178	\$3,835.1832	\$19,858,578.61
067-061	Charleston R-I	207	76.62%	159	\$2,911.0822	\$462,862.07
078-002	Hayti R-II	144	81.61%	118	\$4,684.2869	\$552,745.85
096-109	Normandy	1,045	74.27%	776	\$4,919.2971	\$3,817,374.55
096-111	Riverview Gardens	1,379	76.43%	1,054	\$4,849.4541	\$5,111,324.62
096-115	Wellston	94	97.61%	92	\$5,756.3878	\$529,587.68
106-005	Hollister R-V	190	66.67%	127	\$2,374.4190	\$301,551.21
108-144	Sheldon R-VIII	32	59.44%	19	\$3,556.5206	\$67,573.89
115-115	St. Louis City	9,379	73.46%	6,890	\$3,517.2591	\$24,233,915.20
						<u>\$55,033,940.53</u>

Notes:

Census population numbers are from the 2000 Census Data for three-year and four-year olds.

FRL = Free and reduced lunch

WADA = Weighted average daily attendance

The proposal requires that 50% of the funding be distributed to community-based programs. This will result in administrative costs due to the Request for Proposal Process which is very labor intensive. Because of this and the addition of another program to the Early Childhood Education Section, the DESE will require 1.0 FTE supervisor and 1.0 FTE administrative assistant.

ASSUMPTION (continued)

Oversight has, for fiscal note purposes only, adjusted the salary and benefits of the supervisor and administrative assistant to correspond with the range for starting salaries posted by DES for similar positions and has excluded travel costs, assuming the program could be administered with minimal travel.

Officials from the **St Louis Public School District** indicated no direct cost to their school district associated with this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE			
<u>Cost - DESE - Subsidized preschool program</u>	(Up to \$55,033,941)	(Up to \$55,033,941)	(Up to \$55,033,941)
<u>Cost - DESE - Personal Costs to administer preschool program</u>			
Personal Service (2 FTE)	(\$54,487)	(\$67,346)	(\$69,366)
Fringe Benefits	(\$24,094)	(\$29,780)	(\$30,674)
Equipment and Expense	(\$6,954)	(\$2,390)	(\$2,462)
Total Personal Costs	<u>(\$85,535)</u>	<u>(\$99,516)</u>	<u>(\$102,502)</u>
EXPECTED NET EFFECT ON GENERAL REVENUE	<u>(Up to \$55,119,476)</u>	<u>(Up to \$55,133,457)</u>	<u>(Up to \$55,136,433)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<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.

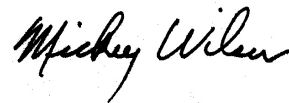
FISCAL DESCRIPTION

This proposed legislation requires the state to provide fully subsidized preschool at licensed child facilities that employ highly qualified teachers for children residing in a school district classified as unaccredited or provisionally accredited by the state board of education. Children are eligible if they are one or two years from entering kindergarten and if they are eligible for a reduced lunch price under federal law. Fifty percent of the funding shall be distributed to community-based programs.

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 Health and Senior Services
Department of Social Services
Missouri House of Representatives
Missouri Senate
Office of Secretary of State
 Administrative Rules Division
St Louis Public School District



Mickey Wilson, CPA
Director
February 11, 2008