

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4434-03
Bill No.: SB 1078
Subject: Education, Elementary and Secondary
Type: Original
Date: February 26, 2008

Bill Summary: Modifies provisions relating to charter schools.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

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	Unknown - Up to \$125,000 to (Unknown - Could exceed \$100,000)	Unknown - Up to \$125,000 to (Unknown - Could exceed \$100,000)	Unknown - Up to \$125,000 to (Unknown - Could exceed \$100,000)

FISCAL ANALYSIS

ASSUMPTION

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

§160.400.2

Based on enrollment of 2,000 during the 07-08 enrollment period for provisionally accredited school districts for any period of three consecutive years since July 1, 1999, the following school districts are subject to the terms of this language:

Kansas City
Center
McDonald County R-I
Jennings
Normandy
Riverview Gardens
Special School District of St Louis County
St Louis City

There is an unknown impact to those school districts because DESE cannot know how many children would move to charter schools from those districts.

§160.400.2(3)

This would allow an additional 24 institutions to be eligible to sponsor charters, which would require oversight by DESE staff.

§160.400.9

The proposed deletion of wording would mean that St. Louis City Public School District could get additional funds, not to exceed \$125,000.

Overall, as a result of the changes in §160.400, DESE will need a total of three FTEs (two supervisors and one accounting specialist) to process applications and provide sponsor oversight.

Oversight assumes that it is unknown how many of the 24 institutions, if any, that are eligible to sponsor charters would opt to do so. Oversight assumes existing resources can be used to

ASSUMPTION (continued)

process applications and provide sponsor oversight. If a significant number of eligible institutions would elect to sponsor charter schools, funding for personal services could be requested through the budget process.

§160.410

The state aid for a qualifying student who decides to attend a qualifying charter school will come from the state's aid and local calculation of the district in which the charter is located. This may shift some local tax money from the district to the charter for a student who is not a resident of the district. Such a shift cannot be estimated.

This proposal does not appear to change the state aid to the applicable district in the adjacent county.

Oversight assumes some districts could see a positive fiscal impact while others might see a negative fiscal impact, but the overall impact would be neutral; therefore, no fiscal impact will be shown for this section.

Officials from the **Kansas City Metropolitan Community College, St Louis Community College, and Missouri State University** indicated this proposal would have no fiscal impact on their institutions.

Officials from the **University of Missouri - Kansas City**, a charter school sponsor, assumed no additional cost to the state and no direct fiscal impact to their institution.

This proposal was sent to numerous other colleges, universities, and charter school sponsors who did not respond to a request for fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - St Louis City Public School District - Remittance of withholding from charter school for expenses (§160.400.9)			
	Unknown - Up to \$125,000	Unknown - Up to \$125,000	Unknown - Up to \$125,000
<u>Loss</u> - Local School Districts - Loss of aid due to decrease in students (§160.400.2)			
	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>Unknown - Up to \$125,000 to (Unknown - Could exceed \$100,000)</u>	<u>Unknown - Up to \$125,000 to (Unknown - Could exceed \$100,000)</u>	<u>Unknown - Up to \$125,000 to (Unknown - Could exceed \$100,000)</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

§160.400

Current law provides that charter schools may only be operated in the Kansas City and St. Louis City school districts. This proposed legislation allows charter schools to be operated in any district that is not a K-8 district, has an enrollment of at least two thousand students, and has been provisionally accredited for any period of three consecutive years since July 1, 1999.

A community college whose service area includes any portion of a school district in which a charter school may be operated may sponsor a charter school. In addition, any private or public four-year college or university with an approved teacher preparation program with its primary campus located in Missouri may sponsor a charter school.

FISCAL DESCRIPTION (continued)

§160.400.9

This proposal removes a provision preventing the Department of Elementary and Secondary Education from withholding 1.5% of certain state and local funding when the sponsor is a school district or the state board of education. This withholding is then remitted to the charter school sponsor.

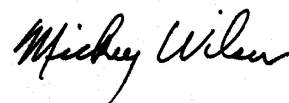
§160.410

This act requires charter schools whose mission includes student drop-out prevention or recovery to enroll nonresident pupils from the same or an adjacent county who submit a timely application. Preference will be given to resident pupils over non-resident pupils if there is insufficient capacity.

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
Missouri State University
Kansas City Metropolitan Community College
St Louis Community College
University of Missouri - Kansas City



Mickey Wilson, CPA
Director
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