

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0052-03
Bill No.: HCS for SB 79
Subject: Education, Elementary and Secondary
Type: Original
Date: May 4, 2009

Bill Summary: This proposal modifies various provisions relating to education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$10,411,737 Up to \$41,271,087 to Unknown)	(\$40,663,473 Up to \$71,522,823 to Unknown)	(\$58,033,859 Up to \$88,893,209 to Unknown)
Total Estimated Net Effect on General Revenue Fund	(\$10,411,737 Up to \$41,271,087 to Unknown)	(\$40,663,473 Up to \$71,522,823 to Unknown)	(\$58,033,859 Up to \$88,893,209 to Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 50 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
State Road Fund	(\$1,964,000)	(\$1,964,000)	(\$1,964,000)
Gaming Proceeds for Education Fund	(\$7,705,365)	(\$7,705,365)	(\$7,705,365)
Classroom Trust Fund	\$0	\$0	\$0
State School Moneys Fund	\$0	\$0	\$0
Quality Rating System Program Improvement Grant Fund	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	(\$9,669,365)	(\$9,669,365)	(\$9,669,365)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Federal Funds	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	5 FTE	5 FTE	5 FTE
Quality Rating System Program Improvement Grant Fund	.73 FTE	.73 FTE	.73 FTE
Federal Funds	.27 FTE	.27 FTE	.27 FTE
Total Estimated Net Effect on FTE	6 FTE	6 FTE	6 FTE

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 2010	FY 2011	FY 2012
Local Government	\$232,281,599	\$232,597,447	\$232,826,465

FISCAL ANALYSIS

ASSUMPTION

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. 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 fiscal note to the SOS for Administrative Rules is less than \$2,500.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **State Tax Commission, Department of Labor and Industrial Relations, Department of Corrections, Missouri Gaming Commission, Department of Economic Development, Department of Public Safety - Missouri State Highway Patrol, Missouri Senate, Office of Administration - Administrative Hearing Commission,** and the **Department of Mental Health** state this proposal will have no fiscal impact on their respective agencies.

Officials from the **Office of Attorney General** state the costs which may arise from this proposal are unknown but not expected to exceed \$100,000.

§115.121 - Additional School Bond Election Day

This provision would create an additional general election day on the first Tuesday after the first Monday in November, 2009 for the purpose of permitting school districts to incur debt.

Oversight notes that this provision is permissive, and that any cost to a local government would result from action by that local government to hold an election. **Oversight** will indicate no fiscal impact for this provision.

§142.814 - Exempts motor fuel used to operate school buses transporting students for educational purposes from the motor fuel tax.

Officials at the **Missouri Department of Transportation (MoDOT)** assume that according to Department of Elementary and Secondary Education they expect a 1.0043% bus travel growth

ASSUMPTION (continued)

annually. The total bus miles traveled during the 2007-08 school year was 131,909,393. The average school bus gets 7 miles per gallon. Total gallons used (131,909,393/7=18,844,199). That would be an income loss of \$3,203,513.83. Adding the 1% growth rate the impact would be (\$2,681,074.12) (FY 10), (\$3,231,123.28) (FY 11) & (\$3,245,017.11) (FY 12) - Note this also includes the lost revenue to cities and counties.

	FY 2010	FY 2011	FY2012
State Road Fund	(\$1,964,000)	(\$2,366,000)	(\$2,377,000)
Cities	(\$402,000)	(\$485,000)	(\$487,000)
Counties	(\$315,000)	(\$380,000)	(\$382,000)
Total	(\$2,681,000)	(\$3,231,000)	(\$3,246,000)

Officials from **Office of Administration - Division of Budget and Planning** defer to DESE and MoDOT for the fiscal impact of this proposed legislation.

Officials from the **Department of Revenue (DOR)** would be required to notify the 524 public school districts in the state of the exemption:

Letters -	\$ 13.10 (524 @ \$.025 per letter)
Postage -	\$220.08 (524 @ \$.42 per letter)
Envelopes -	\$ 20.96 (524 @ \$.04 per letter).
Total cost (FY 2010)	\$254.14

Oversight assumes that DOR can absorb any costs arising from the proposal with existing resources.

The **Office of Administration Information Technology (ITSD DOR)** estimates that this legislation could be implemented utilizing one existing CIT III for one month at a rate of \$4,441/mo for a total cost of \$4,441 for system modifications to FACS. ITSD DOR estimates the IT portion of this request can be accomplished within existing resources; however, if priorities shift, additional FTE/overtime would be needed to implement.

Officials at the **Department of Elementary and Secondary Education** assume this proposal

ASSUMPTION (continued)

would create a savings to school districts and a loss to state revenues.

Officials at the **Parkway School District** assume a savings of \$42,500 annually.

In similar legislation filed this year (HB 112 FN 221-03), officials at the **St. Joseph School District** assumed a savings of \$30,000 annually, officials at the **Sikeston R-6 School District** assumed a savings of \$6,000 annually and officials at the **Jefferson City Public School District** assumed savings of \$20,000 to \$25,000 annually.

§160.011, 160.041, 167.031, 171.029, 171.031, 171.033 - Permits school districts to adopt a four-day school week

Officials from the **Department of Elementary and Secondary Education** state that as a result of this proposed legislation, an individual's average daily attendance may increase, which is positive for the student, but could cause an increase to the state in the school foundation formula cost. The increased cost to the foundation formula cannot be estimated.

Oversight, for fiscal note purposes only, will assign no impact to the foundation formula at this time.

Officials from the **Francis Howell School District** assume this proposal will have no negative fiscal impact and could reduce transportation costs to their district. Elimination of one day of transportation could produce savings of more than \$1 million for their district; however, the district has not completed a formal study of the cost savings.

Officials from the **Sikeston School District** assume there should be some cost savings, but were unable to quantify what those savings might be.

Officials from the **St Charles School District** responded in the introduced version of this proposal that districts with considerable transportation costs may experience a significant reduction in expenditures. Allowing these same schools to make up snow days on Fridays could potentially eliminate the need to extend the school year into late May or early June. Closing schools sooner allows schools to convert their buildings to "summer mode" for air conditioning, thus reducing costs. High schools will have difficulty scheduling athletic events with neighboring schools who are on a five day week and a shorter day. Also, outdoor athletic events/practices may be difficult to schedule in the late fall and early spring unless the athletic facilities are lighted.

ASSUMPTION (continued)

Officials from the **Special School District of St Louis County (SSD)**, in the introduced version of this proposal, assumed a four day school week would save in transportation expense, but it is difficult to quantify. Most of their bus routes are tied to other routes and a cost reduction would depend on whether all schools tied to the routes were on 4 day schedules. SSD transports students to 23 other school districts in St. Louis County. Officials assume SSD could reduce the expense by \$1 million. SSD would also save on utilities expense, but that is subject to the expense incurred when bringing the heat back up at the end of the weekend.

Oversight assumes there could be savings in reimbursement of eligible transportation costs. According to the DES website, a summary of state transportation aid dated June 26, 2008, payment for 2007-08 costs showed the total aid paid was \$167,797,713. **Oversight** assumes that changing to a four-day school week with a minimum for 142 school days, compared to 174 school days for a five-day school week, would result in 32 fewer "transportation" days. This could result in a potential savings to General Revenue for state aid of \$30,859,350. The proposal is permissive, allowing school boards to establish a four day school week in lieu of a five-day school week. **Oversight** will range the savings from \$0 to \$27,964,780 annually. **Oversight** also assumes there could be a potential fiscal impact to the food services program and utility costs.

§160.263 - Seclusion rooms

Officials from the **Department of Elementary and Secondary Education** state there would be no fiscal impact to their agency.

§160.400, 160.405 - Charter Schools

Officials from the **Department of Higher Education** state this proposal will have no direct, foreseeable impact on their agency.

§160.400.2

According to officials from the **Department of Elementary and Secondary Education (DESE)**, eighteen school districts meet the criteria of districts where a charter school may operate: Kingston, New Bloomfield, Climax Springs, Ridgeway, Hickman Mills, Kansas City, Winfield, Risco, Hayti, Caruthersville, Lesterville, Ferguson-Florissant, Jennings, Normandy, Riverview Gardens, University City, Gilliam, St Louis City.

ASSUMPTION (continued)

§160.400.2(2)

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

DESE states there is no way to predict the number of charter schools that will actually come into existence nor how many students would move from public education into a charter environment. Therefore, impact is not something that can be calculated. However, it would be logical to assume that several charter schools will open which will require significant oversight. DESE would need three FTEs related to the additional requirements under this proposed language: one assistant director, one supervisor, and one administrative assistant.

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 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.

DESE reports that no changes are proposed to §160.415; therefore, the funding process appears to remain unchanged. The state aid for a qualifying student who decides to attend a qualifying charter school will come from the state's state 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.

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

Officials from the **City of St Louis** do not anticipate a significant fiscal impact from this proposed legislation.

Officials from the **University of Missouri** and **Missouri State University** state this proposal will have no fiscal impact on their respective institutions.

Officials from the **University of Missouri - St Louis** (charter school sponsor) did not indicate any fiscal impact resulting from this proposal.

According to officials from the **University of Missouri - Kansas City (UMKC Charter School**

ASSUMPTION (continued)

Center), the only provision that will effect charter school budgets is §160.405.13(2). The employee theft provision will save money over the surety bond required in §160.405.13(1).

The only provision that will effect charter school sponsor budgets is §160.400.9(1) and the second paragraph of §160.400.9(5) which will require about \$10,000 per year to document the cost of University services used to "support charter school sponsorship activities". Currently UMKC does not charge the UMKC Charter School Center for accounting service, administrative or School of Education faculty time spent supporting charter schools or maintenance of the University owned house in which the Charter School Center is located.

This proposal was sent to several school districts not classified as accredited, none of which responded to a request for fiscal note.

§160.410 - Study of charter school performance

Officials from **DESE** state that a study related to performance of charter schools would cost approximately \$200,000. DESE assumes the Office of Administration would coordinate the RFP process and that DESE would incur insignificant travel costs associated with the evaluation process.

§160.534, 163.011 - School funding

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** state that the proposed legislation should not result in additional costs or savings to the Division of Budget and Planning.

This proposal does not change the amount of gaming monies coming into the state treasury, but it will impact the state budget. The proposal eliminates the Schools First Elementary and Secondary Education Improvement Fund. The Fiscal Year 2010 Governor's Budget includes \$108.6 million from the existing Schools First Elementary and Secondary Education Improvement Fund along with FY 2009 supplemental funding recommendations of \$29.6million.

Officials from the **Department of Elementary and Secondary Education (DESE)** provided the following assumptions and calculations regarding the proposed legislation:

The proposal removes from the calculation of the state adequacy target the inclusion of the gaming revenues from the repeal of the loss limits. Current law provides that current operating expenditures shall include, in part, any increases in state funding subsequent to fiscal year 2005,

ASSUMPTION (continued)

not to exceed 5%, per recalculation, of state revenue, received by a district in the 2004-2005 school year. This proposal removes the 5% limit on increases in state funding per recalculation. The proposal also adds a component to weighted ADA related to the count of gifted students.

DESE has calculated the fiscal impact for each change independently as well as for the changes occurring simultaneously.

Add a weight for gifted students in weighted ADA:

The increased cost in FY 2010 if a weight for gifted students is added to weighted ADA is approximately \$26 million. All factors were held constant to those used in the DESE calculation of the \$63.2 million increase for FY10 including hold the SAT at \$6,117.

Remove the 5% cap in the State Adequacy Target (SAT) calculation:

The State Adequacy Target for FY 2010 would have been \$6,219 without the 5% cap. The increased cost in FY 2010 if the 5% cap is removed and the SAT is consequently increased to \$6,219 is approximately \$40.3 million. All factors were held constant to those used in the DESE calculation of the \$63.2 million increase for FY10 with the exception of the SAT which was changed to \$6,219.

Add a weight for gifted students in weighted ADA and remove the 5% cap in the State Adequacy Target (SAT) calculation:

If both the weight for gifted students and the removal of the 5% cap on the SAT calculation occur and are implemented together, the combined change for FY10 is approximately \$67 million more than no change to the SAT or the weight. All factors were held constant to those used in the DESE calculation of the \$63.2 million increase for FY10 with the exceptions of changing the SAT to \$6,219 and adding the gifted weight.

Oversight assumes both provisions in the proposal would be implemented, for a total cost of \$66,300,000.

ASSUMPTION (continued)

State Adequacy Target 2% increase.

According to DESE, a 2% increase to the current \$6,117 yields \$6,239 or \$122 increase. Applying the \$6,239 to the FY10 calculation yields an increased cost of \$48,513,197 over DESE's FY10 increase request. The comparison is to the FY09 appropriation.

DESE FY10 increase request =	\$ 63,168,672
FY10 increase if SAT increased 2% =	\$111,681,869
Difference =	\$ 48,513,197

This \$48 million is probably a 2 year growth. If the 2% increase is also to be applied over two years at 50% per year, and if this calculation had been in place when the first recalculation was done, the FY09 SAT would have been \$6,178 and the FY10 SAT would have been \$6,239. So, if FY09 had been \$6,178, perhaps the cost of going from \$6,178 in FY09 to \$6,239 in FY10 would be approximately \$24 million.

DESE cannot make estimates for future recalculations. If one assumes that the next recalculation will not yield any growth, then applying the 2% increase to \$6,239 yields \$6,364 or a \$125 increase to spread over 2 years. The cost ought to be slightly higher than the \$48 million since the growth is \$3 more.

§160.545, 173.250, 173.268 - Modifies the A+ Schools Program, creates the Missouri Promise Program, and modifies the Higher Education Academic Scholarship Program (Bright Flight) to provide scholarship opportunities to students attending certain public and private higher education institutions.

§160.545 - A+ Schools Program

§160.545.5 - According to officials from the **Department of Elementary and Secondary Education (DESE)**, as of 4-22-09, Missouri has 254 designated A+ high schools. There are currently 41,870 students who are eligible to utilize the program; A+ pays on approximately 1/3 that number. Of the remaining 262 non-designated high schools, there are currently 19,882 students who are potentially eligible to utilize the program under the terms of this section. These 19,882 students make up 32.2% of the total 61,752 eligible students.

ASSUMPTION (continued)

Number of high school graduates in Designated A+ high schools	41,870 (67.80%)
Number of high school graduates statewide in non designated high schools	<u>19,882</u> (32.20%)
Total number of high school graduates statewide in 2008	61,752

The FY09 A+ cost is \$21,765,855. Based on 68% of students currently in A+ schools, the expansion applied in year one during FY 10 would total \$5,121,378. This \$5.1 million cost would appear to be the uppermost cost of a range of potential costs during FY10. However, the changes to current statute which are proposed in section 160.545.3(2) would make the actual costs difficult to estimate.

§160.545.3(2) - Current statute states ... "any student who has made a good faith effort to first secure all available federal sources of funding...". The proposal removes the word "federal". This change would make A+ virtually the last payment option for students. This makes the costs of the program difficult to calculate because it is unknown what additional scholarships or funds any one child might receive. It could be assumed that this will save funds; however, there is no way to calculate a savings or even definitively assume there would be savings.

§160.545.6 - Current statute indicates that a student must enroll full time. Proposed new language requires the student to enroll full time and "attend" full time. DESE does not track the number of dropped courses after enrollment; therefore, DESE cannot calculate the impact of this change. This could potentially save funds; however, there is no way to calculate a savings.

§160.545.8 - This subsection sets up the priority of payments depending upon the classification of costs for tuition, general fees, and book costs depending upon the availability of funds. Tracking and payment will require an additional FTE data specialist.

This portion of the proposal allows up to fifty percent of the book cost. DESE estimate total cost for the 50% book reimbursement at \$6,614,706 per fiscal year.

Officials from the Department of Higher Education stated this version of the proposal would change the A+ scholarship program, which is administered by DESE. DHE is not including any estimate of the fiscal impact of changes to the A+ program except to the extent that those changes will affect the number of students who are eligible to receive Missouri Promise scholarships.

ASSUMPTION (continued)

FY	A+	Missouri Promise
2010	--Freshmen A+ recipients will include students from any public high school --Sophomore A+ recipients will include students from A+ high schools	--Junior Missouri Promise recipients will include students from A+ high schools --No seniors will receive Missouri Promise
2011	Freshmen and sophomore A+ recipients will include students from any public high school	--Junior Missouri Promise recipients will include students from A+ high schools --Senior Missouri Promise recipients will include students from A+ high schools
2012	No change from previous year	--Junior Missouri Promise recipients will include students from any public high school --Senior Missouri Promise recipients will include students from A+ high schools
2013	No change from previous year	Junior and senior Missouri Promise recipients will include students from any public high school

§173.268 - Missouri Promise Program

Officials from the **Missouri Department of Higher Education (DHE)** state this section of the proposed legislation would create Missouri Promise, a new financial aid program that would be administered by the DHE. The program would allow students who receive certain associate's-level degrees using the A+ scholarship to receive a scholarship for their third and fourth years at a public four-year institution of higher education.

ASSUMPTION (continued)

DHE would be required to perform new duties including:

- Determine what "average tuition" is, as defined by statute (§ 173.268.3);
- Develop regulations to implement the program (§ 173.268.3);
- Establish a procedure for the provision of scholarships (§ 173.268.3);
- Ascertain the appropriate amount of each student's scholarship (§ 173.268.3);
- Ascertain whether applicants for the scholarships meet specific eligibility criteria to receive initial awards (§ 173.268.4);
- Ascertain whether applicants for the scholarships meet specific eligibility criteria to receive renewal awards (§ 173.268.5).
- Reprogram the software it used to administer financial aid programs (FAMOUS)
- Update its publications to include information about the new program;
- Provide training to financial aid officers about the new program;
- Provide customer service to students, parents, high school guidance counselors, college and university financial aid officers, and other stakeholders;
- Develop annual funding requests for the program;
- Develop a procedure for evaluating the effectiveness of the Missouri Promise program (§173.268.7);
- Conduct biannual reviews of the Missouri Promise Program (§ 173.268.7); and
- Provide the results of biannual reviews to the governor, the speaker of the house, and the president pro tem of the senate (§ 173.268.7).

DHE's estimate of the cost of the scholarships is based on the following assumptions:

FY 10

DHE estimates that approximately the total cost of the four-year institution portion of the Missouri Promise program for FY 10 would be \$19,960,129.

This estimate is based on the following assumptions:

- o Only students who complete two-year degrees in 2009 and who received A+ awards will be eligible to receive Missouri Promise scholarships in FY 10. This means that only students in their third year of post-secondary education will be able to receive Missouri Promise scholarships in FY 10.
- o Currently 68% of public high school graduates are from A+ high schools. DHE assumes that 100% of public high school graduates will now be eligible to participate in A+ and, by

ASSUMPTION (continued)

extension, Missouri Promise, based on the language of this proposal.

- o The number of students who participate in A+ will increase by 19.5% each year. This estimate is based on actual and projected growth in the A+ program between FY 07 and FY 10. This increase will impact the number of students who may participate in Missouri Promise.
- o 75% of students who received A+ and completed associates degrees will go on to a four-year institution and receive Missouri Promise.
- o Awards will be set at \$6,303.51. This estimate is based on the fact that Missouri Promise scholarships are limited to public four-year colleges and universities, with tuition reimbursement capped at the average public four-year school tuition and fees, currently \$6,303.51. The DHE assumes that public four-year institutions' tuition will not increase for FY 10.
- o Pell and Access Missouri awards are deducted when determining Missouri Promise awards.

FY 11

DHE estimates that the total cost of the four-year institution portion of the Missouri Promise program for FY 11 would be \$42,082,290.

This estimate is based on the following assumptions in addition to those stated for FY 10:

- o Students in their third and fourth years of post-secondary education will be able to receive Missouri Promise scholarships in FY 11.
- o Award amounts would increase by approximately 3% annually. Missouri Promise scholarships are limited to public four-year colleges and universities with tuition reimbursement capped at the average public four-year school tuition and fees, currently \$6,303.51. The DHE assumes that public four-year institutions' tuition will increase at approximately the rate of inflation, which is assumed to be 3%. This figure is lower than the assumed inflationary increase for community college tuition because four-year institutions' tuition is capped by state law.

ASSUMPTION (continued)

FY 12

DHE estimates that the total cost of the four-year institution portion of the Missouri Promise program for FY 12 would be \$56,241,651 based on the assumptions from FY 11.

DHE assumes that it will require \$170,000 in FY 10 to reprogram FAMOUS to accommodate this new program. This estimate is based on the amount required to reprogram FAMOUS to accommodate the Access Missouri program in 2007.

DHE assumes that it would require 1.5 FTE for administration of this program. DHE would hire an additional 1.5 FTE at the Research Associate II level and would use an existing .5 FTE already in the DHE budget to administer this program. DHE would be required to purchase equipment for two new FTE. The DHE assumes that these FTE would be hired at the low end of the pay range for Research Associate II, starting at an annual salary of \$33,420.

Officials at the **Missouri Southern State University, Linn State Technical College, St. Louis Community College, University of Missouri** and the **Missouri Western State University** assume that there is no fiscal impact from this proposal.

Officials at the **Lincoln University** assume a possible financial impact due to increased enrollment resulting from increased financial aid assistance for students.

Officials at the **University of Central Missouri** assume a saving of \$200,000 since they would no longer need to offer a transfer scholarship. However, they project a loss of tuition as students may choose to enroll in a two year school instead of a four year.

§173.250 - Higher Education Academic Scholarship Program (Bright Flight)

Officials from the **DHE** assume section 173.250.4(4)(b) extends the period that students who enter the military immediately after high school or who leave college to serve in the military can defer their Bright Flight awards. Those students would potentially be able to receive awards.

Several unknowns prevent the DHE from being able to precisely estimate the impact of this proposed legislation, including the number of students who enter the military immediately after high school or leave college to serve in the military who would otherwise qualify for Bright Flight, whether such students would be in the top 3% or the top 5%, and the number of such students who would ultimately return to college within six months after leaving the military.

ASSUMPTION (continued)

Based on all available data about the Bright Flight program, general patterns of deferral rates, and the number of times DHE receives calls from students who might benefit from the change described above, DHE staff estimate that the changes described above would result in approximately 2 additional Bright Flight awards to students in the top 3% each year starting in FY 10. DHE assumes that students in the top 3% will receive \$2,000 awards in FY 10 and \$4,000 awards for FY 11 and each year thereafter. DHE assumes that starting in FY 11, students in the top 5% will begin receiving \$1,000 Bright Flight awards, and that the changes in this bill will result in an additional 3 students per year receiving awards in that range. The DHE assumes that all students who receive Bright Flight awards because of the changes in this proposal will maintain eligibility and receive awards for 4 years.

Score Range	FY10 3%	FY11 0 5%	FY11 3%	FY11 5%	FY12 3%	FY12 5%
Number of students who would be eligible for <u>initial</u> Bright Flight awards because of this bill	2	N/A	2	3	2	3
Number of students who would be eligible for <u>renewal</u> Bright Flight awards because of this bill	2	N/A	2	0	4	6
Total number of students	0	N/A	4	3	6	9
Award amount per student	\$2,000	N/A	\$4,000	\$1,000	\$4,000	\$1,000
Total awarded to eligible students	\$4,000	\$0	\$16,000	\$3,000	\$24,000	\$9,000

DHE assumes that it would not require additional staff to administer the Bright Flight program with these changes, but that it would be required to reprogram the software it uses to administer the Bright Flight program, which is called FAMOUS. The cost associated with the software reprogram is currently unknown.

Oversight assumes that the cost to reprogram the FAMOUS system could be absorbed within existing resources.

§160.539 - School Flex Program

Officials from the **Department of Elementary and Secondary Education (DESE)** state this

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section requires DESE to collect additional data from school districts. The additional cost to school districts and DESE is likely to exceed \$100,000.

Oversight assumes the data required is already available and costs to capture it could be absorbed with existing resources.

§160.755 - Bullying

Officials from the **Department of Elementary and Secondary Education** did not indicate any fiscal impact on the agency level; however, they assume local school districts might incur additional printing costs to implement this proposal. In addition, depending upon the level of ASSUMPTION (continued)

training required by each school districts for its school employees and volunteers, there could be significant unknown costs.

Oversight assumes an anti-bullying policy is already in place in school districts and any implementation costs attributed to the amendments to current statute could be absorbed with current resources.

§161.390 - Standards for teaching

Officials from the **Department of Elementary and Secondary Education (DESE)** stated there would be cost associated with the development of the teaching standards, but those costs should be insignificant.

Oversight assumes the minimal costs could be absorbed by DESE and, for fiscal note purposes only, will assign no cost for this section.

§161.850 - Parent's Bill of Rights

Officials from the **Department of Elementary and Secondary Education (DESE)** state they have adopted the federal model of the "notice of right" referred to as "Procedural Safeguards" which meets all federal requirements. DESE has indicated they would not be likely to change the federal model to accommodate the requirements of this proposal. The provisions of this proposal appear to provide for "rights" that are additional to those provided under the Individuals with Disabilities Education Act (IDEA) to parents. Should this proposal pass, DESE would most

ASSUMPTION (continued)

likely create a new (additional) document for distribution to families.

The existing "Federal Procedural Safeguards" document is 32 pages in length. DESE assumes that an additional state procedural safeguards document (bill-of-rights) would be approximately ten pages in length. Distribution to school districts/charter schools is based on child count.

Estimated Costs:

Staff time: 100 staff hours	\$ 2,500 (includes federal approval process)
Materials:	\$ 250
Printing: 150,000 copies	\$ 30,000
Translation: 22 languages	\$100,000
American Sign Language/Video/DVD	\$ 5,500
Distribution Costs/Postage	\$ 600
	<hr/>
	\$138,850

Oversight assumes the staff time and printing costs would be absorbed. Printing costs will be negligible since the document is to be posted on the web site. In reviewing existing contracts for translation costs, Oversight assumes a range of 3 cents to 37 cents per word and a range of 5 to 10 pages (at 500 words per page) for the proposed document to be translated into 22 languages. The range for translation cost would be \$1,650 at the lowest end of the range and the highest would be \$40,700. **Oversight** also assumes that requests for translations in non-mainstream languages could be requested on an as-needed basis, further reducing the cost of this section. For fiscal note purposes only, **Oversight** will range the cost as (Unknown - Up to \$40,700).

Officials from the **Special School District of St Louis (SSD)** assume that most of the requirements listed in the proposal are already required under IDEA. This proposal would add compliance requirements that don't currently exist under IDEA such as discussing classroom programming and behavior therapy. These requirements would add expense to the district, but SSD could not quantify an amount of fiscal impact.

Officials from the **Sikeston School District** state there will be a fiscal impact associated with the compliance steps, but that a specific cost is not known.

Officials from the **Francis Howell School District** assume the proposed legislation would require printing of the brochures. The estimated fiscal impact would be less than \$1,000 per year.

ASSUMPTION (continued)

Officials from the **Blue Springs School District** assume this proposed legislation will lead to more due process hearings in the state. They reported they spent \$130,000 last year on attorney's fees for special education issues and just went through one in the last month and attorney's fees alone were in excess of \$50,000. They assume that if this proposal is enacted they will at least double those costs.

Officials from the **St Charles School District** responded to the request for fiscal note, but did not specify if there would be fiscal impact to their district.

§162.083 - Operation of a Special Administrative Board of a lapsed school district

Officials from **DESE** state this proposed legislation presents no increased costs for their agency or the state.

Oversight assumes that since the election of a successor member shall occur on a municipal election day, costs of the election to the school district would be minimal and no fiscal impact is assigned.

§162.204 - Digital and electronic records

Officials from **DESE** state this proposal will have no fiscal impact on their agency or on local school districts.

Officials from the **Sikeston School District** assumed no costs associated with the proposed legislation.

In response to an identical proposal from last year (SB 925 - FN 3978-01), officials from the **Independence School District** stated the proposal would have no fiscal impact on their district beyond current operational expenditures.

§162.431 - Defines "significant difference in the time involved in transporting students" for purposes of school boundary line determinations

In response to the introduced version of this section of the proposed legislation (HB 304 - FN 0130-02), officials from the **Department of Elementary and Secondary Education (DESE)** stated this proposed legislation further defines the provision within the boundary change statute that boards of arbitration should consider when making a decision regarding a boundary change.

ASSUMPTION (continued)

One of the considerations is educational harm to school aged children due to “significant” difference in the time involved in transporting students. This proposal would define “significant” as a difference of one hour or more per trip in travel time.

There would be no fiscal impact for the state transportation formula. There would also be no fiscal impact for the state school foundation formula unless the assessed value of the land taken from one district and added to another caused the losing district's assessed valuation to be less than the 2004 assessed value, the value in the foundation formula. Regardless of the impact on the school foundation formula, the school district losing land would lose local property tax.

DESE further stated that a loss of land in one district would result in a loss of local property tax for that district; conversely, the district that received the land would have a gain in local property tax. There is no way to estimate how many districts will be impacted or to what extent their local property taxes would increase or decrease.

Officials from the **Francis Howell School District** do not foresee any fiscal impact to their district as a result of this proposed legislation.

Officials from the **Sikeston School District** assume that few school districts are ever involved in type of undertaking and the fiscal impact would be negligible.

Oversight assumes that inter-district property transfers resulting from this proposal would be minimal and that tax rates in adjoining districts would be relatively equal. For fiscal purposes only, **Oversight** will show fiscal impact to local school districts as Unknown for districts gaining land and (Unknown) for districts losing land for a net fiscal impact of \$0.

§162.492 - Elections for school board vacancies

Officials from **DESE** state this proposal will have no fiscal impact on their agency.

Officials from the **Office of Secretary of State** indicated this proposed legislation would have no fiscal impact on their agency.

Officials from the **Kansas City Board of Elections** have determined that a single issue election for the Kansas City Missouri School District would cost approximately \$200,000.

Oversight assumes the proposal calls for a special election to fill vacancies on the school board;

ASSUMPTION (continued)

therefore, the Kansas City Missouri Public School District would be responsible for the costs of the special election if such a vacancy should occur. A special election would be only held if a vacancy occurs more than six months prior to the next general municipal election; otherwise, the position would be filled at the next general municipal election, reducing potential election costs to the Kansas City Missouri Public School District.

Officials from the Kansas City Missouri Public School District did not respond to a request for fiscal note.

§162.1250 - Virtual courses

Officials from **DESE** anticipate no increased cost to the school foundation formula.

Oversight assumes the proposal is permissive for the school districts; therefore, no fiscal impact will be stated.

§163.031 - Eliminates the summer school penalty beginning with the 2009-2010 school year

According to officials from the **Department of Elementary and Secondary Education (DESE)**, this section of the proposed legislation does not increase the cost of the school basic foundation formula. It would reduce a decrease, or penalty, a district might have because of summer school average daily attendance (ADA) decreasing below that of the 2005 summer school level.

A reduction in summer school ADA for whatever reason will result in a decrease in the district's basic formula money because the district's weighted ADA would decrease. However, this is not a result of the proposal. It is the normal process in the formula in which a decrease in regular term ADA or summer school ADA causes a decrease in basic formula money for the school district affected.

§163.044 -Increases the overall appropriation amount for small school grants from \$15M to \$20M with \$15 being distributed to eligible districts in proportion to their average daily attendance

In response to HCS for HB 356 - FN 0092-02, officials from the **Department of Elementary and Secondary Education (DESE)** assume the House Committee Substitute requires the use of regular term Average Daily Attendance (ADA), which excludes summer school ADA, in

ASSUMPTION (continued)

subsections 1 and 2. However, 163.044.1(2) does not have the addition of "regular term" before the term "average daily attendance". Consequently, it appears that \$15M will be allocated per regular term ADA and \$5M will be allocated per tax rate weighted ADA using ADA that includes summer school. Based on this assumption, DESE calculates the following fiscal impact:

§163.044.1 – Increases General Revenue cost by \$5 million

§163.044.1(2) – No change to the total amount to be distributed (stays at \$5 million).

§163.044.2 – Increases General Revenue cost by approximately \$2,705,365 – This estimate assumes that the distribution to districts with 350 or less regular term ADA is \$15 million. The estimated amount per ADA to use in the calculation described in §163.044.2 is \$413. Using 2007-08 regular term ADA, 36 districts were eligible to receive this funding.

Oversight notes that HCS for SCS for SS for SB 291 states the general assembly shall appropriate an amount to be transferred from the Gaming Proceeds for Education Fund.

§163.095 - Requires the Department of Elementary and Secondary Education to recalculate state school aid for Riverview Gardens School District to correct an error by the district and requires audits and appraisals

Officials from the **Department of Elementary and Secondary Education** state the district impacted by this proposal is Riverview Gardens (096-111). The estimate of the state's increased cost for FY10 is \$1,363,037. The estimates for subsequent years' increased costs are:

FY 11-\$1,578,885
FY 12-\$1,807,903
FY 13-\$2,036,921

DESE assumes the audit and appraisal stipulations will result in costs to the school district.

Oversight assumes the school district will only be liable for appraisal costs if it decides to sell school property.

According to officials from the **Office of State Auditor (SAU)**, §163.095.2 requires the SAU to audit the Riverview Gardens School District in FY 2012. The audit conducted on this entity by the SAU in FY 2007 cost approximately \$116,000. With the increases in costs since that time, it is estimated that this audit requirement will cost approximately \$150,000.

LMD:LR:OD (12/02)

ASSUMPTION (continued)

Officials from Riverview Gardens School District did not respond to a request for fiscal impact.

§165.011 - Amends law relating to the School Capital Projects Fund to allow school districts flexibility when expending money from the American Recovery and Reinvestment Act of 2009

Officials from the **Department of Elementary and Secondary Education** state this proposal will have no fiscal impact on their agency or on local school districts.

Officials from the **Francis Howell School District** state there would be no negative fiscal impact on their district as a result of this proposed legislation.

§167.018, 167.019 - "Foster Care Education Bill of Rights"

The proposed legislation stipulates that the foster child has the right to remain enrolled in and attend their school of origin pending resolution of school placement disputes. According to officials from the **Department of Social Services - Children's Division**, the Children's Division policy currently addresses this issue in Section 4 Chapter 7.2 of the Child Welfare Manual.

Officials from the **Department of Health and Senior Services** state this section of the proposal will have no fiscal impact on their agency.

Officials from the **Department of Mental Health (DMH)** state that none of the provisions of this proposal appear to place any additional requirements upon their agency; therefore, no fiscal impact is anticipated.

Officials from **DESE** state this section proposal will have no fiscal impact on their agency or on local school districts.

Officials from the **Blue Springs School District** assume this proposal would result in the need for them to hire at least on additional staff member in order to comply with this proposal. Their cost is estimated to be at least \$75,000 annually.

In response to SB 1000 (FN 3989-05) from last year, officials from the **Francis Howell School District** assumed no fiscal impact to their district.

Officials from the **St Charles School District** stated that schools already provide services to

ASSUMPTION (continued)

students who are in foster care. Sending transcripts, etc., is already required and does not require designation of one person to be responsible.

Officials from the **Poplar Bluff School District** assumed this proposal would impact personnel, but did not assign a cost.

Officials from the **Sikeston School District** assumed they would have to establish an additional protected class which would result in a cost for implementation and training.

Oversight assumes the only costs to school districts will be administrative and that the school districts can absorb any administrative duties related to this proposal.

§167.720 - Physical education requirements

Officials from the **Department of Elementary and Secondary Education (DESE)** state there is no impact for DESE; however, there is an unknown, but estimated over \$100,000 cost for school districts in the state. Not all districts will have problems with these requirements, but other districts could actually have to build more gyms and hire additional staff. Some school districts already provide daily PE for elementary students, but a majority do not. There is also the mandatory recess which is not currently required in Missouri and this could require districts to hire or fund playground supervisors.

Officials from the **Blue Springs School District** state this proposal would require their district to add a minimum of 13 additional with as many as 21 additional physical education teachers at a cost of at least \$650,000 to \$1,000,000 annually.

Officials from the **Special School District of St Louis County** state the proposed legislation would cost their district at least \$550,000 for 10 new physical education teachers. In addition, their district may have to make renovations to one of their buildings to accommodate the increased required for physical education. In addition, the proposal may require the school day to be increased which could increase transportation costs due to the inability to pair routes for schools with extended hours.

Officials from the **Frances Howell School District (FHSD)** responded in the introduced version of this proposal that they currently provide the required number of minutes of physical education instruction, but not on a daily schedule. Physical education is scheduled in a rotation along with art and music. To move to having physical education every day for kindergarten through eighth

ASSUMPTION (continued)

grade, FHSD would need to increase teaching staff, not only in physical education, but also in art and music.

FHSD officials estimated they would need to add a minimum of 10 teachers. At a cost of \$60,000 (salary and benefits), the fiscal impact would be \$600,000. This does not include the facility costs that may be incurred, as their district is already running a program at maximum capacity at some of their schools. The move to every day physical education would require expansion of facilities. This would increase the fiscal impact of this proposed legislation.

Officials from the **Parkway School District** estimate the cost of this proposal to be approximately \$800,000, based on a minimum of 15 additional FTE.

In response to a similar proposal from last year (HB 1891 - FN 3959-01), these school districts offered the following assumptions:

Officials from the **Salisbury School District** assumed this proposal would require additional teachers and their district would have to build a facility in which to conduct these classes. Their district is only able to offer 50 minutes each week per elementary class because the current facilities are also used as the lunchroom.

Officials from the **Independence School District** assumed that at the elementary level, it would require additional physical education teachers, additional gym space, and equipment to support this program expansion. At the Middle School students currently participate in P.E. (3/5th of the time) and Health (2/5th of the time). At the High School level, it would require the District to increase graduation requirements for physical education to two units; increase the number of instructors; conflict with advance placement, band, debate, theater, and foreign language courses; and would require more indoor physical education space.

Oversight notes that the language of the proposal states that all school districts shall comply with the requirements of this proposal beginning with the 2010-2011 school year. **Oversight** assumes costs for additional staff would not begin until FY 2011; however, if additional construction of facilities is required, those costs to the districts could begin as early as FY 2010 and would be expected to exceed \$100,000. **Oversight** also notes that although physical education teachers are not required to implement this section, additional staffing would still be needed.

ASSUMPTION (continued)

§168.133 - Background checks and fingerprinting for teachers

Officials from the **Department of Public Safety - Missouri State Highway Patrol** anticipate this proposal would have no fiscal impact on their agency.

Officials from the **Department of Elementary and Secondary Education (DESE)** were unable to determine a fiscal impact for proposal due to uncertainties regarding the meaning of the language.

Oversight assumes the language in this section of the proposed legislation addresses the transferability of records and does not mandate additional fingerprinting or background checks and therefore will assign no fiscal impact.

Officials from the **Sikeston School District** estimate this proposed legislation would result in minimal savings to their district.

§168.185 - Certification of school food service directors

Officials from the **Department of Health and Senior Services** stated this section would have no fiscal impact on their agency.

Officials from DESE assume this section assume there would be an impact to school districts in the form of annual dues and continuing education costs. DESE cannot estimate the impact but assume it could be significant statewide.

Officials from the **Special School District of St Louis County** assume the cost to implement this proposal would be at least \$1,000.

According to information posted on the Missouri School Nutrition Association website, **Oversight** assumes dues and costs of continuing education are not prohibitive and can be absorbed with existing resources.

§168.251 - Metropolitan school non-certificated employees

Officials from **DESE** deferred to the affected school district (St Louis Public School District). §168.251 and 168.291 shall not apply to non-certificated employees hired after August 28, 2009.

ASSUMPTION (continued)

Oversight assumes no cost associated with this proposal.

§170.400 - Supplemental educational services programming

DESE officials assumed no fiscal impact for this section.

§172.360, 173.1110, 174.130, 175.025, 178.635, 178.780, 178.785, 208.009 - Prohibits the enrollment of unlawfully present aliens in public institutions of higher education

Officials from the **Department of Labor and Industrial Relations**, **Department of Conservation**, **Department of Transportation**, and the **Department of Revenue** state there is no fiscal impact to their respective agencies.

Officials from the following colleges and universities state this proposal will have no fiscal impact on their respective institutions: **Metropolitan Community College**, **Missouri Southern State University**, **Missouri State University**, **Linn State Technical College**, **Truman State University**, **Moberly Area Community College**, **University of Central Missouri**, **Missouri Western State University**, and **Lincoln University**

Officials from the **Department of Higher Education** assume that it could perform this additional duty without the appropriation of additional funds or FTE.

In response to the previous version of this bill, officials at the **University of Missouri** assume this would cost \$1,255,000 due to additional administrative costs to implement the legislation as well as lost revenue from distant education and dual credit students.

Oversight assumes that the costs associated with this proposal will be paid out of the College or Universities' normal operating expenses and that there is no fiscal impact to General Revenue. Additionally, Oversight assumes that the Colleges and Universities will raise their fees to cover the costs of the additional requirements outlined in this proposal.

§173.754 - Prohibits the use or attempted use of false or misleading diplomas for admission to higher education institutions or in connection with businesses or employment

Officials from the **Department of Higher Education** and the **Department of Labor and Industrial Relations** state there will be no fiscal impact to their respective agencies.

ASSUMPTION (continued)

Officials from the **Metropolitan Community College, Lincoln University, Truman State University, University of Missouri, Missouri Southern State University, Linn State Technical College, Missouri Western State University, Missouri State University** and the **University of Central Missouri** assume that there is no fiscal impact to their respective institutions.

§210.205 - Quality Rating System for child care facilities

Officials from the **University of Missouri, Missouri House of Representatives** and the **Missouri Senate** each assume the proposal would have no fiscal impact on their respective agencies.

In response to a similar proposal from 2008 (SB726), officials from the **Missouri State Treasurer** assume the proposal would have no fiscal impact on their agency.

Officials from the **Department of Mental Health (DMH)** states other than collaborating with the Department of Social Services, Department of Health and Senior Services and the Department of Elementary and Secondary Education, this proposed legislation places no requirements upon the DMH. DMH collaborates with other state agencies in many areas and expects no significant cost to the Department associated with this bill.

Officials from the **Department of Elementary and Secondary Education (DESE)** states Section 210.205 requires the use of a specific rating system which the Department is not currently using. All of our Missouri Preschool Project's would need to be changed over to that rating scale. Subsidies would be affected by how well the programs rate on the rating scale, thus impacting the program's finances and ability to serve children.

The fiscal impact is unknown as the Department cannot know how the grantees will perform on the specified rating system.

Officials from the **Department of Health and Senior Services** state the following:

Sections 210.205. 1. - 3. - Based on discussion with Department of Social Services (DSS), all costs related to the development of the rating system will be included in the DSS fiscal notes response. The Department assumes that any collaboration between the DHSS and the DSS required by the legislation would be accomplished with existing staff and resources. DHSS assumes no cost to develop the rating system.

ASSUMPTION (continued)

Section 210.205.4. - The legislation requires DSS to administer the newly created "Early Childhood Program Quality Improvement Grant Fund". The DHSS assumes no cost related to this fund.

Section 210.205.5 - Based on discussion with DSS, their costs related to developing the rating system will include the costs of collection, development and distribution in (1) and (2). Subsection (3) requires that the provider ratings be posted on the Internet. Based on information received from OA ITSD, \$50,000 is included as an estimate of the cost to post this information on the DHSS Internet site. Since ITSD work until rules are promulgated by DSS, it is assumed that ITSD work will not begin until FY 2011. Therefore, it is assumed that this cost would be paid from General Revenue during FY 2011.

Section 210.205.6 - The legislation requires DSS to promulgate rules. The DHSS assumes no cost related to rules.

Potential Future Costs - Implementation of this legislation might result in an increase in the number of licensed facilities with a corresponding increased inspection workload for the Section for Child Care Regulation. If such an increase were to occur, the program would ask for additional staff through the budget process at a later date.

The increased demand for required annual training hours for licensed providers has the potential to exceed the current training capacity of the Missouri Child Care Resource and Referral Network (MOCCRRN). If such an increase were to occur, the program would ask for additional funding through the budget process at a later date.

ASSUMPTION (continued)

Officials from the **Department of Social Services** assume the following:

Cost for rating system based on University of Missouri (UM) estimates. The proposed process increases the number of programs rated each year until FY 14 when 70% of the programs will be rated. No state with a voluntary Quality Rating System (QRS) has seen participation exceed 70%. The improvement fund calculation has been broken out as it is subject to appropriation. The Children's Division assumes that the licensed child care programs receiving quality improvement funds or services that are mandated to be rated by July 1, 2012, will be included in the first 3 years of implementation. The projected cost per year is:

<u>Year</u>	<u>Percentage Rated</u>	<u>QRS Cost</u>	<u>Improvement Fund</u>	<u>Total</u>
FY10	10%	\$0 to \$714,301	\$0	\$714,301
FY11	27%	\$0 to \$1,196,124	\$0 to \$2,038,000	\$1,196,124 to \$3,234,124
FY12	43%	\$0 to \$1,690,366	\$0 to \$3,310,000	\$1,690,366 to \$5,000,366
FY13	57%	\$0 to \$2,181,936	\$0 to \$4,330,000	\$2,181,936 to \$6,511,936
FY14	70%	\$0 to \$2,684,507	\$0 to \$5,348,000	\$2,684,507 to \$8,032,507

This methodology changed from the previous year fiscal note. It has been determined that the child care providers will be reviewed every 18 months instead of 12 months. This resulted in a significant reduction in the cost to implement the QRS.

Cost for tiered subsidy system is unknown at this time, but is anticipated to be several million dollars. Current subsidy system will need to be revamped. Factors that may influence cost are adjustments to parental sliding fee/co-payment, actual cost variances between the various QRS levels, income eligibility level increases, etc. Since the subsidy will only be implemented after passage of a resolution by the General Assembly, no cost is shown in the fiscal note.

One FTE for QRS UMC grant oversight, i.e. contract development, monitoring, reviewing reporting and outcome requirements and statistical data, liaison between DSS and grantee including coordination with other DSS programs, providing technical assistance to grantee, and payment of invoices. This FTE will also be the liaison with the Coordinating Board for Early Childhood in developing and implementing a tiered reimbursement system.

This version of the legislation establishes DSS to enter into a contract with a non-government organization/s for the purpose of the Quality Improvement Grant disbursement. While it is unknown the amount needed to contract this process, the Division is anticipating a fiscal impact

ASSUMPTION (continued)

of unknown but greater than \$100,000.

Oversight notes that this proposal would create a fund which shall consist of gifts, donations, bequests, transfers, and moneys appropriated by the General Assembly. Oversight assumes the fund would receive some gifts, etc, but Oversight assumes that all or virtually all of this funding would be transferred or appropriated from the General Revenue Fund.

Oversight has, for fiscal note purposes only, assumed this proposal will be appropriated and reflexed the cost without a "\$0 to" range.

§313.822 - Audit requirements

The Office of State Auditor will no longer be required to perform an annual audit of the Schools First Elementary and Secondary Education Improvement Fund since the fund is being eliminated with this proposal.

Oversight assumes no fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE			
<u>Savings</u> - Reduced state transportation aid (§160.011, 160.041, 171.029)	\$0 to \$30,859,350	\$0 to \$30,859,350	\$0 to \$30,859,350
<u>Savings</u> - Reduced GR expense to fund foundation formula (§160.534)	\$108,600,000	\$108,600,000	\$108,600,000
<u>Cost</u> - Department of Elementary and Secondary Education (DESE) - Increased state aid due to increase in State Adequacy Target (§163.011)	(\$48,513,197)	(\$48,513,197)	(\$48,513,197)
<u>Cost</u> - DESE - Increased state aid (§163.011)	(\$66,300,000)	(\$66,300,000)	(\$66,300,000)
<u>Cost</u> - DESE - Contract costs for study of charter school performance (§160.400)	(\$200,000)	\$0	\$0
<u>Cost</u> - DESE - A+ Program book reimbursement (§160.545)	(\$6,614,706)	(\$6,614,706)	(\$6,614,706)
<u>Cost</u> - DESE - A+ Program expansion (§160.545)	\$0 to (\$5,121,378)	\$0 to (\$11,307,256)	\$0 to (\$12,628,371)
<u>Cost</u> - DESE			
Personal Services (1 FTE)	(\$28,098)	(\$34,730)	(\$35,772)
Fringe Benefits	(\$13,664)	(\$16,889)	(\$17,396)
Equipment and Expenses	<u>(\$3,597)</u>	<u>(\$1,281)</u>	<u>(\$1,318)</u>
<u>Total Costs</u> - DESE (§160.545)	(\$45,360)	(\$52,900)	(\$54,486)
FTE Change - DESE	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2010 (10 Mo.)	FY 2011	FY 2012
<u>Cost – DESE</u>			
Personal Service (1.5 FTE)	(\$34,484)	(\$42,623)	(\$43,901)
Fringe Benefits	(\$16,770)	(\$20,728)	(\$21,349)
Equipment and Expense	<u>(\$3,991)</u>	<u>(\$1,766)</u>	<u>(\$1,819)</u>
<u>Total Costs – DESE (\$168.133)</u>	(\$55,245)	(\$65,117)	(\$67,069)
FTE Change – DESE	1.5 FTE	1.5 FTE	1.5 FTE
 <u>Cost – Department of Health and Senior Services (DHSS)</u>			
Personal Service (temporary staff)	(\$467,958)	\$0	\$0
Personal Service (permanent staff)	(\$27,686)	(\$34,220)	(\$35,247)
Fringe Benefits	(\$13,464)	(\$16,641)	(\$17,141)
Equipment and Expense	<u>(\$306,203)</u>	<u>(\$26,795)</u>	<u>(\$27,568)</u>
<u>Total Costs – DHSS (\$168.133)</u>	(\$815,311)	(\$77,656)	(\$79,956)
FTE Change – DHSS	1 FTE	1 FTE	1 FTE
 <u>Cost - DHE</u>			
Personal Services (1.5 FTE)	(\$43,028)	(\$53,183)	(\$54,778)
Fringe Benefits	(\$20,925)	(\$25,863)	(\$26,639)
Equipment and Expenses _____	<u>(\$14,160)</u>	<u>(\$655)</u>	<u>(\$675)</u>
<u>Total Cost - DHE (\$173.268)</u>	(\$78,113)	(\$79,701)	(\$82,092)
FTE Change - DHE	1.5 FTE	1.5 FTE	1.5 FTE
 Cost - DHE -Scholarship funding (Missouri Promise Program) (\$173.268)			
	(\$19,960,129)	(\$42,082,290)	(\$56,241,651)
 Cost - DHE - Increased Bright Flight Scholarships (\$173.250)			
	(\$4,000)	(\$19,000)	(\$33,000)
 <u>Cost - DESE - Translation costs for “Parents’ Bill of Rights” (\$161.850)</u>			
	(Unknown - Up to \$40,700)	\$0	\$0
 <u>Cost - Department of Elementary and Secondary Education (DESE) - Increased state aid (\$163.095)</u>			
	(\$1,363,037)	(\$1,578,885)	(\$1,578,885)

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2010 (10 Mo.)	FY 2011	FY 2012
<u>Cost - Office of State Auditor - Follow-up audit of 2007 audit of Riverview Gardens School District (§163.095)</u>	\$0	\$0	(\$150,000)
<u>Cost - Department of Social Services - Quality Rating System Program Improvement Grant (§210.205)</u>	(\$759,911)	(Unknown but Greater than \$3,382,115)	(Unknown but Greater than \$5,149,796)
<u>Cost - DESE - Program changes (§210.205)</u>	(Unknown)	(Unknown)	(Unknown)
<u>Cost - Department of Health and Senior Services - Post information on Internet site (§210.205)</u>	<u>\$0</u>	<u>(\$50,000)</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$10,411,737</u> Up to <u>\$41,271,087 to</u> <u>Unknown)</u>	<u>(\$40,663,473</u> Up to <u>\$71,522,823 to</u> <u>Unknown)</u>	<u>(\$58,033,859</u> Up to <u>\$88,893,209 to</u> <u>Unknown)</u>
Estimated Net Effect on FTE for General Revenue	5 FTE	5 FTE	5 FTE
STATE ROAD FUND			
<u>Loss - Department of Transportation - Motor fuel tax exemption for school bus operation (§142.814)</u>	<u>(\$1,964,000)</u>	<u>(\$3,266,000)</u>	<u>(\$2,377,000)</u>
ESTIMATED NET EFFECT ON STATE ROAD FUND	<u>(\$1,964,000)</u>	<u>(\$3,266,000)</u>	<u>(\$2,377,000)</u>

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2010 (10 Mo.)	FY 2011	FY 2012
GAMING PROCEEDS FOR EDUCATION FUND			
<u>Income</u> - Increased gaming tax receipts due to repeal of loss limits (§160.534)	\$108,600,000	\$108,600,000	\$108,600,000
<u>Transfer Out</u> - Transfer to Classroom Trust Fund (§163.043)	(\$108,600,000)	(\$108,600,000)	(\$108,600,000)
<u>Transfer Out</u> - To School Districts - Small schools appropriation (§163.044)	<u>(\$7,705,365)</u>	<u>(\$7,705,365)</u>	<u>(\$7,705,365)</u>
ESTIMATED NET EFFECT ON GAMING PROCEEDS FOR EDUCATION FUND	<u>(\$7,705,365)</u>	<u>(\$7,705,365)</u>	<u>(\$7,705,365)</u>
CLASSROOM TRUST FUND			
<u>Transfer In</u> - Transfer from Gaming Proceeds for Education Fund (§160.534)	\$108,600,000	\$108,600,000	\$108,600,000
<u>Transfer In</u> - Transfer from Gaming Proceeds for Education Fund (§163.044)	\$7,705,365	\$7,705,365	\$7,705,365
<u>Transfer Out</u> - Distribution to School Districts (§163.044)	(\$7,705,365)	(\$7,705,365)	(\$7,705,365)
<u>Transfer Out</u> - Distribution to School Districts (§160.534)	<u>(\$108,600,000)</u>	<u>(\$108,600,000)</u>	<u>(\$108,600,000)</u>
ESTIMATED NET EFFECT ON CLASSROOM TRUST FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2010 (10 Mo.)	FY 2011	FY 2012
STATE SCHOOL MONEYS FUND			
<u>Transfer In</u> - General Revenue - Increased state aid due to increase in State Adequacy Target (§163.011)	\$48,513,197	\$48,513,197	\$48,513,197
<u>Transfer In</u> - General Revenue - Increased state aid (§163.095)	\$1,363,037	\$1,578,885	\$1,807,903
<u>Transfer In</u> - General Revenue - Increased state aid (§163.011)	\$66,300,000	\$66,300,000	\$66,300,000
<u>Transfer Out</u> - Distribution to school districts (§163.011)	(\$48,513,197)	(\$48,513,197)	(\$48,513,197)
<u>Transfer Out</u> - Distribution to Riverview Gardens School District (§163.095)	(\$1,363,037)	(\$1,578,885)	(\$1,807,903)
<u>Transfer Out</u> - School Districts - State aid (§163.011)	<u>(\$66,300,000)</u>	<u>(\$66,300,000)</u>	<u>(\$66,300,000)</u>
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2010 (10 Mo.)	FY 2011	FY 2012
QUALITY RATING SYSTEM PROGRAM IMPROVEMENT GRANT FUND			
<u>Transfer In</u> - Appropriation, gifts, donations or bequests* (§210.205)	\$759,911	Unknown but Greater than \$3,382,115	Unknown but Greater than \$5,149,796
<u>Cost</u> - Department of Social Services			
Personal Services	(\$24,106)	(\$29,807)	(\$30,701)
Fringe Benefits	(\$11,723)	(\$14,495)	(\$14,930)
Equipment and Expense	(\$9,781)	(\$3,689)	(\$3,799)
Program Costs-Grant Disbursement		(Unknown but Greater than \$100,000)	(Unknown but Greater than \$100,000)
Program Costs-QRS	(\$714,301)	(\$1,196,124)	(\$1,690,366)
Program Costs	<u>\$0</u>	(Unknown but Greater than <u>\$2,038,000</u>)	(Unknown but Greater than <u>\$3,310,000</u>)
<u>Total Costs</u> - DSS (§210.205)	<u>(\$759,911)</u>	(Unknown but Greater than <u>\$3,382,115</u>)	(Unknown but Greater than <u>\$5,149,796</u>)
FTE Change - DSS	.73 FTE	.73 FTE	.73 FTE

ESTIMATED NET EFFECT ON QUALITY RATING SYSTEM PROGRAM IMPROVEMENT GRANT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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Estimated Net FTE Change for Quality Rating System Program Improvement Grand Fund	.73 FTE	.73 FTE	.73 FTE
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*Assume potential transfers in-appropriations, gifts, or donations.

<u>FISCAL IMPACT - Federal Funds</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
FEDERAL FUNDS			
<u>Income</u> - Department of Social Services			
Federal Assistance (§210.205)	\$17,213	\$18,113	\$18,656
<u>Cost</u> - Department of Social Services			
Personal Services	(\$9,098)	(\$11,250)	(\$11,587)
Fringe Benefits	(\$4,424)	(\$5,471)	(\$5,635)
Equipment and Expense	(\$3,691)	(\$1,392)	(\$1,434)
<u>Total Costs</u> - DSS	<u>(\$17,213)</u>	<u>(\$18,113)</u>	<u>(\$18,656)</u>
FTE Change - DSS (§210.205)	.27 FTE	.27 FTE	.27 FTE
 ESTIMATED NET EFFECT ON FEDERAL FUNDS			
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change for Federal Funds	.27 FTE	.27 FTE	.27 FTE
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2010 (10 Mo.)	FY 2011	FY 2012
LOCAL POLITICAL SUBDIVISIONS			
<u>Savings</u> - School Districts - Food Service and Utility Costs (§160.011, 160.041, 171.029)			
	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Income</u> - School Districts - Increased state aid due to increase in State Adequacy Target (§163.011)			
	\$48,513,197	\$48,513,197	\$48,513,197
<u>Income</u> - Riverview Gardens School District - Increased state aid (§163.095)			
	\$1,363,037	\$1,578,885	\$1,807,903
<u>Income</u> - School Districts - Increased state aid (§163.011)			
	\$66,300,000	\$66,300,000	\$66,300,000

<u>FISCAL IMPACT - Local Government</u> (Continued)	FY 2010 (10 Mo.)	FY 2011	FY 2012
<u>Income</u> - Small School Districts - Increased disbursements from Classroom Trust Fund (§163.044)	\$7,705,365	\$7,705,365	\$7,705,365
<u>Income</u> - School Districts - Increased disbursements from Classroom Trust Fund (160.534)	\$108,600,000	\$108,600,000	\$108,600,000
<u>Cost</u> - Kansas City Missouri Public School District - Election costs (§162.492)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost</u> - School Districts - Construction costs for facilities for expanded physical education requirement (§167.720)	(Expected to exceed \$100,000)	\$0	\$0
<u>Cost</u> - School Districts - Additional staffing required for expanded physical education requirement (§167.720)	(Expected to exceed \$100,000)	(Expected to exceed \$100,000)	(Expected to exceed \$100,000)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$232,281,599 to</u> <u>Unknown</u>	<u>\$232,597,447 to</u> <u>Unknown</u>	<u>\$232,826,465 to</u> <u>Unknown</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 makes several modifications relating to school funding. Those with fiscal impact are as follows:

§142.814 - Exempts motor fuel used to operate school buses transporting students for educational purposes from the motor fuel tax.

This section exempts fuel used to operate school buses transporting students for educational purposes from the motor fuel tax.

§160.011, 160.041, 167.031, 171.029, 171.031, 171.033 - Permits school districts to adopt a four-day school week and a school flex schedule

This proposed legislation allows school districts to establish a four-day week upon a majority vote of the school board. The number of required hours in a school year remains at 1,044, but the number of days will be 142 rather than 174.

§160.410 - Charter School Performance Study

DESE will commission a study comparing the performance of charter school students with an equivalent group of district students representing an equivalent demographic and geographic population. DESE will also study charter schools' impact on the constituents of the district in which they serve by using a contractor through a proposal process. DESE must coordinate the request for proposal process with individuals representing charter schools and the districts in which the charter schools are located. The student performance assessment must include, but may not be limited to: MAP test performance; student re-enrollment rates; educator, parent, and student satisfaction data; graduation rates; and performance of students enrolled in the same public school for three or more consecutive years.

§160.534, 163.011 - School Funding

This proposed legislation modifies the elementary and secondary education funding formula. It removes from the calculation of the state adequacy target the inclusion of the gaming revenues from the repeal of the loss limits. This becomes effective July 1, 2009. Beginning on July 1, 2010, the moneys derived from the passage of Proposition A will be deposited into the

FISCAL DESCRIPTION (continued)

Classroom Trust Fund and distributed to school districts in that manner.

Current law provides that current operating expenditures shall include, in part, any increases in state funding subsequent to fiscal year 2005, not to exceed 5%, per recalculation, of state revenue, received by a district in the 2004-2005 school year. This act removes the 5% limit on increases in state funding per recalculation. This becomes effective July 1, 2010.

This proposal defines "Gifted Education Pupil Count" as the number of students who qualify as "gifted" under Section 162.675 and who are enrolled in a school district's gifted education program on the last Wednesday in January for the preceding school year. This number must not exceed five percent of a school district's enrollment for the immediately preceding academic year. This proposal modifies the definition of "weighted average daily attendance" by including in the calculation the product of .25 multiplied by the number of the district's gifted education pupil count. This becomes effective July 1, 2010.

§160.545, 173.250, 173.268 - Modifies the A+ Schools Program, creates the Missouri Promise Program, modifies the Higher Education Academic Scholarship Program (Bright Flight) to provide scholarship opportunities to students attending certain public and private higher education institutions.

A+ SCHOOLS PROGRAM - Current law provides that public high schools may receive grant awards to modify and improve their curriculum. This proposed legislation eliminates these grant awards.

Currently, in order to receive reimbursements through the A+ Program, a student must attend and graduate from a high school that has been designated as an A+ school by the Department of Elementary and Secondary Education. To be an A+ school, a high school must meet various requirements, including meeting certain curricular standards, as designated in Department of Elementary and Secondary Education rules. Instead, this proposal shifts eligibility for students to receive reimbursements through the A+ Program from having to attend an A+ designated high school to students who meet the requirements identified in this act. Many of the requirements for A+ reimbursements that exist in rules promulgated by the Department of Elementary and Secondary Education are codified in this proposal.

A student must make a documented good faith effort to first secure all available post-secondary student financial assistance funds that do not require repayment. The financial incentives in this act are subject to appropriation and are available only after all other post-secondary student financial assistance funds have been applied to costs. The awards will be available to reimburse

FISCAL DESCRIPTION (continued)

the unpaid balance of the cost of tuition, general fees, and up to fifty percent of the book cost for a student, in that order.

Missouri institutions of higher education, as described in the proposal, must verify certain information for each student who receives a financial incentive and attends such an institution. By the end of the first semester of a student's participation, the institution of higher education must verify that student eligibility has been received from the student's high school of graduation and that the eligible student is enrolled full-time, and also that the student has made a good faith effort to secure all available post-secondary student financial assistance funds. During the second semester, and any subsequent semester, of a student's receipt of financial incentives, the institution of higher education must verify that the eligible student continues to be enrolled full-time, the student continues to make good faith efforts to secure all available post-secondary student financial assistance funds, and that the student maintains a grade point average of 2.5 or higher on a 4.0 scale.

Current law provides the same requirements and qualifications to participate in the A+ Schools Program for private career-technical schools and public career-technical schools. This proposal removes public career-technical schools from those requirements. This proposal also adds state technical colleges to the schools that may participate in the program.

HIGHER EDUCATION ACADEMIC SCHOLARSHIP PROGRAM - This proposed legislation makes changes to the Higher Education Academic Scholarship Program (Bright Flight). It specifies that a student must be a Missouri resident in order to be eligible for a scholarship. In addition, it expands scholarship eligibility to individuals who have received a General Education Development diploma (GED) or who have completed a home schooling program of study.

The qualifying score necessary for a student to receive a scholarship will be determined at the beginning of an eligible student's final year of secondary course work.

Current law provides that in fiscal year 2011 and beyond, a student scoring between the top 3-5% of Missouri ACT or SAT test-takers will receive a \$1,000 scholarship. This proposal provides that a student scoring in the top 5% of Missouri ACT test-takers will be offered a \$1,000 scholarship, with an additional result being that a test-taker scoring in the top 3% would receive \$4,000.

Current law allows a student to receive a renewal scholarship for the second, third, and fourth academic years. This act allows a student to renew the scholarship for as long as the student is in compliance with the renewal requirements described in the proposal.

FISCAL DESCRIPTION (continued)

If a scholarship recipient cannot attend an approved institution because of military service with the United States Armed Forces, the student will receive the scholarship if he or she returns to full-time status within six months after ending military service. The student must verify to the Coordinating Board for Higher Education that the military service was satisfactorily completed.

MISSOURI PROMISE PROGRAM - The Commissioner of Higher Education will establish scholarships beginning in academic year 2009-2010 for certain public four-year institutions, as described in the act, for students who previously received a scholarship under the A+ reimbursement program and completed a designated Associate's Degree and enroll in an approved institution within nine months of completion. Additional eligibility requirements include: a good faith effort to first secure other sources of funding; maintaining full-time enrollment; maintaining a record of good citizenship and avoidance of the unlawful use of drugs and alcohol; and maintaining a 3.0 GPA on a 4.0 scale while receiving the scholarship. A student cannot receive a scholarship for more than six semesters.

If a student has a grade point average that falls below a 3.0 on a 4.0 scale, the student will be granted a one semester grace period. The student will lose eligibility if the student cannot subsequently raise his or her GPA to a 3.0.

A student's scholarship amount must be reduced by the amount of a student's award under all other sources of post-secondary student financial assistance.

Scholarships under this section will be subject to appropriation. If appropriations are insufficient to provide scholarships for all eligible students, scholarships to students attending two-year schools under the A+ reimbursement program must be fully funded before scholarships can be distributed to students attending four year schools. In addition, scholarship amounts can be prorated if necessary. Any proration or reduction must take into account the order of priority for distribution of financial incentives to students (tuition, fees, books).

The Commissioner of Higher Education must develop a procedure for evaluating the effectiveness of this program, which will be conducted every two years. The results of the evaluation must be sent to the Governor, Speaker of the House of Representatives, and the President Pro Tempore of the Senate.

§161.850 - Parents' Bill of Rights

This section requires the DESE to produce "The Parents' Bill of Rights," to inform parents of children with an individualized education program of their educational rights under federal and

DESCRIPTION (continued)

state law by January 1, 2010. The publication must state it does not confer any right or rights beyond those conferred by federal or state law. In addition, the publication must state that it is only for informational purposes. The publication must contain ten points of information, which are described in the proposal. DESE must post a copy of it on its website.

Each school district must provide a copy of "The Parents' Bill of Rights" upon initial referral for evaluation and at any such time as a school district is required under state or federal law to provide the parent or parents with notice of procedural safeguards.

§162.492 - Elections for School Board Vacancies

This proposed amendment provides that any vacancies that occur on the school board of the Kansas City School District will be filled by special election instead of by appointment by board members. The State Board of Education is responsible for ordering a special election when a vacancy occurs.

§163.095 - Requires the Department of Elementary and Secondary Education to recalculate state school aid for Riverview Gardens School District to correct an error by the district and requires audits and appraisals

This section requires the Department of Elementary and Secondary Education (DESE) to recalculate the state school aid for the Riverview Gardens School District due to the district setting its levy in the capital projects fund instead of the incidental fund in calendar year 2005. DESE shall calculate the amount the district would have received in state foundation formula revenue for the fiscal year 2006 had the district placed the entire operating levy amount in the incidental fund and shall use this revised 2005-2006 calculated funding amount in determining the distribution of foundation formula aid for the 2009-2010 school year and subsequent years. The revised calculation shall not change the funding to the district for any year prior to the 2009-2010 school year.

After the completion of the 2010-2011 fiscal year, the state auditor shall perform a follow-up audit for the school district to determine to what extent the issues addressed in the district's 2007 audit have been addressed. The school district shall obtain an independent appraisal prior to selling real property.

§167.018, 167.019 - "Foster Care Education Bill of Rights"

This section establishes the "Foster Care Education Bill of Rights". Each school district must

FISCAL DESCRIPTION (continued)

designate a staff person to be an educational liaison for foster care children. This liaison would assist with proper educational placements, transferring between schools, ensuring transfer of grades and credits, requesting school records, and submitting school records that have been requested.

A child placing agency will promote educational stability for foster care children when making placements. A foster care child may continue to attend his or her school of origin pending resolution of a dispute. Each school district must accept for credit any full or partial course work satisfactorily completed by a pupil while attending certain schools. A pupil who completes the graduation requirements of his or her school district of residence while under the jurisdiction of the juvenile court will receive a diploma.

If a foster care pupil is absent from school because of a change in placement by the court or child placing agency, or because of a verified court appearance or related court-ordered activity, the

pupil's grades and credits will be calculated as of the date the pupil left school. Such absence will not result in a lowering of the pupil's grades.

Subject to federal law, school districts are authorized to permit access of pupil school records to a child placing agency for the purpose of fulfilling educational case management responsibilities required by the juvenile officer or by law and to assist with the school transfer or placement of a pupil.

Each child who is in foster care or who is placed in a licensed residential care facility is entitled to a full school day of education unless the school district determines that fewer hours are warranted. A full school day is defined as six hours under the guidance and direction of teachers in the education process for children in foster care or for children placed for treatment in a licensed residential care facility by the Department of Social Services.

For children placed for treatment in a licensed residential care facility by the Department of Social Services, the Commissioner of Education, or his or her designee, will be an ombudsman to assist the family support team and school district. The ombudsman will have the final decision over discrepancies regarding school day length. A full school day of education will be provided pending the ombudsman's final decision.

§167.720 - Physical education requirements

This section requires daily participation in physical education for students in elementary school at

FISCAL DESCRIPTION (continued)

a weekly minimum duration plus a minimum 20-minute daily recess period for elementary grade students.

§210.025 - Quality Rating System for child care facilities

The proposed legislation requires the Department of Social Services, in collaboration with the Departments of Health and Senior Services, Elementary and Secondary Education, and Mental Health, to develop by September 1, 2009, a quality rating system for early childhood and before- and after-school programs that are licensed by the Department of Social Services. Licensing will be the baseline rating, with the highest rating being accreditation. The Department of Social Services must use the model developed by the University of Missouri Center for Family Policy and Research to establish the rating system. The rating system will allow an individual to evaluate and select high-quality programs, create an accountability system for policymakers and funders, and guide providers through a system of ever increasing levels of quality with specific outcomes for child care.

By July 1, 2012, the Coordinating Board for Early Childhood within the Children's Services Commission must develop a plan for a tiered rating system of reimbursement for child care subsidies based on the rating system for licensed facilities that receive funding or services to improve the quality of their program. By December 31, 2010, a proposed plan with recommendations for implementation of the reimbursement system must be submitted to the General Assembly. The plan will only become effective after authorization by the General Assembly.

The proposed legislation creates the Quality Rating System Program Improvement Fund to be administered by the Department of Social Services to provide grants directly to licensed providers to make quality improvements to comply with the rating system or to community based organizations assisting providers with the improvements. Grants must be awarded in a geographically diverse manner. Moneys in the fund will consist of donations, gifts, transfers, bequests, and appropriations from the General Assembly. The Department of Social Services, in collaboration with the Departments of Health and Senior Services, Mental Health, and Elementary and Secondary Education, will be responsible for collecting, developing, and distributing resource materials to educate the public and early childhood and before- and after-school programs in Missouri about the quality rating system and posting the ratings on the Missouri Child Care Resource and Referral Network web site by December 31, 2012.

The provisions regarding the child care quality rating system will expire six years from the effective date.

FISCAL 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
Office of Secretary of State
 Administrative Rules Division
Office of State Treasurer
Missouri Senate
Office of State Courts Administrator
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
 Children's Division
 Division of Legal Services
 Division of Youth Services
Office of Administration
 Division of Budget and Planning
 Administrative Hearing Commission
Office of the Governor
Office of the Lieutenant Governor
Department of Economic Development
Department of Higher Education
Office of State Auditor
Department of Labor and Industrial Relations
Department of Corrections
 Missouri Vocational Enterprises
State Tax Commission
Missouri Gaming Commission
Office of Prosecution Services
Department of Public Safety
 Office of the Director
 Missouri State Highway Patrol
Office of Attorney General
Department of Transportation
Department of Revenue
Missouri House of Representatives

SOURCES OF INFORMATION (continued)

Public School Retirement System
Joint Committee on Public Employee Retirement

School Districts

Sikeston
Independence
St Charles
Mehlville
Francis Howell
Blue Springs
Poplar Bluff
Special School District of St Louis County
Jefferson City
Charleston
Parkway
Melville
Charleston
Salisbury
Nixa

Colleges and Universities

Moberly Area Community College
Linn State Technical College
Metropolitan Community College
University of Central Missouri
Lincoln University
Missouri Southern State University
Missouri State University
University of Missouri
Missouri Western State University
Truman University
University of Missouri - St Louis
University of Missouri - Kansas City
St Louis Community College

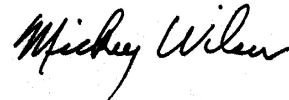
SOURCES OF INFORMATION (continued)

Cities

West Plains
Centralia
Kansas City

Counties

Cass
St Louis County



Mickey Wilson, CPA
Director
May 4, 2009