

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0255-02
Bill No.: SB 116
Subject: Education, Elementary and Secondary; Appropriations; Elementary and Secondary Education Department
Type: Original
Date: February 25, 2009

Bill Summary: Creates the Persistence to Graduation Fund to distribute grants to certain school districts for drop-out prevention efforts

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$44,142,069)	(\$44,168,093)	(\$44,177,985)
Total Estimated Net Effect on General Revenue Fund	(\$44,142,069)	(\$44,168,093)	(\$44,177,985)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Persistence to Graduation Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds*	\$0	\$0	\$0

***Offsetting Transfers In and Disbursements of \$43,962,770 each year.**

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
	\$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	4 FTE	4 FTE	4 FTE
Total Estimated Net Effect on FTE	4 FTE	4 FTE	4 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	\$43,962,770	\$43,962,770	\$43,962,770

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri House of Representatives** and the **Office of State Treasurer** state this proposal will have no fiscal impact on their respective agencies.

Officials from the **Office of the Governor** state there should be no added cost to the Governor's Office as a result of this proposed legislation.

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

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

BAP further states that the program funding is set at one percent of the state funding to the Department of Elementary and Secondary Education, which is \$53,471,365 for FY 2009 if the assumption is total state funding. Given the legislation references to specific program areas within the divisions of School Improvement and Career Education, the assumption of one percent could be more narrowly defined as \$3,906,544 or \$715,902 respectively.

Officials from the **Department of Elementary and Secondary Education (DESE)** state their agency would administer a program whereby eligible school districts apply for and receive grant awards to implement drop-out prevention strategies. DESE shall promulgate criteria to judge the effectiveness of participating school district's drop-out prevention programs. The General Assembly shall annually appropriate an amount equivalent to one percent of state funding for elementary and secondary education. Based on the phrase "one percent of state funding for

ASSUMPTION (continued)

elementary and secondary education", DESE calculated the cost as follows:

\$5,347,136,469	FY 2009 bill total
<u>(\$ 950,859,501)</u>	(Less federal funding)
\$4,396,276,968	Total state funding
<u>X 0.01</u>	1% of state funding
\$ 43,962,770	

DESE will require 2.0 FTE supervisors and 2.0 FTE administrative assistants to review and process grant applications, to award funds, and to judge the effectiveness of the drop-out programs.

Oversight assumes, based on data from the DESE website, that as of 2008, there were 96 school districts that had a student population of which sixty percent were eligible for the Free and Reduced Lunch Program.

Oversight has, for fiscal note purposes only, adjusted the salary and benefits of the supervisor and administrative assistant to correspond with the range for the starting salary posted by DESE for a similar positions. **Oversight** has, for fiscal purposes only, not assigned a cost for travel.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
GENERAL REVENUE			
<u>Cost - Department of Elementary and Secondary Education (DESE - Funding for drop-out prevention efforts</u>	(\$43,962,770)	(\$43,962,770)	(\$43,962,770)
<u>Cost - DESE - Administrative costs</u>			
Personal Services (4 FTE)	(\$110,952)	(\$134,698)	(\$141,250)
Fringe Benefits	(\$53,956)	(\$65,504)	(\$68,690)
Equipment and Expense	<u>(\$14,391)</u>	<u>(\$5,121)</u>	<u>(\$5,275)</u>
Total Administrative Costs	<u>(\$179,299)</u>	<u>(\$205,323)</u>	<u>(\$215,215)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$44,142,069)</u>	<u>(\$44,168,093)</u>	<u>(\$44,177,985)</u>

Estimated Net FTE Change for General Revenue	4 FTE	4 FTE	4 FTE
<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
PERSISTENCE TO GRADUATION FUND			
<u>Transfer In - General Revenue - Funding for drop-out prevention efforts</u>	\$43,962,770	\$43,962,770	\$43,962,770
<u>Disbursements - School Districts - Grants for drop-out prevention efforts</u>	<u>(\$43,962,770)</u>	<u>(\$43,962,770)</u>	<u>(\$43,962,770)</u>
ESTIMATED NET EFFECT ON PERSISTENCE TO GRADUATION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
LOCAL POLITICAL SUBDIVISIONS			
<u>Income - School Districts - Grants for drop-out prevention efforts</u>	<u>\$43,962,770</u>	<u>\$43,962,770</u>	<u>\$43,962,770</u>
ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	<u>\$43,962,770</u>	<u>\$43,962,770</u>	<u>\$43,962,770</u>
<u>FISCAL IMPACT - Small Business</u>			

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

FISCAL DESCRIPTION

The Department of Elementary and Secondary Education (DESE) will establish a procedure for school districts to apply for grants to implement drop-out prevention strategies. Grants may be available to school districts that have at least sixty percent of students eligible for a free and reduced lunch. Grants will be awarded for one to five consecutive years. Upon expiration, a school district may apply for an extension. DESE must give preferences to school districts that

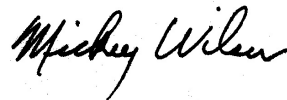
FISCAL DESCRIPTION (continued)

propose a holistic approach to drop-out prevention as described in the proposed legislation. DESE may stop payments to a district if it determines that the district is misusing funds or if the district's program is deemed ineffectual. DESE must provide written notice thirty days prior to cessation of funds. DESE must report annually to the General Assembly the recipients and amount of grants and data for the preceding five years for each recipient district. The General Assembly must annually appropriate an amount equivalent to one percent of state funding for elementary and secondary education for this program. This proposal has a sunset clause.

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 Administration
 Division of Budget and Planning
Office of the Governor
Missouri House of Representatives
Missouri Senate
Office of Secretary of State
 Administrative Rules Division
Office of State Treasurer



Mickey Wilson, CPA
Director
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