

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1475-07
Bill No.: HCS #2 for SS for SB 291
Subject: Education, Elementary and Secondary; Elementary and Secondary Education Department; Boards, Commissions, Committees, Councils; State Auditor; Higher Education Department; Economic Development Department; Governor and Lieutenant Governor
Type: Original
Date: May 13, 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	\$55,642,967 up to \$86,502,317	\$54,028,076 up to \$84,887,426	\$47,999,441 up to \$78,858,791
Total Estimated Net Effect on General Revenue Fund	\$55,642,967 up to \$86,502,317	\$54,028,076 up to \$84,887,426	\$47,999,441 up to \$78,858,791

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 43 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Missouri Preschool Plus Grant Program*	\$0	\$0	\$0
Gaming Proceeds for Education Fund*	\$0	\$0	\$0
Classroom Trust Fund*	\$0	\$0	\$0
State School Moneys Fund*	\$0	\$0	\$0
Teacher Choice Compensation Fund*	\$0	\$0	\$0
Persistence to Graduation Fund*	\$0	\$0	\$0
Missouri Senior* Cadets Fund	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds*	\$0	\$0	\$0
*Offsetting Transfers In and Out			
ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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
Total Estimated Net Effect on FTE	5 FTE	5 FTE	5 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	\$153,422,588 to Unknown	\$155,101,473 to Unknown	\$15530,491 to Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development, Department of Labor and Industrial Relations; Department of Mental Health, Department of Insurance, Financial Institutions and Professional Registration, Department of Corrections, State Tax Commission, Missouri Gaming Commission, and the Office of Administration - Administrative Hearing Commission** state this proposal will have no fiscal impact on their respective agencies.

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

Officials from the **Office of Prosecution Services** state this proposal will have no fiscal impact on their agency or on county prosecutors.

Officials from the **Office of State Courts Administrator** state this proposal will have no fiscal impact on the Courts.

Officials from the **Department of Public Safety - Office of the Director** assume that any costs associated with this proposal can be absorbed with existing resources.

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.

§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.

ASSUMPTION (continued)

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.

§160.011, 160.041, 160.539, 167.031, 171.029, 171.031, 171.033 - Permits school districts to adopt a four-day school week and a school flex schedule

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.

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

ASSUMPTION (continued)

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.

Student flex schedules

Officials from the **Department of Elementary and Secondary Education (DESE)** state this section requires DESE to collect additional data from school districts. The additional cost to school districts and DESE is likely to exceed \$100,000.

Based on limited information from DESE, **Oversight** will assign no fiscal impact at this time.

§160.254 - Joint Committee on Education - Open Enrollment Study

Officials from the **Department of Elementary and Secondary Education (DESE)** assumed no fiscal impact for this section of the proposed legislation

§160.263 - Seclusion rooms

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

ASSUMPTION (continued)

§160.375 - Missouri Senior Cadets Program

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

Officials from the **Office of State Treasurer** state there will be no fiscal impact on their agency.

Officials from the **Department of Elementary and Secondary Education (DESE)** state that this section of the proposal would establish the "Missouri Senior Cadets Program" for high school seniors who plan to attend college. Participants who mentor K-8 students for a minimum of ten hours per week during a school year shall receive one hour of class credit which may satisfy graduation requirements, and should the mentor attend college with the stated intention of becoming a teacher, the mentor shall be reimbursed for the costs of three credit hours per semester for a total of no more than eight semesters.

	FY 2010	FY 2011	FY 2012
Seniors*	65,775	65,881	63,814
Level of participation**	5%	5%	5%
Estimated Total students eligible	3289	3,294	3,191
Average cost per credit hour***	\$201.68	\$201.68	\$201.68
Possible credit hours per semester	3	3	3
One semester total cost	\$1,989,825	\$1,993,032	\$1,930,501
Current year total cost (possibility of three semesters)	\$5,969,476	\$5,979,096	\$5,791,503
Current year and prior year(s) eligible		\$11,948,582	\$15,750,250

* Per State Profile XV--Fall Enrollment, Average Daily Attendance, Eligible Pupils Projections from the web

** DESE assumed a 5% participation level for calculation purposes; however, the actual level of participation is unknown and may be significantly more or less than 5%.

***Based on information on Coordinating Board for Higher Education's website regarding the FY09 Comprehensive Fee Schedule Report, DESE calculated the average credit hour charge for

ASSUMPTION (continued)

Missouri four-year institutions to be \$201.68 per credit hour.

Oversight assumes that school year 2009-10 programs will already be set up by the time this proposal would be effective (August 28, 2009), so this program would not be implemented until school year 2010-11 (FY 11) and reimbursements will not begin until FY 12 for the first year of eligible students.

DESE assumes their agency will provide oversight of this program and would need 1.0 FTE Administrative Assistant II to provide program oversight, process student information, and field program questions from students and districts. Current staff would handle payments and programmatic areas. The proposal does not indicate whether the reimbursement would go directly to the student or to the institution. Either option will raise payment questions related to vendor files and paperwork volume.

Oversight has, for fiscal note purposes only, adjusted the salary and benefits of the Administrative Assistant II to correspond with the starting salary posted by DESE for a similar position and has excluded travel costs of \$4,500 annually, assuming the program could be administered with minimal travel. Based on Executive Order 09-09 dated February 4, 2009 in which the A+ Schools Program, Missouri Teacher Education Scholarship Program, Missouri Minority Teaching Scholarship Program, and the Urban Flight and Rural Needs Scholarship Program were transferred to the Department of Higher Education, **Oversight** assumes existing furniture (including systems furniture) and equipment will be available for the 1 FTE required to implement this proposed legislation.

DESE assumes that from a school district's perspective, there would be costs and issues related to this program, including tracking student assistance hours, ensuring compliance with eligibility requirements, completing reports and submitting them to DESE for payment. Adult supervision will be necessary. Schools may experience overhead costs for electricity, heat, AC, paper, etc. before and after hours, depending on when the assistance occurs.

Officials from the **University of Missouri, Metropolitan Community College, Missouri State University, University of Central Missouri, Missouri Southern State University, Lincoln University, Linn State Technical College,** and the **Moberly Area Community College** state there will be no fiscal impact on their respective institutions.

Officials from **Missouri Western State University** report the cost for three credit hours for one semester is \$586.50. If 20 students qualified for the program, the cost of reimbursement for six

ASSUMPTION (continued)

semester hours for fall and spring in an academic year would be \$23,460.

Officials from the **Francis Howell School District** state their district would need to create an Extra Duty position for the teacher assigned to the Cadets program. The cost would be approximately \$5,000 per high school and their district has three high schools, resulting in a total cost of at least \$15,000.

Officials from the **St Charles School District** assume the proposal should have little fiscal impact at the district level. If students participate in this program rather than in another elective course, schools will simply need to allocate existing staff accordingly. There could be a small fiscal impact initially with the textbooks, materials, supplies and resources for the course and consumable items would need to be replaced annually.

Officials from the **Melville School District** report the fiscal impact to their district would include the cost for a part-time coordinator to manage the program. They estimate the cost to be one-half of a teacher's salary plus benefits (a minimum of \$23,000 for the school year).

§160.400, 160.405, 160.410 - 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.

§160.400.2(2)

This section 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.

ASSUMPTION (continued)

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: 1 assistant director, 1 supervisor, and 1 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 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

ASSUMPTION (continued)

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.

§160.534, 163.011, 163.043 - 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, 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.

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.

§160.800, 160.805, 160.810, 160.815, 160.820 - P-20 Council

Officials from the following agencies stated this portion of the proposal would have no fiscal impact on their respective agencies: **Office of Administration - Division of Purchasing and Materials Management** and the **Administrative Hearing Commission; Department of Economic Development; Office of the Governor; and Office of Lieutenant Governor.**

ASSUMPTION (continued)

Officials from the **Office of State Auditor (SAO)** assume that expenditures by the SAO for the required audit would be offset by payment from the corporation as provided in §160.805.8.

Officials from **DESE** state that this proposal appears to replace the current council established in §160.730, RSMo with a new council consisting of the current members in addition to the chairperson of the Coordinating Board of Early Childhood and seven members appointed by the governor. The new council would have the same duties as the current council; however, this proposal would allow the Department of Economic Development, the Department of Elementary and Secondary Education, and the Department of Higher Education to contract with the council to carry out those duties. In addition, the contracts will not be bound by the provisions of Chapter 34, RSMo.

Depending upon the actions of the council and the resulting contracts entered into by the departments, this proposal could result in significant costs for duties that are currently being conducted by the current council.

Officials from the **Department of Higher Education (DHE)** state that DHE staff have been integrally involved in the P-20 Council since its creation. Currently, the P-20 director is a member of the DHE's senior staff. DHE staff have seen how difficult it is for the Council to be fully effective without staff and the significant advantages that staff would provide. As such, the DHE is requesting 1.5 FTE to assist with the performance of the P-20 Council's work. Both staff would be program specialists hired at the low end of the UPC range.

Oversight assumes the duties of the private not-for-profit corporation created with this proposal are the same as those in the section being repealed (§160.730) and that any expenses incurred by board members representing state agencies can be absorbed with existing resources.

§160.950 - Persistence to Graduation Fund

Officials from the **Missouri House of Representatives** and the **Office of State Treasurer** state this section of the 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 section of the proposed legislation.

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

ASSUMPTION (continued)

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

Officials from **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 is required to promulgate criteria to judge the effectiveness of participating school district's drop out prevention programs. The costs of the program are unknown but will likely be significant. DESE will require 1.0 FTE supervisor and 1.0 FTE administrative assistant to review and process grant applications, to award funds, and to judge the effectiveness of the drop-out programs.

Oversight assumes the proposal states that grants awarded under this section will be available to school districts that have a student population of which sixty percent or greater is eligible the Free and Reduced Lunch Program. **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.

§161.072, 161.122, 167.275 - Public Access to Education Materials and Records

Officials from **DESE** state that §161.072 and 167.275 will have no fiscal impact on their agency or on school districts.

Officials from the **Department of Social Services - Division of Youth Services** state the provisions of §162.275 are not expected to fiscally impact their agency.

Officials from DESE assume §161.122, which requires the Commissioner of Education to conduct studies, evaluation, and testing relating to standard and efficiency of instruction, will likely result in costs exceeding \$100,000.

ASSUMPTION (continued)

§161.380 - 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.

§161.800 - Volunteer and Parents Incentive Program

Officials from the **Office of State Treasurer** assume this section of the proposal will have no fiscal impact on their agency.

Officials from the **Department of Higher Education** state this section will have no direct foreseeable fiscal impact on their agency. They were unable to estimate the over-all fiscal impact of this proposal because they cannot predict the number of people who would take advantage of it or the cost of the education they might seek.

Per-credit hour tuition at Missouri public higher education institutions ranges from \$61 to \$253. The average for community colleges is \$73, and the average for four-year institutions is \$201 per credit hour.

Officials from **DESE** assume this section would require their agency to implement and administer a program of tuition reimbursement for parents or volunteers who donate time at a qualifying public school. A qualifying public school is defined as a Missouri school that is located in a school district that has been classified as unaccredited or provisionally accredited, or that has a student population of more than fifty percent at-risk students.

At-risk students are defined by a wide range including, but not limited to, criteria such as having low grades, having a parent or sibling who dropped out of school, or having low self-esteem. Much of the at-risk criteria are not quantifiable and cannot be tracked by DESE or reported by the local school districts. DESE assumes it would be impossible to determine which public schools would qualify. DESE and local school districts would incur costs developing systems to track and report these criteria as well as to track and report the time donated by parents and volunteers.

ASSUMPTION (continued)

Potentially, this program could apply to every local school district in the state. Tuition reimbursements would be contingent upon the number of parents and volunteers who donate time at a qualifying school and then complete three credit hours of education at a public institution of higher education located in Missouri. In addition, DESE would have to develop a payment system to make the reimbursements and ensure the appropriate time has been donated and the appropriate credit hours have been completed. These costs cannot be estimated. DESE would require 1.0 FTE director and 1.0 FTE administrative assistant to implement and administer the program.

Oversight has, for fiscal note purposes only, adjusted the salary and benefits of the director and the administrative assistant to correspond with the range for the starting salary posted by DESE for similar positions.

Officials from the **Jefferson City School District** assume that by using the definition of "at risk student" outlined in the proposed legislation, nearly every student in the state could qualify. Currently the Jefferson City School District has a substantial volunteer program, but were unable to determine how many volunteers would need additional education to use the credit.

Officials from the **Charleston School District** assumed there would be costs associated with a Highway Patrol/FBI background check.

Officials from the following institutions of higher education assumed no fiscal impact associated with this proposal: **University of Central Missouri, University of Missouri, Missouri State University, Truman University, and Lincoln University.**

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

ASSUMPTION (continued)

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	<u>\$ 600</u>
	\$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 section of the 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.

§162.215 - School-commissioned police officers

Officials from the **Blue Springs School District** state there will not be any additional cost to their district as a result of this proposal.

Oversight notes that this section only applies to the Blue Springs School District.

ASSUMPTION (continued)

§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. 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 section of the 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 section of the proposal will have no fiscal impact on their agency.

ASSUMPTION (continued)

Officials from the **Office of Secretary of State** indicated this section of the 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; 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.

ASSUMPTION (continued)

§162.1168 - Missouri Preschool Plus Grant Program

Officials from the **Department of Mental Health, Department of Social Services,** and the **Office of State Treasurer** state this proposed legislation will have no fiscal impact on their respective agencies.

Officials from **DESE** made the following assumptions regarding fiscal impact of this program:

FY 2010

Cost per New Program	\$ 150,000
New Programs	x 33
Total Cost for 2010	\$4,950,000

FY 2011

Cost per Existing Program	\$ 120,000
Existing Programs	x 33
Cost for Existing Programs	<u>\$3,960,000</u>

Cost per New Program	\$ 150,000
New Programs	x 6
Cost of New Programs	<u>\$ 900,000</u>

Total Cost for 2011	\$4,860,000
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FY 2012

Cost per Existing Program	\$ 120,000
Existing Programs	x 39
Cost for Existing Programs	<u>\$4,680,000</u>

Cost for New Program	\$ 150,000
New Programs	x 2
Cost of New Programs	<u>\$ 300,000</u>

Total cost for FY 2012	\$4,980,000
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ASSUMPTION (continued)

According to officials from the **Department of Health and Senior Services (DOHSS)**, the Department of Elementary and Secondary Education (DESE) estimates this legislation would increase Pre-K capacity by 60 to 125 classrooms. This range is dependent on the size of the classroom (i.e., 10, 15, or 20 children per room). DOHSS assumes additional licensure activities will need to be performed by the Section for Child Care Regulation (SCCR) for these new childcare services. For fiscal note purposes, SCCR estimates an additional 85 additional licensed child care facilities (previously unlicensed facilities). The new facilities would require two Child Care Specialist II and related expenses. The Child Care Specialist II will inspect the 85 additional licensed child care facilities and perform necessary regulatory activities.

For licensed child care programs in the state, DOHSS has established child to adult ratios in promulgated rules for child care centers. If a program in this project were licensed by DOHSS, the staff/child ratio set forth by the Department of Elementary and Secondary Education would need to coordinate with the standards already in place.

Oversight assumes the proposal states that the grants are not for licensed day care facilities, but are for a program administered by DESE and the students will be taught by teachers with a bachelor's degree, or in the case of nonsectarian community-based organizations, teachers with at least an associates degree pursuing a bachelor's degree. Oversight also assumes that if the number of programs assumed by DESE in their response does not cover up to 1,250 students as outlined in the proposal, funding to be provided from General Revenue would exceed the approximately \$5,000,000 estimated by DESE. For fiscal note purposes only, Oversight will show a cost to General Revenue of (\$5,000,000 to Unknown)

§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

ASSUMPTION (continued)

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.

§163.095 - 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

According to officials from **DESE**, the district impacted by this proposal is Riverview Gardens (096-111). Based on data available for the FY09 Basic Formula calculation for the district, the estimated increase to the district by year compared to current law is:

FY 07	\$2,353,235				
FY 08	\$2,400,148				
FY 09	\$2,373,930				
FY 10	<u>\$1,363,037</u>				
	\$8,490,350				To be paid in equal amounts in FY10, FY11, FY12 and FY13
	\$8,490,350				divided by 4 = \$2,122,588
FY 10	\$2,122,588				
FY 11	\$1,578,885	+	\$2,122,588	=	\$3,701,473
FY 12	\$1,807,903	+	\$2,122,588	=	\$3,930,491
FY 13	\$2,036,921	+	\$2,122,588	=	\$4,159,509

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

§167.018, 167.019, 210.1050 - "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 one 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 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.

ASSUMPTION (continued)

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 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

ASSUMPTION (continued)

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.

§168.021 - Teacher certification

Officials from the **Department of Higher Education** assume this section would have no direct, foreseeable fiscal impact on their agency.

DESE officials assume adding another classification of educators would require a .5 FTE supervisor. In addition, DESE will incur application and publication costs of approximately \$25,000.

Oversight assumes a limited number of individuals would pursue this limited certification. Although a one semester class in personal finance is now required for high school graduation, **Oversight** assumes most of the classes would be taught by existing certificated staff. **Oversight** further assumes DESE would be able to implement the requirements of this proposed legislation with existing resources. If a significant fiscal impact were to result from this proposal, funds to support the program would be sought through the appropriations process.

§168.133 - Transferability of teacher background checks

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

ASSUMPTION (continued)

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.

§168.221, 168.251, 168.745, 168.747, 168.749, 168.750 - Teacher Compensation Package

Officials from **DESE** assume the cost associated with this section is capped at \$5,000,000. In addition, DESE will require 1.0 assistant director to administer the provisions.

Oversight assumes this proposal applies only to teachers in the St Louis Public School District. It is unknown how many teachers will chose to give up tenure to participate in this program and for fiscal note purposes only, will not assign a cost for personal services.

§170.400 - Supplemental educational services programming

DESE officials assumed no fiscal impact for this section.

§177.088 - School boards and agreements with certain political subdivisions

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, Special School District of St Louis County, Cities of West Plains, Centralia, Kansas City, and the Counties of Cass and St Louis** state this section would have no fiscal impact on their respective school districts and political subdivisions.

§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.

<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 removal of cap on State Adequacy Target (§163.011)	(\$40,300,000)	(\$40,300,000)	(\$40,300,000)
<u>Cost</u> - DESE - Senior Cadets Program (§160.375)			
Personal Costs (1 FTE)	\$0	(\$28,507)	(\$29,363)
Fringe Benefits	\$0	(\$13,863)	(\$14,279)
Expense and Equipment	<u>\$0</u>	<u>(\$1,280)</u>	<u>(\$1,319)</u>
Total administrative costs	\$0	(\$43,650)	(\$44,961)
FTE Change - DESE	1 FTE	1 FTE	1 FTE
<u>Cost</u> - DESE - Reimbursements to the Cadet Program (§160.375)	\$0	\$0	(\$5,791,503)
<u>Cost</u> - DESE - Funding for drop-out prevention efforts (§160.950)	(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)
<u>Cost</u> - DESE - Drop-out prevention efforts (§160.950)			
Personal Services (2 FTE)	(\$56,124)	(\$69,369)	(\$71,450)
Fringe Benefits	(\$27,293)	(\$33,734)	(\$34,746)
Expense and Equipment	<u>(\$6,851)</u>	<u>(\$2,134)</u>	<u>(\$2,198)</u>
Total Administrative Costs	(\$90,268)	(\$105,237)	(\$108,394)

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2010 (10 Mo.)	FY 2011	FY 2012
FTE Change - DESE	2 FTE	2 FTE	2 FTE
<u>Cost</u> - DESE - Costs relating to studies, evaluation, and testing relating to standard and efficiency of instruction (§161.122)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
<u>Cost</u> - DESE - Reimbursements to school volunteers (§161.800)	(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)
<u>Cost</u> - DESE - Volunteer and Parents Incentive Program (§161.800)			
Personal Costs (2 FTE)	(\$65,011)	(\$80,354)	(\$82,764)
Fringe Benefits	(\$31,615)	(\$39,076)	(\$40,248)
Expense and Equipment	(\$6,851)	(\$2,134)	(\$2,198)
Other Costs - Develop tracking and payment systems	<u>(Unknown)</u>	<u>\$0</u>	<u>\$0</u>
Total administrative Costs	(\$103,477 to Unknown)	(\$121,564)	(\$125,210)
FTE Change - DESE	2 FTE	2 FTE	2 FTE
<u>Cost</u> - DESE - Translation costs for "Parents' Bill of Rights" (§161.850)	(Unknown - Up to \$40,700)	\$0	\$0
<u>Cost</u> - Department of Elementary and Secondary Education (DESE) - Increased state aid (§163.095)	(\$2,122,588)	(\$3,701,473)	(\$3,930,491)

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2010 (10 Mo.)	FY 2011	FY 2012
<u>Cost - DESE - Missouri Preschool Grant Program</u> (§162.1168)	(\$5,000,000 to Unknown)	(\$5,000,000 to Unknown)	(\$5,000,000 to Unknown)
<u>Cost - DESE - Funding of Teacher Choice Compensation Package</u> (§168.745)	<u>(\$5,000,000)</u>	<u>(\$5,000,000)</u>	<u>(\$5,000,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$55,642,967 up to \$86,502,317</u>	<u>\$54,028,076 up to \$84,887,426</u>	<u>\$47,999,441 up to \$78,858,791</u>
Estimated Net Effect on FTE for General Revenue	5 FTE	5 FTE	5 FTE
GAMING PROCEEDS FOR EDUCATION FUND			
<u>Income - Increased gaming tax receipts due to repeal of loss limits</u>	\$108,600,000	\$108,600,000	\$108,600,000
<u>Transfer Out - Transfer to Classroom Trust Fund</u>	<u>(\$108,600,000)</u>	<u>(\$108,600,000)</u>	<u>(\$108,600,000)</u>
ESTIMATED NET EFFECT ON GAMING PROCEEDS FOR EDUCATION 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
CLASSROOM TRUST FUND			
<u>Transfer In</u> - Transfer from Gaming Proceeds for Education Fund	\$108,600,000	\$108,600,000	\$108,600,000
<u>Transfer Out</u> - Distribution to School Districts	<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>
STATE SCHOOL MONEYS FUND			
<u>Transfer In</u> - General Revenue - Increased state aid (§163.095)	\$2,122,588	\$3,701,473	\$3,930,491
Transfer In - General Revenue - Increased state aid (§163.011)	\$40,300,000	\$40,300,000	\$40,300,000
Transfer Out - School Districts - State aid (§163.011)	(\$40,300,000)	(\$40,300,000)	(\$40,300,000)
<u>Transfer Out</u> - Distribution to Riverview Gardens School District (§163.095)	<u>(\$2,122,588)</u>	<u>(\$3,701,473)</u>	<u>(\$3,930,491)</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
PERSISTENCE TO GRADUATION FUND			
<u>Transfer In</u> - General Revenue - Funding for drop-out prevention efforts (\$160.950)	Unknown - Expected to Exceed \$100,000	Unknown - Expected to Exceed \$100,000	Unknown - Expected to Exceed \$100,000
<u>Disbursements</u> - School Districts - Grants for drop-out prevention efforts (\$160.950)	(Unknown - Expected to Exceed <u>\$100,000</u>)	(Unknown - Expected to Exceed <u>\$100,000</u>)	(Unknown - Expected to Exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT ON PERSISTENCE TO GRADUATION 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
 MISSOURI PRESCHOOL PLUS GRANT PROGRAM FUND			
<u>Transfer In</u> - General Revenue (\$162.1168)	\$5,000,000 to Unknown	\$5,000,000 to Unknown	\$5,000,000 to Unknown
<u>Cost</u> - Grants to school districts and nonsectarian community-based organizations (\$162.1168)	(\$2,500,000 to Unknown)	(\$2,500,000 Unknown)	(\$2,500,000 to Unknown)
<u>Cost</u> - Grants to nonsectarian community-based organizations (\$162.1168)	(\$2,500,000 to <u>Unknown</u>)	(\$2,500,000 <u>Unknown</u>)	(\$2,500,000 to <u>Unknown</u>)
 ESTIMATED NET EFFECT ON MISSOURI PRESCHOOL PLUS GRANT PROGRAM FUND	 <u>\$0</u>	 <u>\$0</u>	 <u>\$0</u>
 MISSOURI SENIOR CADETS FUND			
<u>Transfer In</u> - General Revenue (\$160.375)	\$0	\$0	\$5,791,503
<u>Transfer Out</u> - Tuition Reimbursement (\$160.375)	<u>\$0</u>	<u>\$0</u>	<u>(\$5,791,503)</u>
 ESTIMATED NET EFFECT ON MISSOURI SENIOR CADETS 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
TEACHER CHOICE COMPENSATION FUND			
<u>Transfer In</u> - General Revenue - Funding for Teacher Choice Compensation Package (\$168.745)	\$5,000,000	\$5,000,000	\$5,000,000
<u>Transfer Out</u> - School Districts - Teacher Stipends (\$168.745)	<u>(\$5,000,000)</u>	<u>(\$5,000,000)</u>	<u>(\$5,000,000)</u>
ESTIMATED NET EFFECT ON TEACHER CHOICE COMPENSATION 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>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 disbursements from Classroom Trust Fund	\$108,600,000	\$108,600,000	\$108,600,000
<u>Income</u> - School Districts - Grants from Persistence to Graduation Fund for drop-out prevention efforts (§160.950)	Unknown - Expected to exceed \$100,000	Unknown - Expected to exceed \$100,000	Unknown - Expected to exceed \$100,000
<u>Income</u> - School Districts - Increased state aid (§163.011)	\$40,300,000	\$40,300,000	\$40,300,000
<u>Income</u> - Riverview Gardens School District - Increased state aid (§163.095)	\$2,122,588	\$3,701,473	\$3,930,491
<u>Income</u> - School Districts - Grants for preschools (§162.1168)	\$2,500,000 to Unknown	\$2,500,000 to Unknown	\$2,500,000 to Unknown
<u>Transfer In</u> - St Louis Public School District - Teacher stipends from Teacher Choice Compensation Fund (§168.745)	\$5,000,000	\$5,000,000	\$5,000,000
<u>Cost</u> - School Districts - Administrative costs for Senior Cadet Program (§160.375)	\$0	\$0	(Expected to exceed \$100,000)

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
<u>Cost - Kansas City Missouri Public School District - Election costs</u> (\$162.492)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost - St Louis Public School District - Disbursement of stipends to teachers</u> (\$168.745)	(\$5,000,000)	(\$5,000,000)	(\$5,000,000)
<u>Cost - School Districts - Construction costs for facilities for expanded physical education requirement</u> (\$167.720)	(Expected to exceed \$100,000)	\$0	\$0
<u>Cost - School Districts - Additional staffing required for expanded physical education requirement</u> (\$167.720)	(Expected to exceed \$100,000)	(Expected to exceed \$100,000)	(Expected to exceed \$100,000)
ESTIMATED NET EFFECT ON LOCAL SUBDIVISIONS	<u>\$153,422,588 to Unknown</u>	<u>\$155,101,473 to Unknown</u>	<u>\$155,230,491 to 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:

§160.011, 160.041, 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.

§160.534, 163.011, 163.043 - 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 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 proposal removes the 5% limit on increases in state funding per recalculation. This becomes effective July 1, 2010.

§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 to correct an error by the district in placing funds received by the state for school aid for fiscal year 2006 in the incidental fund, rather than the capital projects fund. The sum of the amounts due to the school district after recalculation for fiscal years 2007-2010 will be divided and distributed to the school district in equal amounts in fiscal years 2010-2013.

FISCAL DESCRIPTION (continued)

§162.492 - Elections for School Board Vacancies

This section 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.

§162.1168 - Missouri Preschool Plus Grant Program

This section creates the Missouri Preschool Plus Grant Program as a pilot program within the Missouri Preschool Project. The program will serve up to 1250 students with preschool services and will be administered by the Department of Elementary and Secondary Education (DESE) in collaboration with the Coordinating Board for Early Childhood. School districts that are classified as unaccredited and non-sectarian community-based organizations located within such school districts may receive grants. Grants run for three years and are renewable. At least fifty percent of the placements must be offered through non-sectarian community-based organizations. Children who are one or two years away from kindergarten entry may participate in the program. Children of active duty military personnel will receive admission preference.

If a school district becomes classified as provisionally accredited or accredited, it may complete the length of an existing grant and be eligible for one additional renewal for three years. The program must comply with current early childhood standards. Community-based organization grantees may employ teachers with at least an associate's degree provided they show they are on the path to obtaining a bachelor's degree within five years. School districts and non-sectarian community-based organizations must collect short-term and long-term data about student performance where feasible. DESE must make a good faith effort to collect long-term student performance data as required in the act for students who attend non-public schools.

DESE will accept applications in a competitive bid process to begin implementing the program in the 2010-2011 school year. The program will be funded through general appropriations and will not be funded through money from the Gaming Commission Fund.

The provisions of this section will expire in six years unless reauthorized.

FISCAL DESCRIPTION (continued)

§160.950 - Persistence to Graduation Fund

This section creates the Persistence to Graduation Fund. 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 propose a holistic approach to drop-out prevention as described in the act. 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.

§168.221, 168.745, 168.747, 168.749, 168.750 - Teacher Choice Compensation Package - St Louis City School District

This amendment creates the "Teacher Choice Compensation Package" for the St. Louis City School District to permit performance-based salary stipends, upon the decision of a teacher, to reward teachers for objectively demonstrated superior performance. It also creates the Teacher Choice Compensation Fund in the State Treasury. The General Assembly must annually appropriate \$5 million to the fund.

A teacher must give up his or her right to a permanent appointment for the duration of his or her employment with the school district to participate in the Teacher Choice Compensation Package. If a teacher chooses to no longer participate in the Compensation Package, he or she may not resume permanent teacher status with the district. Teachers will qualify annually in October. Stipends will be offered in increments of five thousand dollars, up to fifteen thousand dollars but must not exceed fifty percent of a teacher's base salary as described in the proposal. DESE will make a payment to the district in the amount of the stipend, which will be delivered as a lump sum in January following the October qualification. If funds are insufficient, DESE may prorate payments.

The Teacher Choice Compensation Package will be open to every person employed by the St. Louis City School District regardless of certification status, provided the other requirements are satisfied. Stipends will be prorated for part-time employees and will be forfeited for any teacher dismissed for cause.

FISCAL DESCRIPTION (continued)

Beginning with the 2010-2011 school year, teachers who opt out of their permanent contract may be eligible based on the following: student scores on a value-added test instrument as described in the proposal, evaluations by principals or other administrators, evaluations by parents, and evaluations by students. DESE must develop or identify model instruments for use by school districts, which may also use or develop their own instruments. DESE must develop criteria for determining eligibility for stipend increments. Test-scores will be given more weight than evaluations. The level of scores required must take into account classroom demographics.

§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 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.

§167.018, 167.019, 210.1050 - Foster Care Education Bill of Rights

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

FISCAL DESCRIPTION (continued)

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

§161.800 - Volunteer and Parents Incentive Program

This section creates the Volunteer and Parents Incentive Program, to be implemented and administered by DESE. Under the program, DESE will provide a reimbursement to parents or volunteers who donate time at certain schools. To be eligible, individuals must donate time at a school in a district that is unaccredited or provisionally accredited, or has a population of at least 50% at risk students as described in the act. For every one hundred hours donated by a volunteer or parent, DESE will provide him or her with a reimbursement for the cost of three credit hours at a public institution of higher learning located in Missouri. The reimbursement cannot exceed \$500 every two years. If a participating school district becomes classified as accredited, it may continue to participate in the program for an additional two years.

FISCAL DESCRIPTION (continued)

The provisions of this section will expire in six years unless reauthorized.

§160.375 - Missouri Senior Cadet Program

This section creates the Missouri Senior Cadet Program, which will provide opportunities for twelfth graders in public school to mentor kindergarten through eighth grade students as described in the proposal. Participating students must be Missouri residents attending a Missouri high school, maintain a 3.0 GPA and plan to attend college. Twelfth graders who donate ten hours per week during the academic year will receive one elective credit that may be used to fulfill graduation requirements. If a student attends a public college or university located in Missouri after participating in the program, the state will provide a reimbursement in the amount of three credit hours per semester for a total of no more than eight semesters. The provisions of this proposed legislation will expire in six years unless reauthorized.

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

SOURCES OF INFORMATION (continued)

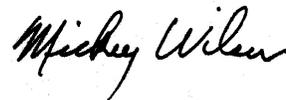
Office of State Auditor
Department of Labor and Industrial Relations
Department of Corrections
 Missouri Vocational Enterprises
State Tax Commission
Missouri Gaming Commission
Office of Prosecution Services
Department of Public Safety
 Office of the Director
 Missouri State Highway Patrol
Office of Attorney General
Department of Transportation
Department of Revenue
Missouri House of Representatives
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

SOURCES OF INFORMATION (continued)

University of Missouri
Missouri Western State University
Truman University
University of Missouri - St Louis
University of Missouri - Kansas City
St Louis Community College
Cities and Counties
West Plains
Centralia
Kansas City
Counties
Cass
St Louis County
Local Law Enforcement
Boone County Sheriff's Department
Springfield Police Department
Kansas City Board of Elections

NOT RESPONDING

Riverview Gardens School District
Kansas City Public School District
St Louis Public School District



Mickey Wilson, CPA
Director
May 13, 2009