

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1669-03
Bill No.: SB 370
Subject: Education, Elementary and Secondary; Elementary and Secondary Education
Department; Transportation; Boards, Commissions, Committees, Councils
Type: Original
Date: March 7, 2011

Bill Summary: This proposal creates a scholarship program for resident pupils of an unaccredited school district to enroll in a different school.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
Total Estimated Net Effect on General Revenue Fund	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

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

§160.415.10 & 160.420.8

DESE assumes this proposal turns charter schools into private schools. There is no way to estimate the cost, but would be significant.

§167.131.8(2)

DESE referred to the following language: "...each pupil who receives a scholarship under this section, the department of elementary and secondary education may receive an administrative fee of up to five hundred dollars, to be paid from the money withheld from the school district of residence by the department." This might not be extra money, but would rather be reallocated at the expense of local education agency.

§167.131.12

The coordination of the transportation for these students by DESE will result in significant unknown costs.

Oversight assumes there could be an unknown amount of revenue to DESE from the administrative fee that may offset the costs of transportation coordination.

Overall, DESE assumes there could be a significant number of private school students who take advantage of this proposal making the overall costs that much higher.

Officials from the **Nixa School District** assume this proposal will result in additional administrative duties and create financial burdens to the receiving districts in terms of classroom availability, class sizes, educational material, etc.

Officials from the **Parkway School District** state this proposal has an unknown fiscal impact on their district, in addition to a cost to the foundation formula for additional pupils currently attending non-public schools and to the St Louis Public School District.

ASSUMPTION (continued)

According to officials from the **Special School District of St Louis County (SSD)**, this proposed legislation would have a substantial negative fiscal impact on the Special School District as it doesn't address special education costs. Assuming that 10% of the special education students in the St. Louis Public Schools transfer to St. Louis County districts, the cost to SSD is estimated to be \$3.5 million-\$3.8 million per year. The basic assumption is that 42 or 10% of the transferring special education students would require a self-contained placement at an estimated cost of \$1.2-\$1.3 million and that another 372 or 90% of the transfer students would be in a resource placement at a cost of \$2.3-\$2.5 million. This also assumes that SSD would receive all federal revenue associated with the transfer students or the costs would increase by about \$600,000 over the estimate of \$3.5-3.8 million.

Officials from the **University of Missouri - St Louis** (Charter Schools) state this proposal will not affect their schools financially.

This proposal was sent to other school districts and charter sponsors whose schools could be affected by this proposal. No other responses were received.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE			
<u>Income</u> - Department of Elementary and Secondary Education (DESE) - Administrative fees (§167.131.8 (2))	Unknown	Unknown	Unknown
<u>Cost</u> - DESE - Transportation coordination (§167.131.12)	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> - DESE - Scholarship funding (§167.131.3)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - School Districts - Scholarship funding	Unknown	Unknown	Unknown
<u>Loss</u> - School Districts - State Aid	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> - School Districts - Educational costs	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown 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 proposal modifies provisions relating to school enrollment. Current law provides that the school board of an unaccredited school district must pay the tuition and transportation for resident students who attend an accredited school in another district of the same or an adjoining county. This proposal establishes a scholarship program to allow resident students of an unaccredited district to enroll in a nonpublic school, charter school, virtual school, or accredited school district. The Department of Elementary and Secondary Education (DESE) will administer the scholarship program.

§160.410, 160.415, 160.420

CHARTER SCHOOLS - Charter schools may enroll a nonresident pupil from an unaccredited district and may accept the pupil's scholarship. This proposal also allows charter schools to charge tuition.

ASSUMPTION (continued)

§167.131

SCHOLARSHIP PROGRAM - The scholarship amount depends on the geographic location of the student's school district of residence. For the St. Louis City School District and Kansas City School District, the amount would be the cost of attendance at the receiving school, or two-thirds of the district of residence's per pupil expenditure, whichever is less. For all other districts, the scholarship amount will be the per pupil expenditure of the receiving school or the pupil's district of residence, whichever is less.

The student may use the scholarship at an accredited nonpublic school, virtual school, charter school, or accredited school district that accepts him or her. An accredited district is not required to accept the student unless the student is able to demonstrate that he or she has already been rejected by seven other schools. At that time, an accredited district is required to admit the student.

An unaccredited district must report annually to DESE the number of its resident pupils who use a scholarship. The unaccredited district must report to DESE the number of its resident pupils who enroll in another educational option under this section and the amount of the scholarship paid on behalf of each student. DESE must withhold the weighted state aid attributable to the pupil from the district of residence's state aid payments. The local county assessor and collector must withhold all local effort attributable to such pupils and forward it to DESE, who will use these funds to pay the appropriate scholarship amount to the receiving schools, as described in the proposal. For each student who receives a scholarship, DESE may receive an administrative fee of up to five hundred dollars, to be paid from the money withheld from the school district of residence.

TRANSPORTATION - Current law requires the unaccredited district to pay for the student's transportation. DESE will be responsible for coordinating transportation for the transfer students.

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
School Districts

Nixa

Parkway

Special School District of St Louis County

Charter School Sponsors

University of Missouri - St Louis

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA

Director

March 7, 2011