

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4627-06
Bill No.: SCS for SB Nos. 493, 485, 495, 516, 534, 545, 595, 616 & 624
Subject: Education, Elementary and Secondary; Elementary and Secondary Education Department; Boards, Commissions, Committees, Councils; St. Louis; Kansas City; Political Subdivisions; Governor and Lt. Governor; General Assembly
Type: Original
Date: February 25, 2014

Bill Summary: This proposal modifies provisions relating to elementary and secondary education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Unknown - Expected to exceed \$583,066)	(Unknown - Expected to exceed \$506,962)	(Unknown - Expected to exceed \$510,968)
Total Estimated Net Effect on General Revenue Fund	(Unknown - Expected to exceed \$583,066)	(Unknown - Expected to exceed \$386,962)	(Unknown - Expected to exceed \$390,968)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 23 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
School District Improvement Fund*	\$0	\$0	\$0
Supplemental Tuition Fund*	\$0	\$0	\$0
St. Louis Area Education Authority*	\$0	\$0	\$0
Jackson County Education Authority*	\$0	\$0	\$0
Statewide Education Authority*	\$0	\$0	\$0
Parent Portal Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds*	\$0	\$0	\$0

***Offsetting Transfers In and Transfers out are Unknown - Expected to exceed \$100,000**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	6 FTE	6 FTE	6 FTE
Total Estimated Net Effect on FTE	6 FTE	6 FTE	6 FTE

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

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Administrative Hearing Commission**, the **Office of State Treasurer** and the **Office of the Lieutenant Governor** each assume no fiscal impact as a result of this proposed legislation.

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

Officials from the **Missouri Senate (SEN)** state this Senate Committee Substitute has no fiscal impact to the SEN beyond existing appropriations.

Officials from the **Joint Committee on Administrative Rules (JCAR)** stated this proposed legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

ASSUMPTION (continued)

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 act. The SOS's office 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 Secretary of State's office for Administrative Rules is less than \$2,500. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

§161.086 - School District Accreditation

Officials from the **Department of Elementary and Secondary Education (DESE)** assume they will need additional FTE to support this expanded accountability system and interventions. The system will expand from the current 519 public school districts to include 41 charter LEAs, 2,074 public schools and 64 charter schools. The new accountability system would go from accrediting 519 entities to 2,698 entities.

While the current system provides school-level reports, accreditation determinations are only made at the district level. The accountability system is designed around 5 district-level measures. Only a subset of these measures can be applied to some school buildings and will require a review of the standard's applications to each school (i.e. application for a K-2 school.) Formal classification of schools, resulting in oversight of interventions, creates additional need for FTE.

DESE estimates it will need an additional 6 FTE (3 Area Supervisors, 2 Supervisors, 1 Administrative Assistant) to meet the goals of this legislation. In addition, DESE will require \$70,000 in data costs to review building level measures for accountability purposes, simulations, and analysis for use as an accreditation measure.

ASSUMPTION (continued)

Oversight has, for fiscal note purposes only, adjusted the salary and benefits of the positions to correspond with the salaries posted by DESE for a current job vacancies for a similar positions. Oversight assumes DESE has a core budget for travel expenses, so those costs have also not been included in the estimate of expenses.

§161.283.3 - School Building and Charter School Accreditation

DESE assumes that the current accreditation system in place, which is used by all public schools, would be adapted at no significant cost.

§162.081 - Special Administrative Boards

DESE assumes no fiscal impact to the state.

§162.432 - Local Effort Calculation and Boundary Line Changes

DESE assumes the exact cost to implement this section is unknown. There is a potential savings to the state relative to funding the formula. DESE assumes that, had this provision been in place at the implementation of the formula, it would have reduced the formula call by over \$7,000,000 annually since 2009.

Officials from the **Kansas City Public School District** assume this section could have a considerable negative impact on their school district; however the impact cannot be determined prior to review of DESE promulgated rules.

Oversight assumes it is unknown how many school district boundaries would be changed requiring DESE to adjust a district's local effort calculation. Oversight assumes any potential savings to the foundation formula are speculative and unknown.

§162.1303 - Transient Student Ratio and Student Assessment Scores

DESE assumes the student level conditions required in this section would require DESE to make some large scale changes to the current accountability system. The growth model would be impacted and it is unknown at this time whether the growth model could actually function appropriately with the conditions set in this section. DESE would need to make large scale changes to the accountability system including changing the scoring guide. These changes impose a risk to the accountability system itself which was heavily tested during a year-long pilot

ASSUMPTION (continued)

period. This section would also require DESE to maintain two separate accountability systems since the U.S. Department of Education has requirements which will conflict with the requirements of this section.

DESE will require \$120,000 in data costs to apply the new calculations for each of the 5 standards, new scoring guide, simulation analysis, new reports, and growth model changes.

§162.1310 - Parent Notification of Unaccredited District Status and Home Visits

DESE assumes the requirements of this section will likely result in significant costs to local school districts.

Officials from the **Kansas City Public School District** estimate a negative fiscal impact of \$200,000 to \$300,000 in personnel costs.

Officials from the **Carondelet Leadership Academy** (Charter School) responded, but did not give any estimate of fiscal impact.

§167.121 - Hardship Transportation Assignments

DESE officials assume no fiscal impact to the state.

Officials from the **Special School District of St. Louis County (SSD)** assume the proposed change to this section for hardship transfers could also have a minor negative impact on the SSD as there is no provision to pay for special education services under this proposed change.

§167.642 - Student Promotion

Officials from **DESE** assume the potential costs to the state are unknown. Mandating student retention would increase the cost of educating a student until graduation by the state adequacy level paid per weighted average daily attendance. If the formula was fully funded at \$6,716 per WADA, the payment for each student retained for each year retained would be that amount.

If only 15 students were retained it would add in excess of \$100,000 future liability.

ASSUMPTION (continued)

§§167.685 and 167.687 - School District Improvement Measures and Fund

DESE officials assume the costs to implement this portion of the bill are unknown as the amount of appropriation is not defined.

§167.730 - Reading, Personalized Learning Plans, Student Retention

Officials from **DESE** state this section will have no fiscal impact on the state. Additional costs would accrue to the local district.

Officials from the **University of Missouri System** (Charter Sponsor) indicated that §167.730.4 would have a fiscal impact on charter schools. The language in this section necessitates a special education referral for any first grader that is performing below reading level. Fiscally, it would cost a minimum of \$450 per student for approximately 25% of all of the first graders in their charter schools.

Officials from the **Carondelet Leadership Academy** assumed this section of the proposal would have fiscal impact.

§167.825 - Student Transfers

Officials from **DESE** assume there would be no fiscal impact to the state.

Officials from the **Kansas City Public School District (KCPS)** assume this section may create a negative fiscal impact to their district of \$500,000 in school year 2015, with the impact possibly increasing in years to follow. The \$500,000 is based on existing requests to transfer to other schools outside of KCPS next school year. The proposal allows these students to continue in the school they have moved to even when KCPS gets provisional/full accreditation. KCPS would continue to pay this amount, plus amounts for any others that may leave, which creates the difficulty in determination.

§167.826 - Student Transfers - Supplemental Tuition Fund

Officials from **DESE** state that this section creates the Supplemental Tuition Fund in the state treasury. If a receiving district has a higher per-pupil cost than the sending district, the difference will be paid from the tuition fund. The cost is unknown because appropriation method is not defined. DESE would assume costs could exceed \$100,000 if all tuition gaps are covered.

ASSUMPTION (continued)

Officials from the **Kansas City Public School District** assume a fiscal impact of \$50,000 to \$70,000 in school year 2015, with a substantial increase in years to follow.

§167.827 - Student Transfers - Regional Education Authorities

DESE assumes costs are unknown but could exceed \$100,000.

Officials from the Kansas City Public School District state they cannot determine a potential fiscal impact prior to knowing how DESE will promulgate rules.

§§167.830 - 167.848 - Regional Education Authorities

DESE officials assume the costs to implement the establishment of three regional education authorities that will work with local school districts and governments to coordinate student transfers are unknown, but significant.

§170.320 - Parent Portal

Officials from **DESE** assume costs to implement "Parent Portals" to assist districts in establishing and maintaining a parent portal would be unknown, but significant.

§171.031 - Length of School Day and Hours of Instruction

According to officials from **DESE**, this section contains a provision which appears to be designed to increase Average Daily Attendance (ADA) for certain school districts in the state (in particular, unaccredited and provisionally accredited school districts with a free and reduced lunch count of 75% or greater). DESE notes there is no change to §163.011 which defines ADA and provides the means for calculation. There is nothing in the bill that holds the total number of hours a district is in session to a static number while the actual hours in session are extended and thus creating a greater ADA for the district and resulting in more state aid. This could result in an additional call on the formula if it was done. Although currently the formula is underfunded and it would not increase the amount spent on the formula but would just redistribute the money that is appropriated.

Overall Sections

Officials from **DESE** assume the sections listed above represent a summation of the fiscal costs

ASSUMPTION (continued)

of this proposal and do not necessarily include all costs. The omission of a section in the above listing does not mean that it has no cost or bearing on the fiscal note.

Officials from the **Fulton School District** assume no known fiscal impact at this time.

Officials from the **Special School District of St. Louis County (SSD)** assume this proposed legislation could have a significant negative fiscal impact on SSD. If the St. Louis Public Schools District (SLPS) becomes unaccredited, there is no provision in this bill to deal with tuition for special education services provided by SSD. If 500 students with Individual Education Programs (IEPs) transfer from SLPS to districts in St. Louis County, the cost to SSD is estimated to be \$7 million, based on the current average cost per student.

Officials from the **Allen Villages School** (Charter School) assume this proposal will have no fiscal impact on their school.

Officials from the following school districts: Blue Springs, Branson, Caruthersville, Charleston R-I, Cole R-I, Columbia, Fair Grove, Francis Howell, Harrison R-IX, Independence, Jefferson City, Johnson County R-7, Kirksville, Kirbyville R-V, Lee's Summit, Malden R-I, Malta Bend, Mexico, Monroe City R-I, Nixa, Parkway, Pattonville, Raymore-Peculiar R-III, Raytown, Riverview Gardens, Sedalia, Sikeston, Silex, Spickard R-II, Springfield, St Joseph, St Louis, St. Charles, Sullivan, Warren County R-III, and Waynesville did not respond to **Oversight's** request for fiscal impact.

Officials from the following charter school sponsors: University of Central Missouri, Lindenwood University, Saint Louis University, Washington University, and the St. Louis Public School District did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015	FY 2016	FY 2017
GENERAL REVENUE			
<u>Transfer Out</u> - Department of Elementary and Secondary Education (DESE) - Appropriation for District Improvement Fund (§167.685)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
<u>Transfer Out</u> - DESE - Supplemental Tuition Fund (§167.826.4)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
<u>Transfer Out</u> - DESE - St. Louis Area Education Authority Fund (§167.833)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
<u>Transfer Out</u> - DESE - Jackson County Education Authority Fund (§167.839)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
<u>Transfer Out</u> - DESE - Statewide Education Authority Fund (§167.845)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
<u>Transfer Out</u> - DESE - Parent Portal Fund (§170.320)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
<u>Costs</u> - DESE - Additional accreditation process expenses (§161.086)			
Personal Costs (6 FTE)	(\$247,752)	(\$250,230)	(\$252,732)
Fringe Benefits	(\$126,366)	(\$127,630)	(\$128,906)
Equipment and Expense	(\$18,948)	(\$9,102)	(\$9,330)
Data Costs	<u>(\$70,000)</u>	<u>\$0</u>	<u>\$0</u>
Total Expenses DESE	(\$463,066)	(\$386,962)	(\$390,968)
FTE Change - DESE	6 FTE	6 FTE	6 FTE

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2015	FY 2016	FY 2017
GENERAL REVENUE (Continued)			
<u>Costs</u> - DESE - Adjustments of local effort calculations for boundary line changes (§162.432)	\$0 or (Unknown - Not expected to exceed \$100,000)	\$0 or (Unknown - Not expected to exceed \$100,000)	\$0 or (Unknown - Not expected to exceed \$100,000)
<u>Costs</u> - DESE - Data costs for changes to accountability system (§162.1303)	(\$120,000)	\$0	\$0
<u>Costs</u> - DESE - Implementation of Regional Education Authorities (§§167.827, 167.830 - 167.848)	(Unknown - Could exceed \$100,000)	Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Unknown - Expected to exceed \$583,066)</u>	<u>(Unknown - Expected to exceed \$386,962)</u>	<u>(Unknown - Expected to exceed \$390,968)</u>
Estimated Net FTE Change for General Revenue	6 FTE	6 FTE	6 FTE
SCHOOL DISTRICT IMPROVEMENT FUND			
<u>Transfer In</u> - General Revenue - Costs of tutoring and supplemental education services (§167.685)	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000
<u>Transfer Out</u> - School Districts - Funding for tutoring and supplemental education services (§167.685)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
ESTIMATED NET EFFECT ON SCHOOL DISTRICT IMPROVEMENT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - State Government FY 2015 FY 2016 FY 2017
 (Continued)

**JACKSON COUNTY EDUCATION
 AUTHORITY FUND**

<u>Transfer In</u> - General Revenue (§167.839)	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000
<u>Costs</u> - Administration Expenses (§167.839)	(Unknown - Could exceed <u>\$100,000</u>)	(Unknown - Could exceed <u>\$100,000</u>)	(Unknown - Could exceed <u>\$100,000</u>)

**ESTIMATED NET EFFECT ON
 JACKSON COUNTY EDUCATION
 AUTHORITY FUND**

\$0 \$0 \$0

**STATEWIDE EDUCATION
 AUTHORITY FUND**

<u>Transfer In</u> - General Revenue (§167.845)	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000
<u>Costs</u> - Administration Expenses (§167.845)	(Unknown - Could exceed <u>\$100,000</u>)	(Unknown - Could exceed <u>\$100,000</u>)	(Unknown - Could exceed <u>\$100,000</u>)

**ESTIMATED NET EFFECT ON
 STATEWIDE EDUCATION
 AUTHORITY FUND**

\$0 \$0 \$0

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2015	FY 2016	FY 2017
PARENT PORTAL FUND			
<u>Transfer In</u> - General Revenue (§170.320)	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000
<u>Costs</u> - Expenses related to maintaining parent portal (§170.320)	(Unknown - Could exceed <u>\$100,000</u>)	(Unknown - Could exceed <u>\$100,000</u>)	(Unknown - Could exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT ON PARENT PORTAL FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015	FY 2016	FY 2017
LOCAL POLITICAL SUBDIVISIONS			
<u>Transfer In</u> - School Districts - Funding for tutoring and supplemental education services (§167.685)	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000
<u>Transfer In</u> - School Districts - Receiving districts - difference in per pupil cost between sending district and receiving district (§167.826.4)	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000	Unknown - Could exceed \$100,000
<u>Costs</u> - School Districts - Home visits (§162.1310.2)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
<u>Costs</u> - School Districts - Education costs for students not promoted (§167.642)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
<u>Costs</u> - School Districts - Learning plans (§167.730)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
<u>Costs</u> - School Districts - Tutoring and supplemental education services (§167.685)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
<u>Costs</u> - School Districts - Receiving districts - difference in per pupil cost between sending district and receiving district (§167.826.4)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown - Expected to exceed \$100,000)</u>	<u>(Unknown - Expected to exceed \$100,000)</u>	<u>(Unknown - Expected to exceed \$100,000)</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill modifies provisions relating to elementary and secondary education.

§161.086 - SCHOOL DISTRICT ACCREDITATION

When the State Board of Education assigns classification designations to school districts, it must use one of the following designations: unaccredited, provisionally accredited, accredited, and accredited with distinction.

§161.238 - SCHOOL BUILDING AND CHARTER SCHOOL ACCREDITATION

The State Board of Education must adopt a system of classification that accredits individual school buildings within a district separately from the district as a whole. The State Board cannot classify a district as unaccredited unless it has previously classified at least sixty-five percent of the district's schools as unaccredited.

The State Board must also adopt a system of classification to accredit charter schools. However, charter school accreditation classifications will not be factored into any district's accreditation classification.

§162.081- SPECIAL ADMINISTRATIVE BOARDS

The State Board of Education may appoint members of an elected school board to serve on a special administrative board. However, no more than forty-nine percent of a special administrative board may be composed of a district's elected school board members.

§162.432 - LOCAL EFFORT CALCULATION AND BOUNDARY LINE CHANGES

Currently, the calculation of local effort uses a school district's assessed valuation figure from 2004. This bill provides that when a change in school district boundary lines occurs, as described in the bill, the Department of Elementary and Secondary Education must adjust each affected district's local effort calculation based on the land area adjustments from the boundary line change using 2004 assessed valuation data.

FISCAL DESCRIPTION (continued)

§162.1303 - TRANSIENT STUDENT RATIO & STUDENT ASSESSMENT SCORES

This section requires DESE to annually calculate a transient student ratio for each public school building and each school district. The transient student ratio must be published on the DESE website and in the school accountability report card for each district and public school building. DESE must also publish on its website an aggregate transient student ratio for the state.

The transient student ratio will use data, including the number of students enrolled in the district or school, the number of students who withdraw from the district or school, and the number of students who are enrolled, withdrew, and later reentered the district or school.

Each school district must report annually to DESE any information and data necessary for the Department to calculate transient student ratios.

This bill establishes how the student assessment scores and other performance data for students who have not been enrolled in a district-operated school for the previous full school term will be used when calculating the district's performance for purposes of the Missouri School Improvement Program (MSIP). The scores of any student who has not been enrolled in a district-operated school for the preceding school term will not be used. The scores of any student who has been enrolled in a district-operated school for the preceding school term but not for the full two preceding school terms will be weighted at thirty percent of the weight assigned to a student who has been enrolled for the full three preceding school terms. The scores of any student who has been enrolled in a district-operated school for two full preceding school terms but not for the full three preceding school terms will be weighted at seventy percent of the weight assigned to a student who has been enrolled for the full three preceding school terms.

§162.1310 - PARENT NOTIFICATION OF UNACCREDITED DISTRICT STATUS & HOME VISITS

When a district or school building becomes unaccredited, the district must promptly notify the parent or guardian of students enrolled in the district or school and district taxpayers. The notice must also include an explanation of the option to transfer to another accredited school in the district, to another accredited district, or to a private nonsectarian school, and any services for which the student may be eligible. This notice must be posted in district school buildings and must be sent to each political subdivision located in the boundaries of the school district.

Each unaccredited school, provisionally accredited school, or any school with a three year average APR consistent with unaccredited or provisionally accredited must perform at least one

FISCAL DESCRIPTION (continued)

home visit for each student.

§167.121 - HARDSHIP TRANSPORTATION ASSIGNMENTS

Currently, under section 167.121, the Commissioner of Education may assign a pupil to another district based on an unusual or unreasonable transportation hardship. This section allows the parent or guardian of a child to apply, and requires the Commissioner to assign the pupil to another district, if the following conditions are met: the actual driving distance from the pupil's residence to the attendance center in his or her district of residence is at least seventeen miles by the shortest route; the attendance center to which the pupil would be assigned is at least seven miles closer in actual driving distance than the attendance center in the district of residence; and the pupil's attendance will not cause the classroom in the receiving district to exceed the maximum number of students per class as determined by the receiving district. The Commissioner must assign pupils in the order in which the applications are received.

The assignment will continue until the pupil, and any sibling of the pupil who attends the same attendance center, completes the course of study in the receiving district. If a parent or guardian withdraws a pupil from a hardship assignment, the granting of any future application will be discretionary. For any pupil who was assigned to another district by the Commissioner prior to the effective date of this provision of law, the assignment will apply to the pupil's siblings and also remain in effect until the pupil completes the course of study in the receiving district.

Currently, the tuition amount cannot exceed the pro rata cost of instruction. This bill specifies that the tuition amount will be the lesser of the two districts' current expenditure per average daily attendance. Pupils with an individualized education program will only be included in the pupil count of the student's district of residence. If there is disagreement as to the tuition amount, the facts will be submitted to the State Board of Education.

§167.642 - STUDENT PROMOTION

Except for the St. Louis School District and Kansas City School District, all unaccredited districts, provisionally accredited districts, districts with a three year average annual performance report score consistent with unaccredited or provisional accreditation are prohibited from promoting any student from the fifth grade to the sixth grade or from the eighth grade to the ninth grade who has not scored at the proficient level or above on the statewide assessments in the areas of English language arts and mathematics.

FISCAL DESCRIPTION (continued)

§§167.685 & 167.687 - SCHOOL DISTRICT IMPROVEMENT MEASURES AND FUND

Any unaccredited district, provisionally accredited district, district with sixty-five percent or more of its schools unaccredited, and any district with a three year average annual performance report score consistent with unaccredited or provisionally accredited must offer free tutoring and supplemental education services to underperforming and struggling students. Funds for such activities will be provided through the School District Improvement Fund. In addition, such a district or school may: implement a new curriculum, as described in the bill; retain an outside expert to advise the district or school on regaining accreditation; enter into a contract with an education management organization with a proven record of success; enter into a collaborative relationship with an accredited district in which teachers from both districts exchange positions for two school weeks; and terminate the employment of school personnel. In addition, when a district is classified as unaccredited, all teachers contracts will be void at the end of the school year.

§167.730 - READING, PERSONALIZED LEARNING PLANS, STUDENT RETENTION

This section requires, beginning July 1, 2015, all public schools in the St. Louis City School District and Kansas City School District, including charter schools, to use a response-to-intervention tiered approach to reading instruction for students determined by their school to be struggling readers. At a minimum, the reading levels of students in kindergarten through tenth grade must be assessed at the beginning and middle of the school year. Students who score below district benchmarks must be provided with intensive, systemic reading instruction.

Beginning on January 1, 2015, and each January thereafter, each public school in the St. Louis City School District and Kansas City School District, including charter schools, must prepare a personalized learning plan for any kindergarten or first grade student whose most recent school-wide reading assessment result shows the student is below grade level. Certain exceptions exist from this requirement. For any student with a personalized learning plan, the student's main teacher must consult with the student's parent or guardian about the plan and must have consent to implement it. If a student is still performing below grade level through the end of the first grade year, the school must refer him or her for assessment to determine if an IEP is necessary. If an IEP is not necessary, the personalized learning plan must remain in place until the student is at grade level.

Any student who is not reading at the second grade level in the St. Louis City School District and the Kansas City School District by the end of second grade may be promoted to third grade only

FISCAL DESCRIPTION (continued)

if: the school provides additional reading instruction during the summer and demonstrates the student is ready for third grade at the end of summer school; if the school provides a "looping" classroom in which the student remains with the same teacher for multiple years and the student is not reading at the third grade level by the end of third grade, the student must be retained; or the student's parents or guardians may sign a notice that they prefer to have the student promoted except that the school will have final determination to retain.

The St. Louis City School District, the Kansas City School District, and each charter school located in them must provide in the annual school accountability report card the numbers and percentages by grade of any students at grade level who have been promoted but who have been determined as reading below grade level.

§§167.131, 167.825 to 167.827 - STUDENT TRANSFERS

§167.131

Currently, the school board of a school district that does not maintain an accredited school is required to pay the tuition and transportation of resident pupils who attend an accredited school in another district of the same or an adjoining county. This provision of law currently applies to both unaccredited school districts and K-8 school districts that do not offer high school grades. This act repeals the provisions applicable to unaccredited school districts so that the statute only applies to K-8 school districts.

§167.825

Any student enrolled in and attending an unaccredited school may transfer to another accredited school in his or her district of residence that offers the student's grade level of enrollment. Each district must adopt a policy to grant priority to the lowest achieving students from low-income families if its capacity is insufficient to enroll all pupils who seek to attend.

§167.826

If a student enrolled in and attending an unaccredited school is unable to transfer to an accredited school within his or her district of residence, he or she may transfer to an accredited school in an accredited district in the same or an adjoining county, as described in the bill. The district of residence must pay the student's tuition, as provided in the bill. This bill creates the Supplemental Tuition Fund in the state treasury. If a receiving district has a higher per-pupil cost than the sending district, the difference will be paid from the Supplemental Tuition Fund. The student

FISCAL DESCRIPTION (continued)

must provide proof that he or she has resided in the unaccredited district and within the attendance boundaries of an unaccredited school for at least twelve months.

Provisionally accredited districts, provisionally accredited schools, unaccredited districts, unaccredited schools, or any districts or schools with a current year APR score of seventy-five or less under MSIP 5 are not eligible to accept transfer students. However, any student who received a transfer to a district or school with a current year APR score of seventy-five or less under MSIP 5 prior to the effective date of this section may remain enrolled.

Each district has the right to establish a policy for desirable class size and student-teacher ratios and will not be required to accept any transfer students that would violate its policy. If a transfer student is denied admission based on a lack of space under a district policy, the student may appeal to the State Board of Education. The State Board of Education must review the policy's appropriateness and may limit it. The State Board of Education must give special consideration to a district with a greater than average population of students who qualify for free and reduced lunch. The State Board of Education's decision is final.

§167.827

By January 1 annually, each accredited school district in the same or an adjoining county as an unaccredited district or school must report the number of its available enrollment slots by grade level to the appropriate regional education authority for the affected district. The education authority must make information and assistance available to parents who intend to transfer their child to an accredited school. Parents who intend to transfer their child must send initial notification to the appropriate education authority between January 1 and August 1. The education authority will assign transfer students to accredited schools, as space allows. The education authority will give first priority to students who live in the same household with family members within the first or second degree of consanguinity who have already transferred to an accredited school. Next, the education authority will assign transfers in the order in which they are received. Finally, if insufficient enrollment slots are available, any students who are not able to transfer will receive first priority the following year. If sufficient enrollment slots are available, the education authority will provide each student a choice of three accredited schools. The transfer coordination authority may deny a transfer to a student with a history of school discipline policy violations.

§§163.021 & 167.828 - STUDENT TRANSFERS TO NONSECTARIAN PRIVATE SCHOOLS

The school board of any district that operates an unaccredited school must pay tuition for any

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FISCAL DESCRIPTION (continued)

student who resides within the attendance boundaries of an unaccredited school and is unable to transfer to an accredited school in the district of residence to attend a nonsectarian private school located in the district of residence. The tuition amount cannot exceed the lesser of the nonsectarian private school's tuition or the nonresident tuition rate that would be calculated for the student to attend another accredited district.

As a condition of receiving state aid, an unaccredited district must use funds from the operating levy for school purposes to pay tuition remission for students who attend a nonsectarian private school. In addition, such tuition shall be paid only using funds from the operating levy for school purposes.

§§167.830 - 167.848 - REGIONAL EDUCATION AUTHORITIES

This bill creates three separate regional education authorities to coordinate student transfers from unaccredited districts to accredited districts, one for St. Louis County and St. Louis City, a second authority for Jackson County, and a third authority for the rest of the state. Each authority will consist of three members who must be residents of their covered area, appointed by the Governor with the advice and consent of the Senate, who will serve for a term of six years, as described in the bill. The Authority must coordinate and collaborate with local districts and local governments for the student transfers. Parents who want to transfer their child to another district must notify the appropriate regional education authority. The education authority will assign students to districts using an admissions process, as described in the act.

§170.320 - PARENT PORTALS

This section creates the Parent Portal Fund to provide financial assistance to districts to establish and maintain a parent portal. A parent portal is accessible by mobile technology so parents may have access to educational information and access to student data.

§171.031 - LENGTH OF SCHOOL DAY AND HOURS OF INSTRUCTION

The school board of any district with a provisionally accredited school or unaccredited school may, by a majority vote, increase the length of the school day by ten percent and also increase the number of instruction hours above the statutory minimum requirement of 1044 hours. To be eligible to do this, the school must have a student population in which seventy-five percent of the students are eligible for free and reduced lunch, or have been eligible for free and reduced lunch in any of the previous three years. DESE must adjust the district's state aid so that it receives additional funding to reflect the increased instruction time.

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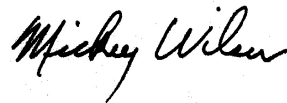
FISCAL DESCRIPTION (continued)

This bill contains an emergency 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 the Governor
Office of the Lieutenant Governor
Office of State Treasurer
Joint Committee on Administrative Rules
Administrative Hearing Commission
Office of Secretary of State
 Administrative Rules Division
Missouri Senate
School Districts
 Kansas City Public Schools
 Fulton
Charter Sponsors
 University of Missouri
Charter Schools
 Allen Villages School
 Carondelet Leadership Academy



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February 25, 2014

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