

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4967-01  
Bill No.: HB 1689  
Subject: Education, Elementary and Secondary  
Type: Original  
Date: February 24, 2014

---

Bill Summary: This proposal allows a school district to receive state aid for children ages three and four participating in certain early childhood education programs.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue			\$0 or (Expected to exceed \$83,739,370)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 or (Expected to exceed \$83,739,370)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
State Schools Fund*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**\*Offsetting Transfers In and Out are \$0 or expected to exceed \$83,379,370 for FY 2017.**

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

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 or Expected to exceed \$83,739,370</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Department of Elementary and Secondary Education (DESE)** provided the following assumptions regarding state aid for children ages three and four participating in certain early childhood education programs.

§163.018

Average Daily Attendance (ADA) for 2012-13 school year K-12	843,830
Projected ADA for 3-4 year olds	<u>134,060</u>
Projected ADA estimate	977,890
2% of Total projected ADA (977,890 x 2%)	19,558
Projected Weighted Daily Average Daily Attendance (WADA)	20,779
Current average payment amount per WADA	\$ 4,030

Minimum cost (since the focus is on free and reduced lunch, the cost will be unknown, but will be in excess of): **\$83,739,370**

DESE states there is no way to know the number of students that would enroll in an early childhood education program under the terms of this proposal. Since the focus is on free and reduced lunch, the cost will be unknown, but in excess of \$83,739,370. DESE assumes that if school districts can count early childhood education for state aid, the numbers could increase significantly from those presented here.

§163.018.2 indicates that the provisions of the section shall become applicable in any school year subsequent to a school year in which the formula is fully funded. DESE does not believe the formula can be fully funded within the scope of the fiscal note; therefore, the impact of this proposal appears to be zero for the term presented in the fiscal note.

ASSUMPTION (continued)

**Oversight** assumes the earliest the foundation formula could be fully funded would be in FY 2016 and will, for fiscal note purposes only, show fiscal impact for FY 2017 of \$0 (formula not fully funded) to in excess of \$83,739,370 (formula fully funded).

Officials from the **Francis Howell School District** assume that if they qualified for the full 2% of pre-kindergarten children, the bill could provide an additional \$850,000 to their district.

Officials from the **Johnson County R-VII School District** state that since the proposal is not mandatory, there would be no negative fiscal impact.

Officials from the **Fulton School District** assume the bill would result in a positive effect with the long term potential of reducing upper elementary grade remediation costs.

Officials from the **Special School District of St. Louis County** assume that if the state funding is not increased commensurate with the increase in average daily attendance due to 3-4 year olds, this proposed legislation would have a negative fiscal impact on the Special School District. If the average daily attendance increases by 5% due to the addition of 3-4 year olds, SSD is likely to see a 5% reduction in state formula funding as they don't, and would not, serve any 3-4 year old general education students.

Officials from the following school districts: Blue Springs, Branson, Caruthersville, Charleston R-I, Cole R-I, Columbia, Fair Grove, Harrison R-IX, Independence, Jefferson City, Kansas City, 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, University of Missouri System, Lindenwood University, Saint Louis University, Washington University, and the St. Louis Public School District did not respond to **Oversight's** request for fiscal impact.

Officials from Allen Village School (charter school) and Carondelet Leadership Academy (charter school) did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>GENERAL REVENUE</b>			
<u>Transfer Out</u> - DESE - Increased state aid	<u>\$0</u>	<u>\$0</u>	\$0 or (Expected to exceed <u>\$83,739,370</u> )
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0 or (Expected to exceed \$83,739,370)</u></b>
<b>STATE SCHOOL MONEYS FUND</b>			
<u>Transfer In</u> - General Revenue - Increased state aid	\$0	\$0	\$0 or Expected to exceed \$83,739,370
<u>Transfer Out</u> - School Districts - Increased state aid	<u>\$0</u>	<u>\$0</u>	\$0 or Expected to exceed <u>(\$83,739,370)</u>
<b>ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Transfer In</u> - School Districts - Increased state aid	<u>\$0</u>	<u>\$0</u>	\$0 or Expected to exceed <u>\$83,739,370</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0 or Expected to exceed \$83,739,370</u></b>

FISCAL IMPACT - Small Business

Small child care businesses could be affected by a decrease in clients.

FISCAL DESCRIPTION

This bill revises the law on early childhood education in the following respects:

- (1) Establishes an August 1 cutoff birth date for participation of three-year-olds in pre-kindergarten programs; and
- (2) Allows the inclusion of pre-kindergarten pupils in the calculation of average daily attendance for school funding purposes when the pupils are eligible for free or reduced price lunch and attending a program operated by a school district or charter school that provides full-day kindergarten that meets the standards established by the State Board of Education, not to exceed 2% of the district's or charter school's average daily attendance.

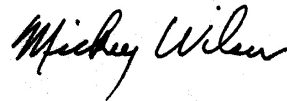
These provisions become applicable in any school year subsequent to a school year when the funding formula is fully funded and do not change mandatory school attendance laws.

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

Francis Howell  
Johnson County R-VII  
Fulton  
Special School District of St. Louis County



Mickey Wilson, CPA  
Director  
February 24, 2014

Ross Strobe  
Assistant Director  
February 24, 2014