

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0046-14
Bill No.: CCS for SCS for HCS for HB 42
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; Teachers; Elections
Type: Original
Date: May 5, 2015

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2024)**
General Revenue*	(Could exceed \$10,417,852)	Could exceed \$72,334,857	Could exceed \$72,352,042	Could exceed \$67,965,567
Total Estimated Net Effect on General Revenue	(Could exceed \$10,417,852)	Could exceed \$72,334,857	Could exceed \$72,352,042	Could exceed \$67,965,567

***Oversight notes that DESE and the Office of Administration's Division of Budget and Planning were not able to provide Oversight with a projection of when the foundation formula may be fully funded. This proposal has two provisions that may not have a fiscal impact until such time as the formula is fully funded (§§160.405 and 162.1250). Oversight, for fiscal note purposes, is showing the impact of those provisions.**

**** Oversight notes §167.642 would cause a fiscal impact to school districts starting in FY 2021 from the first round of eighth graders being held back. It would add \$2,129,231 cost to General Revenue. The first round of fifth graders held back would happen in FY 2024 which would result in the full impact of \$4,347,008 annually.**

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 49 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2024)
State School Money	\$0	\$0	\$0	\$0
MO Charter Public School Commission Revolving Fund	\$0	\$0	\$0	\$0
School District Improvement	\$0	\$0	\$0	\$0
Supplemental Tuition	\$0	\$0	\$0	\$0
Student Transfer Transportation	\$0	\$0	\$0	\$0
St. Louis Area Education Authority	\$0	\$0	\$0	\$0
Kansas City Area Education Authority	\$0	\$0	\$0	\$0
Statewide Education Authority	\$0	\$0	\$0	\$0
Parent Portal	\$0	\$0	\$0	\$0
Extended Learning Time	\$0	\$0	\$0	\$0
Reclamation and Demolition	\$0	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0	\$0

* Transfers in and revenue minus costs net to zero.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2024)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2024)
General Revenue	17 FTE	17 FTE	17 FTE	17 FTE
Total Estimated Net Effect on FTE	17 FTE	17 FTE	17 FTE	17 FTE

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2024)
Local Government	(Could exceed \$14,056,940)	(Could exceed \$13,471,940)	(Could exceed \$13,471,940)	(Could exceed \$13,471,940)

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill or a previous version of this bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

§§160.400 and 160.403 Charter Schools

In response to a previous version of this proposal, officials at the **Department of Elementary and Secondary Education (DESE)** assumed §160.400.2(4) expands charter schools into provisionally accredited school districts.

§160.400.2(6) expands charter schools into any school district in an adjoining county of an unaccredited school district or provisionally accredited school district. This would basically allow charter schools in 238 of the 521 current school districts within the state. This would now represent 46% of the school districts in the State and 37 counties. The Department would have to have an additional five supervisor FTE to accommodate this increase in number of charter schools.

Oversight notes this portion of the proposal is limited to a school district in Kansas City or St. Louis. Therefore, this would no longer open it up to school districts in adjoining counties and DESE would no longer need the 5 FTE. Oversight assumes that DESE could handle this expansion of charter schools with existing resources. Should the number of new charter school reach the number to justify additional FTE then DESE could seek those FTE through the appropriation process.

§160.405 Charter Schools' Changes

In response to the previous version, officials at the **DESE** assumes §160.405.4(5) expands the range of instruction to include early childhood for charter schools. Once the foundation formula is fully funded, charter schools would be eligible to seek reimbursement for their early childhood students. If it is determined that §163.018.2(3) applies to charter schools, then in the 2016-17 school year, the potential exists for costs. Expanding early childhood education to the charter schools currently existing in Kansas City and St. Louis school districts has the potential of adding 4,308 students for average daily attendance (ADA).

ASSUMPTION (continued)

Projected ADA for 3-4 year olds in charter schools		<u>4,308</u>
Limited to 4% of pupils eligible for free and reduced lunch (per section 163.018)		577
Difference between this group and state threshold	288.5	
Weighting at 25%	72.125	
Eligible students for weighting above threshold		<u>72</u>
Projected eligible students based on weighted ADA		649
State impact 649 x \$3,730 =		\$2,421,236
Local impact 649 x \$4,640 =		\$3,011,940
The cost will be unknown, but could be in excess of:		<u>\$5,433,176</u>

It is unlikely that the formula will be funded during the scope of the fiscal note. Until the formula is fully funded, this amount would decrease the share of funds for all other districts.

Oversight will show the fiscal impact as Could exceed the estimate provided by DESE.

Officials at the **DESE** assume §160.405.16 would create a committee to investigate facility access and affordability for charter schools. This committee would have to report its findings by December 31, 2015. Travel expenses as well as other costs associated with the committee work is estimated to range between \$15,000 and \$20,000.

Oversight will show the committee expenses as the estimate provided by DESE.

§§160.410 and 160.415 Nonresident Pupils in Charter Schools

In response to a previous version, officials at **DESE** assume these sections appear to allow nonresident pupils of charter employees to attend charter school. The district in which the charter school resides would incur the costs of these nonresident students from the local tax effort. It is estimated that these costs would be approximately \$3,684 (average ADA) per pupil. If the charter employee lives in another state (which happens regularly in the Kansas City and St. Louis area) the State would incur the cost for these nonresident students amounting to approximately \$6,131 per out of state pupil based on the state adequacy target.

Oversight notes this proposal would require the state to pay for a nonresident student who is a resident of Missouri to attend a charter school if that student has a parent that works for the charter school. The average daily attendance of \$3,864 per pupil would be a gain to the charter school and a cost to DESE. DESE is unaware if there are any nonresident students that meet the qualifications of this proposal. Oversight will not show an impact from this portion of the proposal.

ASSUMPTION (continued)

§160.425 Missouri Charter Public School Commission

Officials at the **Missouri Consolidated Health Care Plan (MCHCP)** assume there is no fiscal impact from this proposal.

In response to similar legislation filed this year, SB 1, officials at the **Missouri State Employees' Retirement System (MOSERS)** stated this would cause additional individuals to be added to the retirement system.

Oversight notes this proposal allows the Missouri Charter Public School Commission to employ staff. Those staff members are to be considered state employees for the purpose of membership in the Missouri State Employees' Retirement System and Missouri Consolidated Health Care Plan. Oversight assumes staff would pay the same insurance and retirement costs as state employees and therefore, MCHCP and MOSER can absorb the impact of these employees with existing resources.

Oversight assumes this proposal creates the Missouri Charter Public School Commission Revolving Fund which receive gifts, grants and donations. Oversight assumes all money received by the Fund will be spent in the year in which it is received.

§§161.084, 161.087 and 161.238 Assistance Teams, Attendance Center Accreditation and School Improvement Measures

In response to the previous version, officials at **DESE** assumed they would need additional FTE to support this expanded accountability system and to provide assistance teams. 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 creates additional need for FTE. Implementing and providing assistance teams to borderline districts and to provisionally accredited districts creates additional need for FTE.

The department estimates it will need an additional 11 FTE (5 regionally based school improvement specialists, 2 area supervisors, 1 data specialist, 1 assistant director, 1 director, 1 coordinator), as well as, \$600,000 for 6 contracted service center specialists to meet the goals of this proposal. In addition, the department will require \$70,000 in one-time data costs to review building level measures for accountability purposes, simulations, and analysis for use as an accreditation measure.

ASSUMPTION (continued)

Assistance teams are needed to review struggling school districts (currently estimate at 20 to 30 annual reviews). Costs related to the assistance teams are as follows:

\$300,000 Finance/operations/parental engagement/school and community compact audits

\$300,000 Instructional program and student performance audit teams

\$120,000 Department monitoring tools

\$720,000

The FTE costs for this part of the proposal include salaries, fringe benefits and equipment and expenses at \$2,055,252 for FY 2016, \$2,103,185 for FY 2017 and \$2,112,222 for FY 2018.

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 or to the salaries currently paid to existing DESE staff.

Officials at the **Kansas City Public Schools (KCPS)** assume that this proposal requires DESE to establish assistance teams to underperforming districts. It also mandates that suggestions made by these teams shall be mandatory for KCPS to implement. Depending on what is proposed there may be additional negative fiscal impact to KCPS as a by-product of implementing mandatory recommendations via DESE.

Oversight notes that this proposal would require the assistance team's suggestions for improvement to be mandatory for underperforming districts. Currently underperforming districts are defined as including those that are provisionally accredited and unaccredited. These districts may have a fiscal impact to implement the improvements. Oversight will show the impact as Could exceed \$100,000.

§161.1000 School Transfer and Improvement Task Force

In response to the previous version of this proposal, officials at the **DESE** assumed that depending upon the actions of the task force, this could result in significant costs to the department in terms of travel expenses for the eleven members. The cost is estimated as Unknown could exceed \$100,000.

In response to similar legislation filed this year, SB 1, officials at the **Missouri House of Representatives** assumed this proposal would not have a fiscal impact. Expenses for House members on the School Transfer and Improvement Task Force will be picked up by DESE or absorbed within existing House resources.

Oversight notes the School Transfer and Improvement Task Force is to be made up of eleven members who are to study failing schools and school funding. Task Force members are to be reimbursed for expenses. Oversight notes this part of the proposal requires this Task Force to complete their report to the General Assembly by February 1, 2016, and the committee to expire

ASSUMPTION (continued)

by April 30, 2016. Oversight will show the impact as Could exceed \$100,000 in FY 2016 for committee member expenses.

§§161.1005 and 633.420 Dyslexia Specialist and Dyslexia Task Force

In response to similar legislation filed this year, HB 921, officials at the **DESE** assumed they will require one FTE dyslexia specialist. Costs to develop dyslexia programs for schools will be approximately \$25,000. Implementing professional development for schools will cost approximately \$5,000.

DESE assumes §633.420 required task force expenses would total approximately \$5,000. Cost estimates for the task force contract total approximately \$25,000.

In response to similar legislation filed this year, HB 921, officials at the **Missouri Senate** assumed there was no fiscal impact from this proposal.

Oversight notes the committee will expire August 31, 2017, and will only show expenses in FY 2016 and FY 2017.

§162.1250 Virtual Schools

In response to the previous version, officials at the **DESE** assumed there was an unknown potential for increase to the state when the formula is fully funded because of the virtual school funding percent going from 94% (\$6,131) to 95% (\$6,192). Again this would occur only if the formula is fully funded.

162.1250.8 This section would allow any student who has attended one semester in an attendance center that is classified as unaccredited by the state board of education to enroll in a virtual school of choice. This has the current potential of involving 20 school buildings around the state that are not part of a current provisionally or unaccredited district. There would not be any additional costs in state funds since the student has already been enrolled, but the tracking of these students will require one FTE supervisor for payment purposes.

1) If these students attend a virtual school of choice that is defined in 162.1250.4 (1) (a), (b), (c), (d), or (e), the state would be deducting and transferring an amount equal to 85% of the state adequacy target (\$6,131) which would be \$5,211.

2) If the virtual school of choice chooses to use the criteria listed (i.e. uses a unified and sequential online curriculum, develops an individualized learning plan for all students, provides special education services, administers the statewide assessments to its students, administers end-of-course assessments to its students, is accredited, is hosted by a school district or charter school with an annual performance report score of seventy or greater, and grants a diploma to students), then \$6,131 would be transferred.

ASSUMPTION (continued)

3) If the virtual school of choice chooses to charge a rate of tuition less than \$6,131, then the new tuition amount would be transferred.

The section requires the distribution of funds in two increments (50% completion and 100% completion). The completion data would have to be provided by the virtual school of choice. These calculations would require one FTE supervisor within the financial section to monitor these transfers.

162.1250.4(2) The second sentence of this section involves all students who enroll in an unaccredited district or provisionally accredited district, or any district that has a three-year average annual performance report score consistent with a state board of education classification of provisionally accredited or unaccredited. This part of the bill does not include a clause that would require a student to have previous enrollment in an unaccredited or provisionally accredited district. Any student could enroll in order to take advantage of this program. For that reason, there is a potential for increase to the state when the formula is fully funded and if there are a number of students who haven't been enrolled in public schools previously start taking virtual courses. Until the formula is funded, this amount would decrease the share of funds for all districts and charter schools.

DESE has data regarding private school enrollment showing 11,982 students attend private schools in the 13 districts classified as provisionally or unaccredited. (Chart A below) These numbers only reflect the private schools that have submitted their information to DESE. Reporting of private school students is voluntary so this number is not likely accurate.

Chart A

<u>LEA</u>	<u># of Private Schools</u>	<u>Private School Enrollment</u>
Calhoun	0	0
Caruthersville 18	0	0
Gilliam C-4	0	0
Gorin R-III	0	0
Hayti R-II	0	0
Hickman Mills C-1	4	890
Jennings	1	0
Normandy	4	986
Kansas City 33	22	3,226
Malta Bend R-V	0	0
Riverview Gardens	4	198
Spickard R-II	0	0
St. Louis	<u>53</u>	<u>6,682</u>
Total	88	11,982

ASSUMPTION (continued)

It is projected that a large number of home school parents might take advantage of the virtual school of choice since a number of the virtual online management companies market to this group. In order to secure a number of potential students who would be eligible, we used current census data. Census data for Missouri shows that 1,099,136 students from ages 5 to 18 live within the state. Students enrolled in public schools in Missouri for this same age range is 887,370. This leaves 211,766 students that are presumably, either attending private schools or are home schooled. Chart B below represents the number of students who live in the districts that are provisionally accredited or unaccredited. The 81,604 students represents 9.196% of the total population of students (887,370) currently enrolled in public education.

Chart B

<u>LEA</u>	<u>Public School Enrollment</u>
Calhoun	137
Caruthersville 18	1,166
Gilliam C-4	27
Gorin R-III	22
Hayti R-II	803
Hickman Mills C-1	6,476
Jennings	2,550
Normandy	3,154
Kansas City 33	25,385
Malta Bend R-V	80
Riverview Gardens	5,010
Spickard R-II	43
St. Louis	<u>36,751</u>
Total	81,604

For calculation purposes, we will use 9% of the 211,766 (19,059) students that are not enrolled in public education as an estimate for the number of students that would be eligible to enroll in the virtual school of choice by this bill.

The other complicating factor is that the calculation of state funding for the virtual school of choice is also variable. If the virtual school of choice chooses only to provide a unified and sequential online curriculum at a flexible pace, employs Missouri certified teachers, and develops an individualized learning plan, the school would receive 85% of the state adequacy target (\$5,211). If the virtual school of choice chooses to provide special education services, and administers the statewide assessments including EOC, the school would receive 100% of the state adequacy target which would be \$6,131.

We anticipate most virtual schools of choice would want to have the testing data for accountability purposes. Until the formula is funded, this amount would decrease the share of funds for all districts and charter schools. If 10% of the private school students and the home

ASSUMPTION (continued)

school students residing in the 13 provisional and unaccredited districts $10\% * 19,059$ (1,905) who haven't been enrolled in public schools were to enroll in the public virtual school, the cost would be $1,905 \text{ students} * \$6,131 = \$11,679,555$ when the formula is fully funded. If 25% participated the cost would be $4,765 * \$6,131 = \$29,214,215$.

The other cost factor is to consider any students who are currently enrolled in MoVIP and who would go to the virtual school of choice. Currently the state and LEAs are paying an average cost of \$4,000 per student for full-time enrollment. This proposal would pay the virtual school of choice \$6,131 which is \$2,131 more than the state is currently paying. MoVIP data shows that 30 students are currently enrolled from these 13 provisionally and unaccredited districts. The cost could be $30 * \$2,131 = \$63,930$ in additional state dollars.

Officials at the **KCPS** assume this creates and expands enrollment options for students participating in virtual school of choice programs. KCPS's designation as a provisionally accredited district allows students to transfer into virtual schools. The district cannot estimate or forecast impact; however, it may have a substantial negative impact on KCPS's ADA and basic formula revenue.

In response to similar legislation filed this year, SB 1, **DESE** stated they do not accredit attendance centers and do not currently run a calculation of the three year average annual performance report score so they are unable to determine the number of students that may be impacted by those provisions.

Oversight notes this proposal requires a student who wants to transfer to have attended a school for at least one semester immediately prior to enrolling in a virtual school. Oversight notes this would not allow students to attend a virtual school if they are currently attending a private school or are home schooled. Therefore, the transfer of students to virtual schools should not have a fiscal impact.

Oversight will show the need for DESE to have one FTE. Once students begin the transfer to virtual schools DESE will know if additional FTE would be necessary. At that time should additional FTE be necessary DESE could request the FTE through the appropriation process.

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 or to the salaries currently paid to existing DESE staff.

§§162.1303, 162.1305, 162.1310 & 162.1313 Transient Students and Home Visits

In response to the previous version, officials at the **DESE** assumed that if the student was required to be actively enrolled in the unaccredited school district, DESE does not anticipate a cost.

ASSUMPTION (continued)

DESE assumed that school districts could have significant costs from having to notify taxpayers and having to provide home visits.

Officials at the **KCPS** assume §162.1310 requires schools to make notification of unaccredited status to several entities within the county. **KCPS** estimates this will cost less than \$25,000. §162.1313 requires home visits if requested by districts operating underperforming schools. **KCPS** estimated this could have negative fiscal impact greater than \$100,000 to implement.

Oversight will show an impact to local school districts for parent notifications, political subdivision and taxpayer notifications and home visits as Could exceed \$100,000 for the unaccredited school districts.

§§163.011, 163.018 and 163.031 Foundation Formula

DESE assumes this provision brings into control the rate of growth of the State Adequacy Target (SAT), thereby reducing potential future increases to the formula call for full funding. Since the SAT is \$6,716 and has been for three years, it would have been \$0. The statutes says the SAT can not be lowered. If nothing is done going forward the SAT appears as if it will increase to about \$6,808 which will increase the formula call by about \$80 million. The state has yet been unable to fund to the \$6,131, so the lack of funds would not necessarily mean **DESE** could/would actually pay out \$80 million more. If not for the amendment, it would place a statutorily higher demand on the formula.

Oversight will show the cost avoidance as the estimate provided by **DESE**.

§163.036.6 Charter Schools

In response to the previous version, officials at the **DESE** assume this would prevent the future incurrence of additional state aid costs for districts that choose to become a sponsor of a charter school within its boundaries. The amount cannot be estimated.

§167.127 Data Collection

In response to the previous version, officials at the **DESE** assume this provision would require additional data collection. They estimate the cost at \$12,000.

Oversight assumes this proposal prohibits the **DESE** from creating any report or publication related to the Missouri School Improvement Program on children in certain group homes. **Oversight** assumes that **DESE** would have one-time computer programing changes.

§167.132 Supplemental Tuition Fund

In response to the previous version, officials at the **DESE** assume ten percent of the receiving district's tuition rate shall be paid from the supplemental tuition fund. There is no way to calculate this cost; however, for information purposes we can provide the tuition paid in 2014 by the two currently unaccredited districts.

ASSUMPTION (continued)

Riverview Gardens	\$11,055,822
Normandy	<u>\$10,644,609</u>
	\$21,700,431 x 10% = \$2,170,043

Oversight assumes this proposal creates the Supplemental Tuition Fund that can receive money from General Revenue as well as gifts, bequests, and public or private donations. The Fund is to be used to reimburse tuition rates for transfer students. Oversight assumes that all money received by the Fund will be used upon receipt. Oversight will show the impact as the estimate provided by DESE.

§167.642 Student Promotion

Oversight assumes the current §167.642 states:

“No underperforming district located in a county with a charter form of government and with more than nine hundred fifty thousand inhabitants shall promote a student from the fifth grade to the sixth grade or from the eighth grade to the ninth grade who is two years or more below grade level as measured by quantifiable student performance data designated by the local district to satisfy the requirements of this section. The term "quantifiable student performance data" shall be as defined in subsection 2 of section 161.096.”

Oversight notes that a “county with a charter form of government and with more than nine hundred fifty thousand inhabitants” is St. Louis County. Oversight notes this proposal impacts therefore, only an “underperforming district” in St. Louis County. The proposal defines an “underperforming district” as “a school district or an attendance center that has been classified as unaccredited or provisionally accredited pursuant to the authority of the state board of education to classify schools or has a three-year average annual performance report score consistent with a classification of provisionally accredited or unaccredited.”

There are 2 currently unaccredited school districts (Normandy and Riverview Gardens School Districts) in Missouri. Both of which are located in St. Louis County and would be impacted by this proposal. There is one currently provisionally accredited school district located in St. Louis County and it is the Jennings School District and it would be impacted by this proposal. DESE does not currently accredit attendance centers so there is no way to know how many additional attendance centers would be impacted by this proposal. DESE was able to determine which schools in St. Louis County have a three-year average annual performance report score consistent with a classification of provisionally accredited or unaccredited. Those school districts are Ferguson-Florissant and University City.

In response to the previous version, officials at the **DESE** assumes that the school districts, state payment amount and number of kids in 5th and 8th grade that would be impacted by this proposal are as follows:

ASSUMPTION (continued)

	State Payment	5 th	8 th
Ferguson-Florissant	3,647.46002	892	900
Jennings	5,596.2957	180	211
Normandy	5,903.1106	295	251
Riverview Gardens	5,405.583	440	382
University City	2,242.8901	215	215

Oversight notes that normally a student completing their eighth grade year in the 2015-2016 school year would graduate high school in four years during the 2019-2020 school year. A fifth grade student during the 2015-2016 school year would normally complete high school during the 2022-2023 school year.

Oversight notes this proposal would require a fifth or eighth grade student to be held back if they are two years or more below grade level. Oversight is not able to determine exactly how many students may be 2 years or more behind in school. Should the school districts chose to not hold any students back then the fiscal impact for the proposal would be zero. However, if the school districts choose to hold students back the impact would be the number of students held back times the state amount paid to the school district. Oversight can not predict the number of students that may be held back in this scenario. Oversight for fiscal note purposes will show that twenty-five percent of the kids are held back.

	State Payment	5 th	Total	8 th	Total
Ferguson-Florissant	3,647.46002	223	\$813,384	225	\$820,679
Jennings	5,596.2957	45	\$251,833	53	\$296,604
Normandy	5,903.1106	74	\$436,830	63	\$371,896
Riverview Gardens	5,405.583	110	\$594,614	96	\$518,936
University City	2,242.8901	54	<u>\$121,116</u>	54	<u>\$121,116</u>
			\$2,217,777		\$2,129,231

Oversight for purposes of the fiscal note will assume that all students held back will pass at the end of the repeat year. Therefore, the 2015-2016 eighth graders would graduate school during the 2020-2021 (FY 2021). Since these students should have graduated a year earlier, the school will experience an additional expense for these students their final year. Oversight notes the first fifth grade students would impact the state during the 2023-2024 school year.

Oversight assumes the current state aid rate of \$6,716 may have gone up by the time the first round of kids are held back, but Oversight is not able to predict what would be the new rate. Oversight has provided the state aid rate that each of the impacted school districts currently receives.

ASSUMPTION (continued)

FY 2020-2021	FY 2021-2022	FY 2022-2023	FY 2023-2024	FY 2024-2025
\$2,129,231	\$2,129,231	\$2,129,231	\$4,347,008	\$4,347,008

Oversight notes that this proposal allows the school districts to establish their own quantifiable student performance data. If the school districts choose to use the current MAP test given by DESE, to determine those to be held back, then there would be no additional cost to the school district. However, if the school districts choose to implement their own exam then additional costs for those exams, administration and curriculum development could be expected to exceed \$100,000 each year per district.

Officials at the **Riverview Gardens School District** assume that as currently written in the 2015-2016 school year it would cost the school district \$6 million to hold back students. They estimate there are 88 fifth graders that would need to be held back and 26 eight graders to be held back due to them being behind in reading.

Officials at the **Special School District of St. Louis (SSD)** assume this proposal would have a substantial negative impact on SSD. Specifically, §167.642 would increase the referrals for special education in the St. Louis County school districts that would be defined as underperforming. As a significant percent of students would not be proficient and would be held back, the districts will most likely refer students for special education due to the exemption for students with an IEP. SSD estimates that referrals will increase by about 803 students in the affected districts, and the average number of hours to complete an evaluation is about 20 hours.

Based on the estimated salaries and benefits cost of \$40 per hour, the cost of the increased referrals and evaluations is estimated to be about \$642,400 per year for SSD. In addition, SSD expects that we will incur additional costs in the unaccredited districts if they offer tutoring as the SSD staff will be expected to participate.

§§167.685, 167.688 and 170.215 School District Improvement Measures and Free Tutoring

In response to the previous version, officials at the **DESE** assumed that offering free tutoring and supplemental education services will have a significant unknown cost.

Oversight assumes this proposal creates the School District Improvement Fund that can receive gifts, bequests, and public or private donations. The Fund is to be used by public libraries to offer free tutoring and supplemental education services to students performing below grade level. Oversight assumes that all money received by the Fund will be used upon receipt.

§167.730 Reading and Personalized Learning Plans

In response to the previous version, officials at the **DESE** assumed this would require 1 FTE supervisor to provide consulting services regarding personalized learning plans. DESE will incur approximately \$10,000 in costs for data collection, business rule development, and reporting.

ASSUMPTION (continued)

DESE estimates local school districts will require 1 FTE per school building at \$60,000 per FTE for reading recovery (161 buildings x \$60,000 = \$9,660,000).

In addition, DESE estimates local school districts will spend \$15,000 per district for design and implementation of personalized learning plans (39 districts x \$15,000 = \$585,000).

Officials at the **KCPS** assume this provision requires additional steps and requirements to facilitate and incorporate response to intervention plans and personal learning plans for any kindergarten or first grade student below grade level in reading and additional reading instruction. KCPS estimates additional costs of \$500,000 for personnel and curriculum costs.

Oversight has, for fiscal note purposes only, adjusted the salary and benefits of the DESE position to correspond with the salaries posted by DESE for a current job vacancies for a similar position.

§§167.825, 167.826 and 167.827 Student Transfers

In response to the previous version, officials at the **DESE** assumed this proposal would create the "Student Transfer Transportation Fund". Transportation costs are unknown. Currently there are only two unaccredited school districts in the state. If we use those as a specific example, the cost of transporting students to accredited districts was approximately \$2.5 million for the 2013-2014 school year.

Oversight assumes this proposal creates the Student Transfer Transportation Fund that can receive money from General Revenue. The Fund is to be used to provide transportation costs for transfer students in the 2015-2016 school year (FY 2016). Oversight assumes that all money received by the Fund will be used upon receipt. Oversight will show the impact as the estimate provided by DESE.

Officials at the **KCPS** assume §167.825 allows students who have transferred during the 2014-2015 school year to remain in the transfer program even if the sending district achieves accreditation. KCPS estimates this will cost us between \$200,000 to \$250,000 annually if prior year students elect to stay in their present school and not return to KCPS.

KCPS assumes §167.826 allows students to transfer from their home district unaccredited school buildings and into another LEA if grade level seats are not available in an accredited school with the home district. This has the potential to have a negative fiscal impact on KCPS that may be several million dollars.

KCPS assumes this allows a student who is eligible to enter kindergarten or first grade at an unaccredited school to apply to enroll in another LEA out of district. As worded it takes away the required in-district options as a first benchmark. KCPS estimates this could have a negative impact that exceeds \$1,000,000.

ASSUMPTION (continued)

Officials at the **Riverview Gardens School District** assume the paying of receiving districts in two installments, as opposed to monthly, will cost the District approximately \$1.4 million. The District has a transient population and students move out of district at an alarming rate, making them ineligible for transfer participation. The District works with receiving districts to set an end-date for tuition. Paying in advance would end this and require the District to pay for students who move or exit the transfer program.

§§167.830 to 167.845 Regional Education Authorities

In response to a previous version, officials at the **DESE** assume these sections establish three regional education authorities that will work with local school districts and governments to coordinate student transfers. Costs to implement would be unknown, but potentially could be significant.

In response to a previous version, officials at the **Office of the Governor** assume there would be no added costs as a result of this measure. However, should additional duties be placed on the office related to appointments in other legislation, there may be a need for additional staff resources in future years.

Oversight assumes this proposal creates three new state funds: the St. Louis Area Education Authority Fund, the Kansas City Area Education Authority Fund and the Statewide Education Authority Fund. These Funds can receive appropriations, gifts, bequests, and public or private donations. The Funds are to be used to help with the coordination of student transfers and the payment of the executive directors salaries. Oversight assumes that all money received by these Funds will be used upon receipt.

Oversight notes these Funds are created to help transfer students from unaccredited school districts to accredited ones. Oversight notes that currently there are only two unaccredited school districts (Riverview Gardens and Normandy). Therefore, Oversight will show an impact to the St. Louis Area Education Authority Fund and will show a \$0 (no funding needed) to an impact for the Kansas City Area Education Authority and Statewide Education Authority Fund.

§167.890 Transfer Student Performance Data

Oversight notes this portion of the proposal requires DESE to compile student performance data on transfer students. Oversight assumes DESE would be able to collect and make available the data using existing resources.

§170.320 Parent Portal

Officials at the **DESE** assume this part of the proposal creates the "Parent Portal" to assist districts in establishing and maintaining a parent portal. Costs to implement would be unknown, but significant. Costs are expected to exceed \$100,000.

ASSUMPTION (continued)

Oversight assumes this proposal creates the Parent Portal Fund that can receive gifts, bequests, and public or private donations. The Fund is to be used establish and maintain a parent portal. Oversight assumes that all money received by the Fund will be used upon receipt.

§171.031 Extended Learning Time Program

Officials at the **DESE** assume this creates the "Extended Learning Time Fund" and can have money appropriated by the state. This is an unknown amount but could exceed \$100,000.

Oversight assumes this proposal creates the Extended Learning Time Fund that can have money appropriated to it and receive gifts, bequests, and public or private donations. The Fund is to be used to help pay the costs of a longer school day. Oversight assumes that all money received by the Fund will be used upon receipt.

§§177.015 and 210.861 Documentation of Empty Buildings

Officials at the **KCPS** assume this requires underperforming districts to obtain an outside appraisal of each vacant and unused school building. KCPS estimates a negative fiscal impact of \$15,000. This proposal requires by March 1 , 2016 all buildings not sold or held in franchise by the district, to be bid or auctioned beginning at 50% of the assessed value. KCPS is presently negotiating the sale of some 11 unused and vacant buildings. As proposed, text within this section may have a negative impact to KCPS that exceeds several million dollars.

Oversight assumes this provision requires school districts to prepare a public document on the status of each district-owned building and whether it is occupied. Oversight assumes the school districts can prepare this list using existing resources.

Section 1 - Selling of Empty Buildings

Oversight notes this proposal sets up a procedure for selling vacant school buildings. Oversight assumes this provision would have a positive impact on school districts.

Oversight assumes this proposal creates the Reclamation and Demolition Fund that can have money appropriated to it. The Fund is to be used to help pay the costs of demolition of buildings that can not be sold. Oversight assumes that all money received by the Fund will be used upon receipt.

Bill as a Whole

Officials at the **Office of State Treasurer (STO)** assume the proposal as written would result in a fiscal impact due to provisions found in §§167.685.3, 167.833.1, 167.839.1, 167.845.1 and 170.320.2. The language resulting in an impact is as follows:

"The state treasurer shall be custodian of the fund. In accordance with sections 30.170 and 30.180, the state treasurer may approve disbursements of public money in accordance with distribution requirements and procedures developed by the department of elementary

ASSUMPTION (continued)

and secondary education and shall make disbursement of private funds according to the directions of the donor. If the donor did not specify how the private funds were to be disbursed, the state treasurer shall contact the donor to determine the manner of disbursement."

Concerning this language, STO does not currently undertake this type of responsibility so STO would require the hiring of additional personnel. STO estimates that they would require an additional three FTE (one Accountant I and two Account Clerks II).

Oversight has, for fiscal note purposes only, changed the starting salary for the STO's FTE to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees and policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Officials at the **Malta Bend Schools** assume there is no fiscal impact from this proposal.

Officials at the **Parkway School District** assume an loss of \$280,000 annually.

Officials at the **Columbia Public Schools** assume this could have impact if in the future they must take transfer students.

Officials at the **Carondelet Leadership Academy, Everton R-III School District, Joint Committee on Administrative Rules, the Missouri Senate, the Department of Social Services, Office of the Lieutenant Governor** and the **Office of the State Courts Administrator** each assume there is no fiscal impact to their respective organizations from this proposal.

In response to similar legislation filed this year, SB 1, officials from the **Office of the Secretary of State (SOS)** stated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. 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. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the 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 the office can sustain with the core budget. Therefore, the 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. If multiple bills pass which require the printing and distribution of

ASSUMPTION (continued)

regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials at the following schools: Blue Springs Public Schools, Branson Public Schools, Caruthersville School District, Charleston R-I Schools, Cole R-I Schools, Fair Grove Schools, Francis Howell Public Schools, Fulton Public School, Harrisonville School District, Independence Public Schools, Jefferson City Public Schools, Kirksville Public Schools, Kirbyville R-VI Schools, Lee Summit Public Schools, Macon School, Mexico Public Schools, Monroe City R-I Schools, Nixa Public Schools, Parkway Public Schools, Pattonville Schools, Raymore-Peculiar R-III Schools, Raytown School District, Riverview Gardens School District, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Spickard School District, Springfield School District, St Joseph School District, St Louis Public Schools, St. Charles Public Schools, Sullivan Public Schools, Warren County R-III School District and Waynesville Public School did not respond to **Oversight's** request for fiscal impact.

Officials at the KIPP Endeavor Academy of Kansas City did not respond to **Oversight's** request for fiscal impact.

Oversight notes that DESE and the Office of Administration's Division of Budget and Planning were not able to provide Oversight with a projection of when the foundation formula may be fully funded. This proposal has two provisions that may not have a fiscal impact until such time as the formula is fully funded (§§160.405 and 162.1250). Oversight for fiscal note purposes is showing the impact of those provisions.

<u>FISCAL IMPACT - State Government</u>	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2024)
GENERAL REVENUE				
<u>Cost Avoidance - §163.011 formula change</u>	\$0	\$80,000,000	Could exceed \$80,000,000	Could exceed \$80,000,000
<u>Transfer Out - to State School Money for charter school early education §160.405.4(5)</u>	(Could exceed \$2,421,236)	(Could exceed \$2,421,236)	(Could exceed \$2,421,236)	(Could exceed \$2,421,236)
<u>Transfer Out - to State School Money for student promotion §167.642</u>	\$0	\$0	\$0	(\$4,347,008)
<u>Transfer Out - to Supplemental Tuition Fund §167.132</u>	(\$2,170,043)	(\$2,170,043)	(\$2,170,043)	(\$2,170,043)
<u>Transfer Out - Student Transfer Transportation Fund §167.827</u>	(\$2,500,000)	\$0	\$0	\$0
<u>Transfer Out- St. Louis Area Education Authority Fund §167.833</u>	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Transfer Out - Kansas City Area Education Authority Fund §167.839</u>	\$0 or (Could exceed \$100,000)			
<u>Transfer Out - Statewide Education Authority Fund §167.845</u>	\$0 or (Could exceed \$100,000)			
<u>Transfer Out - to Extended Learning Time Fund §171.031</u>	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Transfer Out - to Reclamation and Demolition Fund § 1</u>	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2024)
GENERAL REVENUE (continued)				
<u>Costs - DESE - expenses of committee on charter schools</u> §160.405.16	(\$20,000)	\$0	\$0	\$0
<u>Costs - DESE §§161.087 & 161.238</u>				
Personal Service	(\$457,771)	(\$462,349)	(\$466,972)	(\$481,122)
Fringe Benefits	(\$238,064)	(\$240,445)	(\$242,849)	(\$250,207)
Equipment and Expenses	(\$85,389)	(\$80,391)	(\$82,401)	(\$88,737)
One -time data costs	(\$70,000)	\$0	\$0	\$0
Contracted service center specialists	(\$600,000)	(\$600,000)	(\$600,000)	(\$600,000)
Assistance Teams expenses	<u>(\$720,000)</u>	<u>(\$720,000)</u>	<u>(\$720,000)</u>	<u>(\$720,000)</u>
<u>Total Costs - DESE</u>	(\$2,171,224)	(\$2,103,185)	(\$2,112,222)	(\$2,140,066)
FTE Change - DESE	11 FTE	11 FTE	11 FTE	11 FTE
<u>Costs - DESE reimbursement of committee members</u> expenses §161.1000	(Could exceed \$100,000)	\$0	\$0	\$0
<u>Costs - DESE §161.1005</u>				
Personal Service	(\$40,460)	(\$49,038)	(\$49,528)	(\$51,028)
Fringe Benefits	(\$21,041)	(\$25,502)	(\$25,757)	(\$26,537)
Equipment and Expenses	(\$12,363)	(\$7,309)	(\$7,491)	(\$8,067)
Program expenses	<u>(\$30,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Total Costs - DESE</u>	(\$103,864)	(\$81,849)	(\$82,776)	(\$85,632)
FTE Change - DESE	1 FTE	1 FTE	1 FTE	1 FTE
<u>Costs - DESE §162.1250</u>				
Personal Service	(\$37,968)	(\$38,348)	(\$38,731)	(\$39,904)
Fringe Benefits	(\$19,745)	(\$19,943)	(\$20,142)	(\$20,752)
Equipment and Expenses	<u>(\$7,763)</u>	<u>(\$7,308)</u>	<u>(\$7,491)</u>	<u>(\$8,067)</u>
<u>Total Costs - DESE</u>	(\$65,476)	(\$65,599)	(\$66,364)	(\$68,723)
FTE Change - DESE	1 FTE	1 FTE	1 FTE	1 FTE
<u>Costs - DESE - Dyslexia task force expenses and contracts</u> §633.420	(\$30,000)	(\$30,000)	\$0	\$0

<u>FISCAL IMPACT - State</u> <u>Government</u> (continued)	FY 2016 (10 Mo.)	FY 2017	FY 2018	Fully Implemented (FY 2024)
GENERAL REVENUE (continued)				
<u>Costs - DESE - one time</u> <u>computer programming</u> <u>changes §167.127</u>	(\$12,000)	\$0	\$0	\$0
<u>Costs - DESE §167.730</u>				
Personal Service	(\$37,968)	(\$38,348)	(\$38,731)	(\$39,904)
Fringe Benefits	(\$19,745)	(\$19,943)	(\$20,142)	(\$20,752)
Equipment and Expenses	(\$7,763)	(\$7,308)	(\$7,491)	(\$8,067)
Date Collection Expenses	<u>(\$10,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Total Costs - DESE</u>	(\$75,476)	(\$65,599)	(\$66,364)	(\$68,723)
FTE Change - DESE	1 FTE	1 FTE	1 FTE	1 FTE
<u>Costs - STO- administration</u> <u>of new funds</u>				
Personal Service	(\$81,228)	(\$82,040)	(\$82,861)	(\$85,372)
Fringe Benefits	(\$42,243)	(\$42,665)	(\$43,092)	(\$44,398)
Equipment and Expenses	<u>(\$25,062)</u>	<u>(\$2,927)</u>	<u>(\$3,000)</u>	<u>(\$3,232)</u>
<u>Total Costs - STO</u>	(\$148,533)	(\$127,632)	(\$128,953)	(\$133,002)
FTE Change - STO	3 FTE	3 FTE	3 FTE	3 FTE
§§167.830-167.845, 170.320				
<u>Costs - DESE -</u> <u>administration of the regional</u> <u>education authorities</u> <u>§§167.830- 167.845</u>	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Could exceed <u>\$10,417,852</u>)	Could exceed <u>\$72,334,857</u>)	Could exceed <u>\$72,352,042</u>)	Could exceed <u>\$67,965,567</u>)

Estimated Net FTE Change
 on General Revenue 17 FTE 17 FTE 17 FTE 17 FTE

***Oversight notes that DESE and the Office of Administration's Division of Budget and Planning were not able to provide Oversight with a projection of when the foundation formula may be fully funded. This proposal has two provisions that may not have a fiscal impact until such time as the formula is fully funded (§§160.405 and 162.1250). Oversight for fiscal note purposes is showing the impact of those provisions.**

<u>FISCAL IMPACT - State</u> <u>Government</u> (continued)	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2024)
 STATE SCHOOL MONEY FUND				
 <u>Transfer In - General</u>				
Revenue - charter school early education §160.405.4(5)	Could exceed \$2,421,236	Could exceed \$2,421,236	Could exceed \$2,421,236	Could exceed \$2,421,236
 <u>Transfer In - General</u>				
Revenue - increased state aid for student promotion expenses §167.642	\$0	\$0	\$0	\$4,347,008
 <u>Transfer Out - Charter</u>				
Schools - early education §160.405.4(5)	(Could exceed \$2,421,236)	(Could exceed \$2,421,236)	(Could exceed \$2,421,236)	(Could exceed \$2,421,236)
 <u>Transfer Out - School</u>				
Districts - increased aid for student promotion expenses §167.642	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$4,347,008)</u>
 ESTIMATED NET EFFECT ON STATE SCHOOL MONEY FUND				
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State</u>	FY 2016	FY 2017	FY 2018	Fully Implemented
<u>Government</u>				(FY 2024)
(continued)				

**MISSOURI CHARTER
 PUBLIC SCHOOL
 COMMISSION
 REVOLVING FUND**

<u>Revenue</u> - gifts, grants and donations §160.425	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
<u>Costs</u> - Commission expenses including the hiring of staff §160.425	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)

**ESTIMATED NET
 EFFECT ON MISSOURI
 CHARTER PUBLIC
 SCHOOL COMMISSION
 REVOLVING FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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**SCHOOL DISTRICT
 IMPROVEMENT FUND**

<u>Revenue</u> - gifts, bequests and public or private donations §167.685	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
<u>Transfer Out</u> -Public Libraries for tutoring services §167.685	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)

**ESTIMATED NET
 EFFECT ON THE
 SCHOOL DISTRICT
 IMPROVEMENT FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - State</u> <u>Government</u> (continued)	FY 2016 (10 Mo.)	FY 2017	FY 2018	Fully Implemented (FY 2024)
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**SUPPLEMENTAL
 TUITION FUND**

<u>Transfer In - from General</u> Revenue §167.132	\$2,170,043	\$2,170,043	\$2,170,043	\$2,170,043
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<u>Revenue - gifts, bequests and</u> public or private donations §167.132	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
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<u>Transfer Out - School</u> Districts - tuition reimbursement rate §167.132	(Could exceed <u>\$2,270,043</u>)	(Could exceed <u>\$2,270,043</u>)	(Could exceed <u>\$2,270,043</u>)	(Could exceed <u>\$2,270,043</u>)
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**ESTIMATED NET
 EFFECT ON
 SUPPLEMENTAL
 TUITION FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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**STUDENT TRANSFER
 TRANSPORTATION
 FUND**

<u>Transfer In - General</u> Revenue §167.827	\$2,500,000	\$0	\$0	\$0
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<u>Transfer Out - School</u> Districts - payment of transportation	<u>(\$2,500,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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**ESTIMATED NET
 EFFECT ON STUDENT
 TRANSFER
 TRANSPORTATION
 FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - State</u>	FY 2016	FY 2017	FY 2018	Fully
<u>Government</u>	(10 Mo.)			Implemented
(continued)				(FY 2024)

**ST LOUIS AREA
 EDUCATION FUND**

<u>Transfer In</u> - St. Louis Area Education Authority Fund §167.833	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
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<u>Revenue</u> - gifts, bequests and public or private donations §167.833	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
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<u>Costs</u> - operation of the St. Louis education authority §167.833	(Could exceed <u>\$200,000</u>)	(Could exceed <u>\$200,000</u>)	(Could exceed <u>\$200,000</u>)	(Could exceed <u>\$200,000</u>)
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**ESTIMATED NET
 EFFECT ON THE ST.
 LOUIS AREA
 EDUCATION FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - State</u> <u>Government</u> (continued)	FY 2016 (10 Mo.)	FY 2017	FY 2018	Fully Implemented (FY 2024)
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**KANSAS CITY AREA
 EDUCATION
 AUTHORITY FUND**

<u>Transfer In</u> - Kansas City Area Education Authority Fund §167.839	\$0 or Could exceed \$100,000	\$0 or Could exceed \$100,000	\$0 or Could exceed \$100,000	\$0 or Could exceed \$100,000
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<u>Revenue</u> - gifts, bequests and public or private donations §167.839	\$0 or Could exceed \$100,000	\$0 or Could exceed \$100,000	\$0 or Could exceed \$100,000	\$0 or Could exceed \$100,000
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<u>Costs</u> - operation of the Kansas City education authority §167.839	\$0 or (Could exceed <u>\$200,000</u>)			
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**ESTIMATED NET
 EFFECT ON THE
 KANSAS CITY AREA
 EDUCATION
 AUTHORITY FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - State</u> <u>Government</u> (continued)	FY 2016 (10 Mo.)	FY 2017	FY 2018	Fully Implemented (FY 2024)
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**STATEWIDE
 EDUCATION
 AUTHORITY FUND**

<u>Transfer In</u> - Statewide Education Authority Fund §167.845	\$0 or Could exceed \$100,000	\$0 or Could exceed \$100,000	\$0 or Could exceed \$100,000	\$0 or Could exceed \$100,000
<u>Revenue</u> - gifts, bequests and public or private donations §167.845	\$0 or Could exceed \$100,000	\$0 or Could exceed \$100,000	\$0 or Could exceed \$100,000	\$0 or Could exceed \$100,000
<u>Costs</u> - operation of the statewide education authority §167.845	\$0 or (Could exceed <u>\$200,000</u>)			

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

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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PARENT PORTAL FUND

<u>Revenue</u> - gifts, bequests and public or private donations §170.320	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
<u>Transfer Out</u> - School Districts - for establishing and maintaining a parent portal §170.320	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)

**ESTIMATED NET
 EFFECT ON PARENT
 PORTAL FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - State</u> <u>Government</u> (continued)	FY 2016 (10 Mo.)	FY 2017	FY 2018	Fully Implemented (FY 2024)
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**EXTENDED LEARNING
TIME FUND**

<u>Transfer In</u> - from General Revenue §171.031	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
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<u>Revenue</u> - gifts, bequests and public or private donations §171.031	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
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<u>Transfer Out</u> - School Districts - administration of the extended learning time §171.031	(Could exceed <u>\$200,000</u>)	(Could exceed <u>\$200,000</u>)	(Could exceed <u>\$200,000</u>)	(Could exceed <u>\$200,000</u>)
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**ESTIMATED NET
EFFECT ON THE
EXTENDED LEARNING
TIME FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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**RECLAMATION AND
DEMOLITION FUND**

<u>Transfer In</u> - from General Revenue §1	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
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<u>Transfer Out</u> - School Districts - reimbursement of demolition expenses	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)
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**ESTIMATED NET
EFFECT ON
RECLAMATION AND
DEMOLITION FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2024)
LOCAL POLITICAL SUBDIVISION FUNDS				
<u>Transfer In</u> - State School Money Fund - charter school early education - state impact §160.405.4(5)	Could exceed \$2,421,236	Could exceed \$2,421,236	Could exceed \$2,421,236	Could exceed \$2,421,236
<u>Transfer In</u> - State School Money Fund - increased aid for Underperforming Schools for student promotion §167.642	\$0	\$0	\$0	\$4,347,008
<u>Transfer In</u> - School District Improvement Fund - tutoring services §167.685	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
<u>Transfer In</u> -Supplemental Tuition Fund §167.132	Could exceed \$2,270,043	Could exceed \$2,270,043	Could exceed \$2,270,043	Could exceed \$2,270,043
<u>Transfer In</u> - Student Transfer Transportation Fund §167.827	\$2,500,000	\$0	\$0	\$0
<u>Transfer In</u> - Parent Portal Fund - parent portals §170.320	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
<u>Transfer In</u> - Extending Learning Time Fund §171.031	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
<u>Transfer In</u> - General Revenue demolition of buildings §1	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000

<u>FISCAL IMPACT - Local Government</u> (continued)	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2024)
LOCAL POLITICAL SUBDIVISION FUNDS (continued)				
<u>Costs - Charter Schools - early education program- state impact §160.405.4(5)</u>	(Could exceed \$2,421,236)	(Could exceed \$2,421,236)	(Could exceed \$2,421,236)	(Could exceed \$2,421,236)
<u>Costs - Charter Schools - early education program -local impact §160.405.4(5)</u>	(Could exceed \$3,011,940)	(Could exceed \$3,011,940)	(Could exceed \$3,011,940)	(Could exceed \$3,011,940)
<u>Costs - Underperforming Districts - assistance teams improvements §161.087</u>	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Costs - School Districts - parent notification and home visits §162.1310</u>	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Costs - Underperforming Schools - student promotion expenses §167.642</u>	\$0	\$0	\$0	(\$4,347,008)
<u>Costs - Underperforming Schools - Student promotion exams and curriculum</u>	(Could exceed \$500,000)	(Could exceed \$500,000)	(Could exceed \$500,000)	(Could exceed \$500,000)
<u>Costs - Public Libraries - expenses related to tutoring services §167.685</u>	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Costs - Local School Districts - reading recovery §167.730</u>	(\$9,660,000)	(\$9,660,000)	(\$9,660,000)	(\$9,660,000)

<u>FISCAL IMPACT - Local Government</u> (continued)	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2024)
LOCAL POLITICAL SUBDIVISION FUNDS (continued)				
<u>Costs - Local School Districts</u> - personalized learning plans §167.730	(\$585,000)	\$0	\$0	\$0
<u>Costs - School Districts - 10%</u> tuition reimbursement §167.826.6	(Could exceed \$2,270,043)	(Could exceed \$2,270,043)	(Could exceed \$2,270,043)	(Could exceed \$2,270,043)
<u>Costs - School Districts -</u> payment of transfer students transportation §167.827	(\$2,500,000)	\$0	\$0	\$0
<u>Costs - School District -</u> expenses of members serving on the regional education authorities §§167.830- 167.845	\$0 or (Could exceed \$100,000)	\$0 or (Could exceed \$100,000)	\$0 or (Could exceed \$100,000)	\$0 or (Could exceed \$100,000)
<u>Costs - School Districts -</u> expenses to establish and maintain parent portals §170.320	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Costs - School Districts -</u> administration of extending learning time §171.031	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Costs - School District -</u> payment for demolition of empty buildings §1	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISION FUNDS	(Could exceed \$14,056,940)	(Could exceed \$13,471,940)	(Could exceed \$13,471,940)	(Could exceed \$13,471,940)

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

CHARTER SCHOOLS - §160.400: This act modifies where charter schools may operate. This act repeals the current restrictions on when charter schools may operate in provisionally accredited districts. Instead, charter schools may operate in any provisionally accredited district at any time. It removes the restrictions on which sponsoring entities may sponsor charters in a provisionally accredited district. In addition, charter schools may operate in any district in a county that contains an unaccredited district or provisionally accredited district or in a county adjoining to a county containing an unaccredited district or a provisionally accredited district. If the unaccredited district or provisionally accredited district regains accreditation, charter schools may continue to operate there.

In addition, a school board of an accredited district or a combination of school boards of accredited districts may sponsor charter schools located in unaccredited school districts.

This act repeals the requirement that a two-year private vocational or technical school be a member of the North Central Association to be a charter school sponsor.

This act requires that the contract between a sponsor and a charter school contain performance consequences aligned with annual performance report evaluations of public schools.

A sponsor's policies and procedures must require charter schools to meet current state academic performance standards as well as other standards agreed upon by the sponsor and the charter school in the performance contract.

When a sponsor notifies a charter school of closure, the Department of Elementary and Secondary Education must withhold funds to assure all obligations of the charter school are met. The state, charter school's sponsor, or resident district are not liable for any outstanding liability or obligations of the charter school.

§160.403: This act exempts the Missouri Charter Public School Commission from the Department of Elementary and Secondary Education's application and approval process for entities eligible to be sponsors.

§160.405: A charter must include a time frame for implementation between a charter school and the sponsor as to when a sponsor will intervene in a charter school.

A charter must contain a clause naming a trustee agreed upon by the charter school and its sponsor to resolve any remaining financial obligations and be responsible for the disposition of assets if the school should close.

FISCAL DESCRIPTION (continued)

Currently, the State Board of Education must approve a charter by December first of the year prior to the proposed opening date of the charter school. Instead, the State Board of Education is required to approve a charter by January 31 prior to the school year that is the proposed opening date of the charter school.

Under current law, when a sponsor approves a charter and submits the application to the State Board of Education, it must include a statement of finding that the application meets statutory requirements. This act requires the sponsor to prepare the statement of finding.

The State Board of Education must approve or disapprove a charter application within sixty days of its receipt. Any charter application received on or before November 15 of the year prior to the proposed opening of the charter school must be considered by the State Board within sixty days. If the State Board disapproves a charter application, it must do so in writing and identify the specific failures of the application to meet statutory requirements. The written disapproval must be provided to the sponsor within ten business days.

This act allows charter schools to provide early childhood education if specified in the charter.

Currently, a sponsor may place a charter school on probationary status for no more than twelve months. This act increases the amount of time a charter school may be on probationary status to twenty-four months.

A charter school that has an annual performance report consistent with a classification of accredited for three of the last four years and is fiscally viable may have an expedited renewal process as defined by rule.

The Department of Elementary and Secondary Education must calculate an annual performance report for each charter school and must publish it in the same manner as they are calculated and published for districts and attendance centers.

The Department of Elementary and Secondary Education must create a committee to investigate facility access and affordability for charter schools. This committee must report its findings to the General Assembly by December 31, 2015.

§160.408: This act allows high-quality charter schools, as defined in the act, to be provided expedited opportunities to replicate and expand into unaccredited districts, the St. Louis City School District, and the Kansas City School District. A high-quality charter school must receive eighty percent or more on its annual performance report in three of the previous four school years, maintain a graduation rate of at least eighty percent for three of the last four school years, be in material compliance with its performance contract and the charter school laws, and be organizationally and fiscally viable.

FISCAL DESCRIPTION (continued)

The term of such a charter will be five years and may be renewed for terms up to ten years.

§160.410: Charter schools will enroll nonresident pupils whose parents are employed at the charter school. Charter schools will enroll nonresident pupils from unaccredited schools in the same or an adjoining county who are unable to transfer to an accredited school in their district of residence.

A charter school's lottery system must not discriminate based on the parents' ability to pay fees or tuition.

This act changes how students are counted in the performance of the charter school on the statewide assessments. The charter school must include students in the charter school present on the last Wednesday in September through the administration of the Missouri Assessment Program test without transferring out of the school and reenrolling.

§160.415: A charter school's weighted average daily attendance must be adjusted to include any nonresident pupil who attends the charter school and whose parent is employed at it.

A charter school may receive tuition payments for nonresident students who transfer to it from an unaccredited school.

§160.417: This act changes the phrase "number of school days and hours required" to "the minimum amount of school time required."

§160.425: The Commission may employ staff as needed to carry out its duties. Commission employees will be considered state employees for purposes of retirement and health plans.

This act creates the "Missouri Charter Public School Commission Revolving Fund" in the state treasury.

§163.036: When a local school board sponsors a charter school, it may only submit an estimate of the district's weighted average daily attendance for the current year. The school board will be prohibited from using a weighted average daily attendance count from any preceding year for purposes of determining state aid.

SCHOOL DISTRICT ACCREDITATION: Before the State Board of Education classifies a school district as unaccredited or reclassifies an accredited district as provisionally accredited, if there is no State Board member who is a resident of the congressional district in which the affected district is located, the State Board must notify the Governor of its intent to change the classification. The Governor must make the appointment within thirty days of the notification.

FISCAL DESCRIPTION (continued)

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.

The State Board of Education must develop and implement a process to provide assistance teams to borderline districts, as determined by the Department of Elementary and Secondary Education, and to underperforming districts upon assignment of such classification or determination by the Department. Teams must have at least ten members, including two active classroom teachers in the district, two principals, and one parent of a student in the district. The Department staff member assigned to the region may be included in the team activities but must not be formally assigned to the team. Teams must provide an analysis of the assessment data, classroom practices, and the communication processes within buildings, in the district, and the community, and also provide prescriptions for improvement based on the district's and community's needs. The team must provide recommendations by June 30, 2016. Assignment of teams must be prioritized so that districts with lower APR scores are addressed first. Suggestions are mandatory for underperforming districts but not for borderline districts. If an underperforming district disagrees with any suggestion of the assistance team, the district must propose a different method of accomplishing what the team has suggested.

ATTENDANCE CENTER ACCREDITATION: No later than school year 2016-2017, the State Board of Education must adopt and implement a system of classification that accredits individual attendance centers within a district separately from the district as a whole. The State Board of Education must assign each attendance center a classification by July 1, 2016. Attendance centers must be assigned one of the following classification designations: unaccredited, provisionally accredited, accredited, or accredited with distinction. The State Board of Education must prepare an annual performance report for any attendance center that provides only kindergarten through grade two but will not assign it a classification designation.

The State Board of Education may consider the classification designation of an attendance center in its accreditation classification system to exempt attendance centers with classification numbers outside the range of numbers assigned to high schools, middle schools, junior high schools, or elementary schools. Public separate special education schools within a special school district and within a school district are exempted from these accreditation requirements. However, a special school district must report all scores on its annual performance report to the Department of Elementary and Secondary Education for all of its schools. Juvenile detention centers within a special school district are exempt from these accreditation standards.

This act waives the statutory two year delayed effective date for school accreditation rules for this system.

FISCAL DESCRIPTION (continued)

SCHOOL TRANSFER AND IMPROVEMENT TASK FORCE: This act creates the "School Transfer and Improvement Task Force" within the Department of Elementary and Secondary Education. The task force will study the following: means to address failing schools, including a school improvement district; developing options for school transfer finance formulas; best practices for how to design and finance public virtual and blended schools; best practices and possible pilot projects to assist transient students; options for comprehensive school quality indicators leading to student success; options for school quality review models based on successful review models currently in use; options for locally-created assessment and accountability systems; and best practices in parent and community engagement.

The task force must make recommendations by February 1, 2016 to the General Assembly. The task force will expire on April 31, 2016.

STATE BOARD OF EDUCATION INTERVENTION POWERS: This act allows the State Board of Education to lapse the corporate organization of all or part of an unaccredited school district. If the State Board appoints a special administrative board for the operation of a part of an unaccredited school district, the State Board of Education must determine an equitable apportionment of state and federal aid for the part of the district. In addition, the school district must provide local revenue in proportion to the weighted average daily attendance of the part governed by the special administrative board.

The State Board of Education may appoint members of the elected board to a special administrative board but members of the elected board must not comprise more than forty-nine percent of the special administrative board's composition.

Nothing in this provision of law must be construed to permit either the State Board of Education or a special administrative board to raise, in any way not specifically allowed by law, the tax levy of the district or any part of the district without a vote of the people.

This act provides that when the State Board of Education determines another form of governance for an unaccredited district, that other form of governance will be subject to the following provisions of law: it will retain the authority granted to a board of education; it will expire at the end of the third year of its appointment unless reauthorized; it will not be deemed to be the state or a state agency; and it will not be considered a successor entity for purposes of employment contracts, unemployment compensation or any other purpose.

If the State Board of Education reasonably believes that a school district is unlikely to provide for the minimum school term required by section 163.021 because of financial difficulty, the State Board may, prior to the start of the school term, allow continued governance by the existing district school board under terms and conditions established by the state board of education. As an alternative, the State Board may lapse the corporate organization of the district and implement one of the options available to the State Board to intervene in an unaccredited district. However,

FISCAL DESCRIPTION (continued)

this provision will not apply to any district solely on the basis of financial difficulty resulting from paying tuition and providing transportation for transfer students.

VIRTUAL EDUCATION: Currently, when a resident student completes a virtual course offered by his or her school district, the student's attendance upon course completion is calculated as ninety-four percent of the hours of attendance for such class delivered in a non-virtual program.

This act provides that when a student is a candidate for A+ tuition reimbursements, the school must attribute no less than ninety-five percent of attendance to the student's completion of the virtual course. (§162.1250)

This act defines a "virtual school of choice" as a school authorized to provide a full-time kindergarten through grade twelve virtual program that provides a unified and sequential online curriculum, allows students to learn at a flexible pace, employs Missouri certified teachers to oversee all instruction, develops an individualized learning plan for all students, and is hosted by an accredited district, a charter school with an annual performance score of seventy percent or greater, or a district or charter school that has received a waiver from the Department of Elementary and Secondary Education.

A student who has been enrolled in and attending an unaccredited school for at least one semester and is unable to transfer to an accredited school in the district of residence is eligible to enroll in a virtual school of choice. A student enrolled in an unaccredited district, a provisionally accredited district, or a district with a three-year average annual performance report score consistent with unaccredited or provisionally accredited may also enroll in a virtual school of choice. A student may enroll in the virtual school of choice hosted by the district of residence or by a charter school in the district of residence. In such a situation, there is no change in the distribution of state school aid. A student may enroll in a virtual school of choice that is hosted neither by the district of residence nor by a charter school in the district of residence. In such a situation, the Department of Elementary and Secondary Education will deduct an amount equal to the amount of funds used for the Missouri virtual public school (MOVIP) from the district of residence's state aid and credit it to the virtual school of choice. However, if the virtual school of choice meets certain criteria, as described in the act, including administering statewide and end-of-course assessments and granting a diploma, the Department of Elementary and Secondary Education will deduct an amount equal to the state adequacy target and credit it to the virtual school of choice. A virtual school of choice may choose to charge a rate of tuition less than the state adequacy target. Funds distribution will be in two increments: fifty percent completion and one hundred percent completion based on the student's progress. A student will not be admitted to a virtual school of choice hosted by another district if his or her admission would cause the amount deducted from the district of residence's state aid to exceed the aggregate amount of state aid due to the district. (§162.1250)

FISCAL DESCRIPTION (continued)

TRANSIENT STUDENT RATIO & STUDENT ASSESSMENT SCORES: This act requires the Department of Elementary and Secondary Education to annually calculate a transient student ratio for each attendance center, each school district, and charter school. The transient student ratio must be published on the Department's website and in the school accountability report card for each district and attendance center. The Department 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 and charter school must report annually to the Department any information and data necessary for the Department to calculate transient student ratios.

This act establishes how the student assessment scores and other performance data for students who have not been enrolled in a district-operated school or charter school for the previous full school term will be used when calculating the district's or charter school's performance for purposes of the Missouri School Improvement Program or scores on the annual performance report. The scores of any student who has not been enrolled in a district-operated school or charter school for the preceding school term will not be used. The scores of any student who has been enrolled in a district-operated school or charter 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 or charter 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.

PARENT NOTIFICATION OF UNACCREDITED STATUS & HOME VISITS: When a district or attendance center becomes unaccredited, the district must promptly notify the parent or guardian of students enrolled in the district of the loss of accreditation within seven business days. The notice must also include an explanation of the option for a student in an unaccredited school to transfer and any services for which the student may be eligible. This notice must be posted in district attendance centers and must be sent to district taxpayers and each political subdivision located in the boundaries of the school district.

The school board of any district that operates an underperforming school must adopt a policy regarding the availability of home visits by school personnel. The school board's policy may offer to the parent or guardian of a student enrolled in any such school the opportunity to have at least one annual home visit and must offer an opportunity for a meeting at the school or a mutually agreeable site.

FISCAL DESCRIPTION (continued)

USE OF CERTAIN DATA FROM NEGLECTED CHILDREN AND DELINQUENT CHILDREN IN THE AGGREGATE DATA OF A SCHOOL DISTRICT: This act restricts the Department of Elementary and Secondary Education from creating a report or publication related to the Missouri School Improvement Program that includes the data of any children in facilities serving neglected children or delinquent children in a district's aggregate scores.

STUDENT PROMOTION: All underperforming districts in St. Louis County 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. However, this provision does not apply to any student with an individualized education program or any student with a Section 504 Plan.

SCHOOL DISTRICT IMPROVEMENT MEASURES: Any unaccredited district must offer free tutoring and supplemental education services to underperforming and struggling students. Districts may use funds from the newly created School District Improvement Fund to the extent funds are available. An unaccredited district may satisfy the free tutoring services requirement by entering into a contract with a public library for online tutoring services. In addition, an underperforming district may do any of the following: implement a new curriculum, as described in the act; 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 to operate a school or schools within the district; enter into a collaborative relationship with an accredited district in which teachers from both districts exchange positions for two school weeks; or implement any other change suggested by the State Board of Education, expert, contractor, or assistance team.

Any underperforming district may offer an attendance recovery program designed exclusively to allow students to recapture attendance hours lost due to absences. Attendance recovery hours may be included in the district's weighted average daily attendance and also in the calculation of a district's attendance rate for purposes of the Missouri school improvement program accreditation scoring.

READING, PERSONALIZED LEARNING PLANS, STUDENT RETENTION: This act requires, beginning July 1, 2016, 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, 2016, 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

FISCAL DESCRIPTION (continued)

school-wide reading assessment result shows the student is below grade level. Certain exceptions exist from this requirement for students with an IEP or a Section 504 Plan. 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 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.

School districts and charter schools subject to this requirement may provide for a student promotion and retention program and a reading instruction program that are equivalent to those which are described in this section with the oversight and approval of the Department of Elementary and Secondary Education.

STUDENT TRANSFERS: 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. (§167.131)

For school year 2015-2016, students who participated in the transfer program that originated on July 1, 2013 will be allowed to participate under the same terms that governed the transfers in school year 2013-2014, except for the tuition amount. If an unaccredited district becomes provisionally accredited or accredited, any resident student who transferred will be permitted to continue his or her educational program through the completion of middle school, junior high school, or high school, whichever occurs first, and as described in the act. However, any such student must have previously attended a school in the unaccredited district for at least one semester before initially transferring, unless the student was entering kindergarten or was a first

FISCAL DESCRIPTION (continued)

grade student. Such a student must maintain residence in the unaccredited district. A student who returns to his or her district of residence will be ineligible to transfer again.

In addition, any student who transferred from an unaccredited district to an accredited district in the same or an adjoining county in school year 2013-2014 or school year 2014-2015 but did not attend a public school for at least one semester in the unaccredited district prior to the transfer will no longer be eligible to transfer in school year 2015-2016. (§167.825)

Beginning in school year 2016-2017, any student enrolled in and attending an unaccredited school for at least one semester, or whose school becomes unaccredited during the student's attendance, may transfer to an accredited school in his or her district of residence that offers the student's grade level of enrollment. However, student transfers within the district of residence cannot result in a class size and assigned enrollment in a receiving school that exceeds the standard level for class size and assigned enrollment under the Missouri School Improvement Program resource standards. The school board of each district that operates an unaccredited school must determine the capacity at each of the district's accredited schools. The district's school board is responsible for coordinating the transfers within the district. Students enrolled in and attending an attendance center only offering kindergarten through grade two are neither eligible to transfer to another school nor under one of the transfer options described below. (§167.826)

Any student who has first attempted and is unable to transfer to an accredited school within his or her district of residence due to a lack of capacity at accredited schools in the district of residence may apply by March 1 to the appropriate education authority to transfer under one of the following education options: an accredited school in another district in the same or an adjoining county; a virtual school of choice, as described in the act; the virtual public school (MoVIP); or a charter school with an annual performance report score of seventy or greater in another district in the same or an adjoining county, as described in the act. (§167.826)

A student who is eligible to begin kindergarten or first grade at an unaccredited school may apply to the appropriate education authority for a transfer if he or she resides in the attendance area of the unaccredited school on March 1 preceding the school year of first attendance. A student who does not apply by March 1 is required to enroll and attend for one semester to become eligible. Any transfer student who does not maintain residence in the attendance area of the attendance center will lose transfer eligibility. In addition, a student who withdraws from the transfer will also lose transfer eligibility. (§167.826)

Unaccredited schools and provisionally accredited schools cannot receive transfer students except that a student who chooses to attend a provisionally accredited school in his or her district of residence may do so. Charter schools with a score of less than seventy percent on the annual performance report cannot receive transfer students except that a charter school for which there is no annual performance report score available because the school has not been in operation for

FISCAL DESCRIPTION (continued)

three years may receive transfer students. When an APR is generated, if the APR score is less than seventy, any students who previously transferred may remain enrolled but no additional students may transfer to it. In addition, no attendance center with a three-year average score of seventy-five percent or lower on its annual performance report is eligible to receive transfer students, except for any student who was granted a transfer prior to the effective date of this act. (167.826)

Districts and charter schools that receive student transfers are not required to do any of the following (unless they choose to do so): exceed the class size and assignment enrollment standards of a district-approved policy on class size; hire additional classroom teachers; or construct additional classrooms. (§167.826)

Each receiving district and charter school has the right to establish a policy for desirable class size and student-teacher ratios based on objective means and will not be required to accept any transfer students that would violate its policy. A policy may allow for estimated growth in the resident student population. A charter school may use the class size, student-teacher ratios, and growth projections for student enrollment in its charter and charter application. A district or charter school that adopts a policy must do so by January 1. If a transfer student is denied admission based on a lack of space under a policy, the student may appeal to the State Board of Education. The State Board may limit the policy if it finds the policy is unduly restrictive to student transfers. The State Board's decision is final. (§167.826)

Receiving districts and charter schools must adopt a tuition rate policy by February first annually. The rate of tuition to be paid to the receiving district or charter school by the sending district is based on the per-pupil cost of maintaining the receiving district's or charter school's grade level grouping. However, a receiving district and a charter school is prohibited from receiving tuition from a sending district that exceeds the receiving district's or charter school's per pupil expenditure for its resident students. If any receiving district or charter school chooses to charge a rate of tuition that is seventy percent or less of the per-pupil cost of maintaining the sending district's grade level grouping, then the statewide assessment scores and all other performance data for those students whom the district received will not be used for five school years when calculating the performance of the receiving district or charter school for purposes of the Missouri school improvement program or annual performance report. (§167.826)

The school board of a receiving district or the governing board of a charter school may choose to charge a rate of tuition less than the amount that would otherwise be calculated under the statutory calculation. This act creates the Supplemental Tuition Fund in the state treasury. If the school board of a receiving district or the governing board of a charter school chooses to charge a rate of tuition that is less than ninety percent of the rate that would otherwise be charged under the statutory calculation, ten percent of the tuition rate will be paid from the Supplemental Tuition Fund. (§167.826)

FISCAL DESCRIPTION (continued)

Any district that received transfer students in the 2013-2014 and 2014-2015 school years may adjust the tuition paid by the sending district to seventy percent of the per-pupil cost of maintaining the sending district's grade level grouping. If a district adjusts its tuition rate, the statewide assessment scores and performance data for the transfer students will not be used for five school years when calculating the receiving district's performance for purposes of the Missouri School Improvement Program. (§167.826)

Sending districts must pay tuition to receiving districts and receiving charter schools in two increments: one increment at the start of the school year and a second increment at the start of the second semester. (§167.826)

If an unaccredited school becomes provisionally accredited or accredited, any resident student who transferred under one of the transfer options will be permitted to continue his or her educational program through the completion of middle school, junior high, or high school, as described in the act. (§167.826)

For any district that operates an unaccredited school, the education authority for the county in which the district is located must designate at least one accredited district to which the district must provide transportation for transfer students. (§167.826)

When costs associated with the provision of special education and related services to a student with a disability exceed the tuition amount, the transfer student's district of residence is responsible for paying the excess costs to the receiving district. When the receiving district is a component district of a special school district, the transfer student's district of residence must contract with the special school district for the entirety of the costs to provide special education and related services, excluding transportation. The special school district may contract with a district operating an unaccredited school for the provision of transportation. A special school district must continue to provide special education and related services, with the exception of transportation, to a student with a disability transferring from a district operating an unaccredited school within the same or a different component district. (§167.826)

When the St. Louis City School District operates an unaccredited school, it is responsible for the provision of special education and related services, including transportation to students with disabilities. A special school district may contract with the St. Louis City School District, as described in the act. (§167.826)

Regardless of whether transportation is identified as a related service, a receiving district that is not part of a special school district is not responsible for providing transportation. A district operating an unaccredited school may contract with a receiving district that is not part of a special school district for transportation. When districts other than St. Louis City operate unaccredited schools, they may contract with a receiving district that is not part of a special school district for the reimbursement of special education services. (§167.826)

FISCAL DESCRIPTION (continued)

By August 1, 2015, and by January 1 annually, each district in the same or an adjoining county as an unaccredited district must report to the appropriate regional education authority the number of its available enrollment slots in accredited schools by grade level. Each district operating an unaccredited school must report the number of available enrollment slots in the district's accredited schools. Each charter school with an annual performance report score of seventy percent or greater in the same or adjoining county as a district operating an unaccredited school must report the number of available enrollment slots. (§167.827)

Each education authority with a district operating an unaccredited school in its geographic area must make information and assistance available to parents who intend to transfer their child using one of the transfer options. Parents who intend to transfer their child must send initial notification to the appropriate education authority by March 1. The education authority will assign transfer students, as space allows. When assigning students to charter schools, the education authority must coordinate with each charter school and its admissions process if capacity is insufficient to enroll all students who submit a timely application. 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 or affinity who have already transferred and apply to transfer to the same accredited school. If insufficient enrollment slots are available for a student to transfer, that student will receive first priority the following school year. The authority is only able to disrupt student and parent choice for transfers if a receiving district's, receiving charter school's, virtual school of choice's, or the virtual public school's available slots are requested by more students than there are slots available. The authority must consider the following factors in assigning schools: the student's or parent's choice of the receiving school (most important); the best interests of the student; and distance and travel time. The authority must not consider student academic performance; student free and reduced lunch status; or athletics. (§167.827)

An education authority may deny a transfer to a student, who in the most recent school year, has been suspended from school two or more times or has been suspended for an act of school violence, as described in the act. (§167.827)

REGIONAL EDUCATION AUTHORITIES: This act creates three separate regional education authorities to coordinate student transfers, one for the St. Louis region, a second authority for the Kansas City area, and a third authority for the rest of the state. Each authority will consist of five members who must be residents of their covered area, as described in the act, appointed by the Governor with the advice and consent of the Senate, who will serve for a term of six years. The Education Authority must coordinate and collaborate with local districts and local governments for the student transfers. Parents who want to transfer their child must notify the appropriate regional education authority by March 1. The education authority will assign students to districts using an admissions process, as described in the act.

FISCAL DESCRIPTION (continued)

ONLINE TUTORING SERVICES THROUGH A PUBLIC LIBRARY: A school district may enter into a contract with a public library to provide online tutoring services through a third party vendor or a non-profit organization for the district's students. Tutoring services must be conducted through compatible computers to participating students who have a library card, both within and without the public library facility.

Online tutoring services must be designed and implemented to protect student privacy, prohibit voice communication between the parties, and prohibit face-to-face visual communication. In addition, employees of third party vendors or nonprofit organizations with which a public library has contracted for the tutoring services are prohibited from soliciting personally identifiable information from participating students.

Any entity offering tutoring services must maintain an archive of all communications between students and tutors for two years.

PARENT PORTALS: This act creates the Parent Portal Fund in the state treasury. Moneys in the fund may be used to provide financial assistance to districts to establish and maintain a parent portal so parents may have access to educational information and access to student data via mobile technology.

SCHOOL LEARNING TIME: The school board of any unaccredited district, provisionally accredited district, or district with a three year average annual performance report score consistent with a classification of unaccredited or provisionally accredited, may, by a majority vote, increase the length of the school day and also increase the number of instruction hours above the statutory minimum. This act creates the Extended Learning Time Fund in the state treasury. Moneys in the fund will be used for schools that extend the length of the school day or hours of instruction.

SCHOOL BUILDINGS: Each district that owns a building that is not occupied must prepare and send a public notice to each district taxpayer of the status of each district-owned building that is not occupied. The district must post this information on its website. (§177.015)

This act requires the St. Louis City School District, the Kansas City School District, and districts in St. Louis County at any time they are underperforming, to obtain an outside appraisal for any buildings they own that are vacant and unused for classroom instruction. A district is deemed underperforming when it is unaccredited, provisionally accredited, or has a three-year average annual performance report score that is consistent with a classification of unaccredited or provisionally accredited.

Each of these districts must allow multiple opportunities for prospective purchasers to tour the buildings. A district may reserve thirty percent of its vacant and unused buildings as franchise buildings. Buildings must be publicly listed for sale between September 1, 2015 and October 1,

FISCAL DESCRIPTION (continued)

2015. Any buildings that are not sold during this time will be sold at auction, as described in the act. If the buildings are not sold, a district may receive moneys from the Reclamation and Demolition to fund to demolish them. The provisions of this section are severable from the rest of this act. (Section 1)

SEVERABILITY: This act contains language specifying that all provisions of this act are severable. (Section 2)

This legislation creates the "Legislative Task Force on Dyslexia" and requires the Department of Elementary and Secondary Education to employ a dyslexia specialist. (SA 6)

This act 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

Carondelet Leadership Academy
Columbia Public School
Department of Elementary and Secondary Education
Department of Social Services
Everton R-III School District
Joint Committee on Administrative Rules
Kansas City Public Schools
Malta Bend Schools
Missouri Consolidated Health Care Plan
Missouri House of Representatives
Missouri Senate
Missouri State Employees' Retirement System
Monroe City R-1 School District
Office of the Governor
Office of the Lt. Governor
Office of the Secretary of State
Office of the State Courts Administrator
Office of State Treasurer
Parkway School District
Riverview Gardens School District
Special School District of St. Louis



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