

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0479-03
Bill No.: SB 1
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: January 15, 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
General Revenue	(Could exceed \$25,811,550)	(Could exceed \$25,544,325)	(Could exceed \$25,559,907)
Total Estimated Net Effect on General Revenue	(Could exceed \$25,811,550)	(Could exceed \$25,544,325)	(Could exceed \$25,559,907)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 28 pages.

L.R. No. 0479-03
Bill No. SB 1
Page 2 of 28
January 15, 2015

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
State School Money	\$750,000	\$750,000	\$750,000
School District Improvement	\$0	\$0	\$0
Supplemental Tuition	\$0	\$0	\$0
St. Louis Area Education Authority	\$0	\$0	\$0
Kansas City Area Education Authority	\$0	\$0	\$0
Statewide Education Authority	\$0	\$0	\$0
Parent Portal	\$0	\$0	\$0
Extended Learning Time	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$750,000	\$750,000	\$750,000

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	24 FTE	24 FTE	24 FTE
Total Estimated Net Effect on FTE	24 FTE	24 FTE	24 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
Local Government	(Could exceed \$9,295,000)	(Could exceed \$8,710,000)	(Could exceed \$8,710,000)

FISCAL ANALYSIS

ASSUMPTION

§§161.087, 161.238 and 167.688 Assistance Teams, Attendance Center Accreditation and School Improvement Measures

Officials at the **Department of Elementary and Secondary Education (DESE)** assume they will 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.

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.

ASSUMPTION (continued)

Oversight has, for fiscal note purposes only, adjusted the salary and benefits of the positions to correspond with the salaries posted by DESE for a current job vacancies for a similar positions or to the salaries currently paid to existing DESE staff.

Officials at the **Kansas City Public Schools (KCPS)** assume these provisions may have a negative impact to KCPS; however we cannot determine to what degree until such time that DESE promulgates rules on implementation.

§161.1000 School Transfer and Improvement Task Force

Officials at the **DESE** assume 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.

Officials at the **Missouri Senate** and the **Office of the Lt Governor** each assume there is no fiscal impact to their respective organization from this proposal.

Officials at the **Missouri House of Representatives** assume 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 this 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 by April 31, 2016. Oversight will show an Unknown could exceed \$100,000 impact in FY 2016 for committee member expenses.

§§162.1303, 162.1305 & 162.1310 Transient Students

Officials at the **DESE** assume that if the student is required to be actively enrolled in the unaccredited school district, DESE does not anticipate a cost.

Officials at the **KCPS** assume §162.1310 requires posting notices for all unaccredited buildings and communicating such notices to all families. Projected impact between \$5,000 to \$10,000. §162.1312 requires home visits if requested by districts operating underperforming schools. KCPS estimates this could have negative fiscal impact greater than \$100,000 to implement.

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

ASSUMPTION (continued)

§163.036.6 Charter Schools

Officials at the **DESE** assume this will 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.

§167.642 Student Promotion

Officials at the **DESE** assume that for the 2014-2015 school year, St. Louis is considered an underperforming district. The district would have to retain approximately 3,010 students (i.e. 1,583 5th grade students out of roughly 1,936 {82%} and approximately 1,427 8th grade students out of roughly 1,730 {82%}).

This will result in approximately \$20,215,160 in additional aid (i.e. 3,010 x \$6,716). The costs would be expected to continue and compound each year thereafter.

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

Officials at the **DESE** assume the costs to implement would be unknown because appropriation is not defined.

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

Officials at the **DESE** will 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.

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).

NOTE: DESE has shown costs at the local level; however, mandating a specific model within school districts could violate the Hancock amendment resulting in the costs being borne by the state. Additionally, it takes at least 3-5 years to fully implement an RtI system, especially one with the goal of implementing for grades K-10 across numerous buildings.

ASSUMPTION (continued)

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 testing below basic. KCPS estimates additional costs greater than \$150,000.

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.

§§167.826, 167.827 & 167.828 Student Transfers

Officials at the **DESE** assume the costs of these sections is unknown; however, there could be a significant cost to the state for funding to nonsectarian private schools.

§167.826.6 Ten percent of the receiving district's tuition rate shall be paid from the supplemental tuition fund. This would result in a potential cost of \$2.5 million for 2,000 kids.

§167.826.7 This would result in a savings to local school districts incrementally over time; however, the amount is unknown.

§167.826.8 The lack of a required route could result in a potential savings in state transportation costs of approximately \$750,000 and to local school districts of approximately \$1.25 million.

§167.826.9 There is a potential savings to the receiving district and a potential cost the sending district; however, the amount is unknown.

§167.826.11 There is a potential for increased costs to metropolitan school districts; however, the amount is unknown.

§167.827.4 This could increase costs to nonsectarian schools by an unknown amount.

Officials at the **KCPS** assume §167.828 requires unaccredited districts or districts with unaccredited schools to hold public referendums for the options of spending local education money on nonsectarian school attendance. KCPS estimates this will cost more than \$300,000.

This proposal also establishes tuition cost at 70% of sending districts rate the year prior to transfer for students that transfer to a nonsectarian school within the district. This provision would have a positive impact on KCPS revenues.

Oversight will show the election costs as Could exceed \$100,000 for school districts.

ASSUMPTION (continued)

§§167.830 to 167.845 Regional Education Authorities

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.

Officials at the **Office of the Governor** assume this bill establishes three area education authorities with gubernatorial appointments for each. 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.

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, 167.833, 167.839, 167.845, 170.320, 171.320, and 171.031. The language in these sections resulting in an impact is as follows:

"... the state treasurer may approve disbursements of public money in accordance with distribution requirements and procedures developed by the department of elementary 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." This language is present and identical in all cited chapters.

This results in an impact for the following reasons:

1. The language, in STO's and DESE's estimation, makes STO the fund administrator. This is a duty that the STO does not currently have for funds that it holds, as the fund administrator is typically the agency that has responsibility for the implementation of the bill.
2. Fund administration comes with several new responsibilities. First, conversations with DESE have made clear that if the STO is the fund administrator, STO is also responsible for housing and paying the staff for the education authorities. The administration of this program would require nine FTE plus fringe benefits and office space. This new duty is estimated to be \$424,995 for administration of education authorities. This cost does not include the costs of the education authority staff.
3. In relation to direct fund administration, STO does not currently do this and so this new duty would require the hiring of additional personnel. STO estimates that they would require an additional three FTE (one Accountant I and two Account Clerk II) with a combined salary of \$127,954 plus fringe benefits and office space for fund

ASSUMPTION (continued)

administration.

4. The combined total of all new FTE salary, fringe benefit, and office space would amount to \$559,149 for FY16, and \$560,381 for FY17 and future fiscal years. There is no indication in the bill as to what the source of these additional funds will be.

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.

Oversight assumes that since no funding source is listed for the additional STO duties that for the purposes of this fiscal note the funding would come from General Revenue.

Oversight assumes that the coordination and review of the education authorities would be the STO responsibility and therefore DESE would not be fiscally impacted by these provisions.

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 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.

§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.

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 refers to money appropriated by the state. This is an unknown amount but could exceed \$100,000. The tuition paid to the private nonsectarian schools are paid out of funds generated by the school district's operating levy and thus would not be an increase to the state.

ASSUMPTION (continued)

Officials at the **Special School District (SSD)** assume this proposal could have a negative fiscal impact on the SSD to the extent that unaccredited and provisionally accredited St. Louis County school districts extend their school days and/or school terms. SSD would participate in such increased time at a cost in additional staff expense. For example, Normandy School District extended their school days and added staff training time this year which is estimated will cost SSD about \$600,000.

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.

Bill as a Whole

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

Officials at the **Joint Committee on Administrative Rules** assume there is no fiscal impact from this proposal.

Officials from the **Office of the Secretary of State (SOS)** state 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 regulations at substantial costs, the SOS could request funding through the appropriation process.

ASSUMPTION (continued)

Officials at the following schools: Blue Springs Public Schools, Branson Public Schools, Caruthersville School District, Charleston R-I Schools, Cole R-I Schools, Columbia Public 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, Special School District of St. Louis County, 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 following charter schools: Allen Village School, Carondelet Leadership Academy and the KIPP Endeavor Academy of Kansas City did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2016	FY 2017	FY 2018
GENERAL REVENUE			
<u>Transfer Out - to the Supplemental Tuition Fund §167.826</u>	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)
<u>Transfer Out - to the Extended Learning Time Fund §171.031</u>	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Transfer Out - DESE to the State School Money Fund for student promotion expenses §167.642</u>		(More than \$20,215,160)	(More than \$20,215,160)
<u>Costs - DESE §§161.087, 161.238 & 167.688</u>			
Personal Service	(\$457,771)	(\$462,349)	(\$466,972)
Fringe Benefits	(\$238,064)	(\$240,445)	(\$242,849)
Equipment and Expenses	(\$85,389)	(\$80,391)	(\$82,401)
One-time data costs	(\$70,000)	\$0	\$0
Contracted service center specialists	(\$600,000)	(\$600,000)	(\$600,000)
Assistance Teams expenses	<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)
FTE Change - DESE	11 FTE	11 FTE	11 FTE
<u>Costs - DESE reimbursement of committee members expenses §161.1000</u>	(Unknown could exceed \$100,000)	\$0	\$0
<u>Costs - DESE §167.730</u>			
Personal Service	(\$37,968)	(\$38,348)	(\$38,731)
Fringe Benefits	(\$19,745)	(\$19,943)	(\$20,142)
Equipment and Expenses	(\$7,763)	(\$7,308)	(\$7,491)
Date Collection Expenses	<u>(\$10,000)</u>	<u>\$0</u>	<u>\$0</u>
<u>Total Costs - DESE</u>	(\$75,476)	(\$65,599)	(\$66,364)
FTE Change - DESE	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2016	FY 2017	FY 2018
(continued)			
GENERAL REVENUE continued			
<u>Costs - STO- admin of new funds</u>			
Personal Service	(\$81,228)	(\$82,040)	(\$82,861)
Fringe Benefits	(\$42,243)	(\$42,665)	(\$43,092)
Equipment and Expenses	<u>(\$25,062)</u>	<u>(\$2,927)</u>	<u>(\$3,000)</u>
<u>Total Costs - STO</u>	<u>(\$148,533)</u>	<u>(\$127,632)</u>	<u>(\$128,953)</u>
FTE Change - STO §§167.685- 171.031	3 FTE	3 FTE	3 FTE
<u>Costs - STO - admin of education authority</u>			
Personal Service	(\$276,156)	(\$278,918)	(\$281,707)
Fringe Benefits	(\$143,615)	(\$145,051)	(\$146,502)
Equipment and Expenses	(\$75,186)	(\$8,780)	(\$8,999)
One-time computer costs	<u>(\$6,200)</u>	<u>\$0</u>	<u>\$0</u>
<u>Total Costs - STO</u>	<u>(\$501,157)</u>	<u>(\$432,749)</u>	<u>(\$437,208)</u>
FTE Change - STO §§167.830 -167.845	9 FTE	9 FTE	9 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>Could exceed \$25,811,550</u>	<u>Could exceed \$25,544,325</u>	<u>Could exceed \$25,559,907</u>
Estimated Net FTE Change on General Revenue	24 FTE	24 FTE	24 FTE
STATE SCHOOL MONEY FUND			
<u>Transfer In - General Revenue - increased state aid for student promotion expenses §167.642</u>	\$20,215,160	\$20,215,160	\$20,215,160
<u>Savings - State transportation costs §167.826.8</u>	\$750,000	\$750,000	\$750,000
<u>Transfer Out - School Districts - increased aid for student promotion expenses §167.642</u>	<u>(\$20,215,160)</u>	<u>(\$20,215,160)</u>	<u>(\$20,215,160)</u>
ESTIMATED NET EFFECT ON STATE SCHOOL MONEY FUND	<u>\$750,000</u>	<u>\$750,000</u>	<u>\$750,000</u>

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

**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
<u>Transfer Out</u> -Public Libraries for tutoring services §167.685	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)

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

\$0 \$0 \$0

SUPPLEMENTAL TUITION FUND

<u>Transfer In</u> - from General Revenue §167.826	\$2,500,000	\$2,500,000	\$2,500,000
<u>Revenue</u> - gifts, bequests and public or private donations §167.826	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
<u>Transfer Out</u> - School Districts - tuition reimbursement rate §167.826	(Could exceed \$2,500,000)	(Could exceed \$2,500,000)	(Could exceed \$2,500,000)

**ESTIMATED NET EFFECT ON
SUPPLEMENTAL TUITION FUND**

\$0 \$0 \$0

L.R. No. 0479-03
Bill No. SB 1
Page 15 of 28
January 15, 2015

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

ST LOUIS AREA EDUCATION FUND

<u>Revenue</u> - gifts, bequests and public or private donations §167.833	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
<u>Costs</u> - operation of the St. Louis education authority §167.833	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)

ESTIMATED NET EFFECT ON THE ST. LOUIS AREA EDUCATION FUND

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
--	------------	------------	------------

KANSAS CITY AREA EDUCATION AUTHORITY FUND

<u>Revenue</u> - gifts, bequests and public or private donations §167.839	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
<u>Costs</u> - operation of the Kansas City education authority §167.839	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)

ESTIMATED NET EFFECT ON THE KANSAS CITY AREA EDUCATION AUTHORITY FUND

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
--	------------	------------	------------

STATEWIDE EDUCATION AUTHORITY FUND

<u>Revenue</u> - gifts, bequests and public or private donations §167.845	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
<u>Costs</u> - operation of the statewide education authority §167.845	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)

ESTIMATED NET EFFECT ON THE STATEWIDE EDUCATION AUTHORITY FUND

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
--	------------	------------	------------

FISCAL IMPACT - State Government FY 2016 FY 2017 FY 2018
(continued)

PARENT PORTAL FUND

Revenue - gifts, bequests and public or private donations §170.320 Could exceed \$100,000 Could exceed \$100,000 Could exceed \$100,000

Transfer Out - School Districts - for establishing and maintaining a parent portal §170.320 (Could exceed \$100,000) (Could exceed \$100,000) (Could exceed \$100,000)

ESTIMATED NET EFFECT ON PARENT PORTAL FUND \$0 \$0 \$0

EXTENDED LEARNING TIME FUND

Transfer In - from General Revenue §171.031 Could exceed \$100,000 Could exceed \$100,000 Could exceed \$100,000

Revenue - gifts, bequests and public or private donations §171.031 Could exceed \$100,000 Could exceed \$100,000 Could exceed \$100,000

Transfer Out - School Districts - administration of the extended learning time §171.031 (Could exceed \$100,000) (Could exceed \$100,000) (Could exceed \$100,000)

ESTIMATED NET EFFECT ON THE EXTENDED LEARNING TIME FUND \$0 \$0 \$0

<u>FISCAL IMPACT - Local Government</u>	FY 2016	FY 2017	FY 2018
LOCAL POLITICAL SUBDIVISION FUNDS			
<u>Savings</u> - School Districts - transportation costs §167.826.8	\$1,250,000	\$1,250,000	\$1,250,000
<u>Transfer In</u> - State School Money Fund - increased aid for St. Louis for student promotion §167.642	\$20,215,160	\$20,215,160	\$20,215,160
<u>Transfer In</u> - Public Libraries - tutoring services §167.685	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
<u>Transfer In</u> - School Districts - 10% tuition reimbursement §167.826.6	Could exceed \$2,500,000	Could exceed \$2,500,000	Could exceed \$2,500,000
<u>Transfer In</u> - School Districts - parent portals §170.320	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
<u>Transfer In</u> - School Districts - extending learning time §171.031	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
<u>Costs</u> - School Districts - parent notification and home visits §162.1310	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Costs</u> - St. Louis School District - student promotion expenses §167.642	(\$20,215,160)	(\$20,215,160)	(\$20,215,160)
<u>Costs</u> - Public Libraries - expenses related to tutoring services §167.685	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Costs</u> - Local School Districts - reading recovery §167.730	(\$9,660,000)	(\$9,660,000)	(\$9,660,000)
<u>Costs</u> - Local School Districts - personalized learning plans §167.730	(\$585,000)	\$0	\$0
<u>Costs</u> - School Districts - 10% tuition reimbursement §167.826.6	(Could exceed \$2,500,000)	(Could exceed \$2,500,000)	(Could exceed \$2,500,000)

<u>FISCAL IMPACT - Local Government</u> (continued)	FY 2016	FY 2017	FY 2018
LOCAL POLITICAL SUBDIVISION FUNDS continued			
Costs - School District - election costs §167.828	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
Costs - School District - 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)
Costs - School Districts - expenses to establish and maintain parent portals §170.320	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
Costs - School Districts - administration of extending learning time §171.031	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISION FUNDS	(Could exceed <u>\$9,295,000</u>)	(Could exceed <u>\$8,710,000</u>)	(Could exceed <u>\$8,710,000</u>)

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This act modifies provisions relating to elementary and secondary education.

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. (§163.036)

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

FISCAL DESCRIPTION (continued)

The State Board of Education must develop and implement a process to provide assistance teams to borderline districts, as determined by DESE, 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.

(§161.087)

Attendance Center Accreditation: The State Board of Education must adopt a system of classification that accredits individual attendance centers within a district separately from the district as a whole. Attendance centers must be assigned one of the following classification designations: unaccredited, provisionally accredited, accredited, or accredited with distinction.

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 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.

School Transfer and Improvement Task Force: This act creates the "School Transfer and Improvement Task Force" within DESE. 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; and best practices and possible pilot projects to assist transient students. Expenses of the task force members are to be reimbursed. The task force must make recommendations by February 1, 2016 to the General Assembly. The task force will expire on April 31, 2016.

(§161.1000)

FISCAL DESCRIPTION (continued)

Transient Student Ratio & Student Scores: This act requires DESE to annually calculate a transient student ratio for each public school attendance center and each school district. 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.

In a transient student's first year of attendance in a district, the student's score on the statewide assessments will not be included when calculating the status or progress scores on the district's annual performance report scores. The scores will be counted for growth scores from the previous year's assessment for the purpose of the district's annual performance report score and to serve as the baseline for growth in the next year's assessment. In the second year of attendance, a transient student's score on the statewide assessments will be weighted at fifty percent, with growth counting for fifty percent. In the third year of attendance and any subsequent year of attendance, a transient student's status, progress and growth score will be weighted at one hundred percent when calculating the district's performance for purposes of the district's annual performance report score. (§§162.1303 & 162.1305)

Student Promotion: All underperforming districts in St. Louis County, as described in the act, 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. (§167.642)

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. (§§167.685 & 167.688)

FISCAL DESCRIPTION (continued)

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 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 DESE. (§167.730)

Any student enrolled in and attending an unaccredited school in an unaccredited district for at least one semester may transfer to another accredited school in his or her district of residence that

FISCAL DESCRIPTION (continued)

offers the student's grade level of enrollment. However, student transfers from an unaccredited school to an accredited school in the student's district of residence cannot result in a class size and assigned enrollment in the 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 unaccredited district must determine the capacity at each of the district's accredited schools. The district's school board is responsible for coordinating transfers from unaccredited schools to accredited schools within the district. The school board must report to the appropriate education authority the number of available slots in accredited schools, the number of students who request to transfer within the district, and the number of transfer requests that are granted. (§167.826)

A student who is enrolled in and attends for at least one semester an unaccredited school in an unaccredited district who is unable to transfer to an accredited school in the district of residence may apply to the appropriate education authority to transfer to an accredited school in an accredited district in the same or an adjoining county or, if applicable, to a nonsectarian private school in the district of residence. (§167.826)

A student who is eligible to begin kindergarten or first grade at an unaccredited school in an unaccredited district may apply to the appropriate education authority for a transfer if he or she resides in the attendance area of an accredited school in an unaccredited district 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 zone of his or her unaccredited school in the unaccredited district will lose transfer eligibility. In addition, a student who withdraws from the transfer will also lose transfer eligibility. (§167.826)

Unaccredited and provisionally accredited districts and schools are not eligible to receive transfer students. However, a student who chooses to attend a provisionally accredited school in the unaccredited district may do so if there is an available slot. In addition, no district or school 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 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)

FISCAL DESCRIPTION (continued)

Each receiving district 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 district 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 district policy, the student may appeal to the State Board of Education. The State Board may limit the district's policy if it finds the district's policy is unduly restrictive to student transfers. The State Board's decision is final. (§167.826)

The rate of tuition to be paid by the sending district is based on the per-pupil cost of maintaining the receiving district's grade level grouping. However, a receiving district is prohibited from receiving tuition from a sending district that exceeds the receiving district's per pupil expenditure for its resident students. If any receiving district 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 for purposes of the Missouri school improvement program. (§167.826)

The school board of a receiving district 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 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 receiving district's tuition rate will be paid from the Supplemental Tuition Fund. (§167.826)

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)

If an unaccredited district becomes provisionally accredited or accredited, any resident student who transferred to an accredited district or to a nonsectarian private school 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)

A student's district of residence may provide transportation for the student to attend another accredited district but is not required to do so. (§167.826)

FISCAL DESCRIPTION (continued)

When costs associated with the provision of special education and related services to a student with a disability exceed the tuition amount, the unaccredited district 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 unaccredited district 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 an unaccredited district 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 an unaccredited district within the same or a different component district. (§167.826)

If the St. Louis City School District is unaccredited, 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.

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. An unaccredited district may contract with a receiving district that is not part of a special school district for transportation. When districts other than St. Louis City are unaccredited, 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)

By August 1, 2015, and by January 1 annually, each accredited 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 by grade level. Each unaccredited district must report the number of available enrollment slots in the district's accredited schools. Each nonsectarian private school in an unaccredited district that wishes to participate in the transfer program must provide such information. (§167.827)

Each education authority with an unaccredited district in its geographic area must make information and assistance available to parents who intend to transfer their child to an accredited district or to a nonsectarian private school, if applicable. 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. 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 to an accredited school 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

FISCAL DESCRIPTION (continued)

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)

Student Transfers to Nonsectarian Private Schools: In St. Louis City, St. Louis County, and Jackson County only, the school board of an unaccredited district that operates an unaccredited school must pay tuition for students who enroll in a nonsectarian private school located in the district using funds from the district's operating levy for school purposes. To be eligible to transfer to a nonsectarian private school, a student must have been enrolled in and attending an unaccredited school in the unaccredited district for one semester. The tuition amount cannot exceed the lesser of the nonsectarian private school's tuition or seventy percent of the unaccredited district's tuition rate.

A nonsectarian private school will only be eligible to receive tuition payments under this section if it satisfies certain conditions. A nonsectarian private school must be accredited by the North Central Association Commission On Accreditation and School Improvement or demonstrate similar academic quality credentials to DESE. It must administer for transfer students, or allow for the administration of, the statewide assessments in English language arts and mathematics or equivalent assessments. A nonsectarian private school must comply with all health and safety laws or codes that apply to nonpublic schools, hold a valid occupancy permit if required by its municipality, and file a statement of intent to accept transfer students with DESE. Private nonsectarian schools that choose to receive transfer students must adhere to multiple provisions of Missouri state school law, as described in the act. Any participating nonsectarian private school must provide data to DESE for the production of an annual performance report. In addition, when the total enrollment of a nonsectarian private school consists of twenty-five percent transfer students, the school must conform to the standards of the Missouri School Improvement Program. The district of residence may provide transportation but is not required to do so.

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

FISCAL DESCRIPTION (continued)

The option for students to enroll in and attend a nonsectarian private school must be authorized by the school district's voters at a general election, as described in the act. A majority vote is required for authorization. However, regardless of whether the voters authorize the private school option, students may transfer to a private school after three years of the district being unaccredited.

Where costs associated with the provision of special education and related services to a student with a disability exceed the established tuition amount, the unaccredited district will remain responsible to pay the excess cost to the nonsectarian private school. (§163.021 & §167.828)

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 to another district 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. (§§167.830 to 167.845)

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 may include assistance with homework, collaboration and study tools in various school subjects, access to writing assistance productivity software, and test preparation tools.

A contract may allow dedicated access to assistance during specified hours of the day and specified days of the week. A contract may allow students to submit questions to tutors or join online study groups.

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.

FISCAL DESCRIPTION (continued)

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. (§170.320)

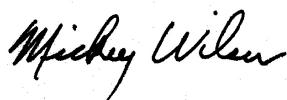
Length of School Day & Extended Learning Time Fund: The school board of any unaccredited district, provisionally accredited district, or district with a three year average annual performance report score consistent with a classification of unaccredited or provisionally accredited, may, by a majority 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. (§171.031)

This act contains an emergency clause. (Section B)

This legislation is not federally mandated, would not duplicate any other program and would require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Joint Committee on Administrative Rules
Kansas City Public Schools
Malta Bend Schools
Missouri House of Representatives
Missouri Senate
Office of the Governor
Office of the Lt. Governor
Office of the Secretary of State
Office of State Treasurer
Special School District of St. Louis



Mickey Wilson, CPA

Ross Strope

L.R. No. 0479-03
Bill No. SB 1
Page 28 of 28
January 15, 2015

Director
January 15, 2015

Assistant Director
January 15, 2015