

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0479-09
Bill No.: Perfected SCS for SB Nos. 1, 22, 49 and 70
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: March 2, 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 \$88,313,734)	(Could exceed \$88,122,005)	(Could exceed \$88,137,782)
Total Estimated Net Effect on General Revenue	(Could exceed \$88,313,734)	(Could exceed \$88,122,005)	(Could exceed \$88,137,782)

*** Oversight assumes this proposal would have an additional fiscal impact if the foundation formula were fully funded. DESE was not able to provide Oversight an estimate of when the foundation formula is to be fully funded. \$167.688.2 could add \$34 million for recalculation of average daily attendance.**

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 43 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
MO Charter Public School Commission Revolving Fund	\$0	\$0	\$0
State School Money	\$0	\$0	\$0
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
Reclamation and Demolition	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds*	\$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
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	21 FTE	21 FTE	21 FTE
Total Estimated Net Effect on FTE	21 FTE	21 FTE	21 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 \$136,030,160)	(Could exceed \$10,260,000)	(Could exceed \$10,260,000)

FISCAL ANALYSIS

ASSUMPTION

§§160.400 and 160.403 Charter Schools

Officials at the **Department of Elementary and Secondary Education (DESE)** assume §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 in 37 counties. The Department would have to have an additional five supervisor FTE to accommodate this increase in number of charter schools.

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.

§160.405 Charter Schools' Charter Language

Officials at the **DESE** assume §160.405.1(15)(d) would require paying an individual to assume the trustee role may cost \$60,000 to \$80,000 per closure.

Oversight notes the proposal would require the naming of a trustee if there is a dissolution of a charter school. Oversight will not show an impact from this portion of the proposal.

Officials at the **DESE** assume §160.405.4(5) would expand the range of instruction to include early childhood. Once the foundation formula is fully funded, charter schools would be eligible to seek reimbursement for their early childhood students. It is impossible to determine the number of preschool charter school students as new charters, with various grade configurations, are being added yearly.

It is unlikely that the formula will be funded during the scope of the fiscal note. We cannot estimate when/if this will happen; therefore, we are showing no fiscal impact here.

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 would not have a fiscal impact until such time as the formula is fully funded. Therefore, Oversight is not able to determine any fiscal impact for this portion of the proposal.

ASSUMPTION (continued)

Officials at the **DESE** assume §160.405.16 would require a committee to report its findings by December 31, 2015. Travel expenses as well as other costs associated with the committee work are estimated to range between \$15,000 and \$20,000.

Oversight notes this proposal would require DESE to create a committee to investigate facility access and affordability for charter schools. The committee is to have its findings to the General Assembly by December 31, 2015 (FY 2016). Oversight will show the committee expenses as the estimate provided by DESE.

§§160.410 and 160.415 Nonresident Pupils in Charter Schools

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 revenues per weighted average daily attendance in accordance with §160.415.4. It is estimated that these costs would be approximately \$3,864 (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 based on the state adequacy target.

Oversight notes this proposal would require the state to pay for a nonresident student 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.

§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.

Officials at the **Missouri State Employees' Retirement System (MOSER)** state 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 MCHCP and MOSER can absorb the impact of these employees with existing resources.

ASSUMPTION (continued)

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

§§160.671, 162.471, 162.481 and 162.491 St. Joseph School Board Elections - (Senate Amendment 5)

Officials at the **Buchanan County** assume there is no fiscal impact from this proposal.

Oversight notes this proposal creates a process for recall elections and make changes to current elections for St. Joseph School Board Members. Oversight notes this proposal requires any recall election to be held at the next regularly scheduled election day. Oversight assumes the recall portion of this proposal would not have an impact. Oversight assumes the changes to the term of office for the school board members would not have a fiscal impact.

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

Officials at **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.

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.

In response to the previous version of this proposal, officials at the **Kansas City Public Schools (KCPS)** assumed these provisions may have a negative impact to KCPS; however they could not determine to what degree until such time as 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.

In response to the previous version of this proposal, officials at the **Missouri Senate** and the **Office of the Lt Governor** each assumed there was no fiscal impact to their respective organizations from this proposal.

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 by April 30, 2016. Oversight will show an Unknown could exceed \$100,000 impact in FY 2016 for committee member expenses.

ASSUMPTION (continued)

§162.1250 Virtual Schools- (Senate Amendments 1 & 9)

Officials at the **Department of Elementary and Secondary Education (DESE)** assume there is 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.

162.1250.4 (2) For virtual transfer students, department staff will need to be assigned to deduct state aid payment from residence district and credit the virtual school of choice after checking to make sure the virtual transfer student has completed the course. This would require one supervisor FTE to manage virtual transfers.

162.1250.4 (2) New legislation indicates that the amount paid to the virtual school of choice would be equal to the state adequacy target. That amount is currently \$6,131. The amount that is currently paid for MoVIP classes (full-time) is approximately \$4,000. DESE assumes that should students move from MoVIP to a local virtual school this would result in additional cost that is unknown at this time. Tracking of accountability data is not included in legislation but would require additional staff. Unknown at this time.

162.1250.4 (2) Requires the Department to transfer funds for the virtual transfer student to the virtual school. It may have financial impact.

Senate Amendment 9 defines payment based on section 161.670.3 which requires an annual appropriation by the general assembly. Therefore, there is an unknown cost depending on the appropriation passed.

Oversight notes that this provision states a student can enroll in the virtual school if the student "has been enrolled in and attending for at least one semester an attendance center that is classified as unaccredited by the state board of education and is unable to transfer to an accredited school in the district of residence or any student enrolled 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 is eligible to enroll in a virtual school of choice."

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. DESE did note that the number of students who currently attend an unaccredited or provisionally accredited district is 57,895.

ASSUMPTION (continued)

DESE is not able to provide Oversight with an estimate of the number of students that may choose virtual schools. Oversight was also unable to determine an estimate. If 5,000 students switched from public school to the public school's virtual school there would be an increase of \$306,550 in funding needed just from the 94% to 95 % rate change. (5,0000 students x 1% (\$61.31) = 306,550.

Oversight notes it is possible that students currently attending MoVIP may choose to attend the public school's virtual school and this could impact DESE. The public school virtual school could charge \$6,131 while currently MoVIP charges \$4,000. An increase of \$2,131 per student. Oversight is unable to determine how many students would switch.

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 would not have a fiscal impact until such time as the formula is fully funded. Therefore, Oversight is not able to determine any fiscal impact.

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

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.

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

In response to the previous version of this proposal, officials at the **KCPS** assumed §162.1310 requires posting notices for all unaccredited buildings and communicating such notices to all families. Projected impact between \$5,000 to \$10,000. §162.1313 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, taxpayer 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.

§167.127 Data Collection

DESE assumes 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 programming changes.

§167.642 Student Promotion- (Senate Amendment 13)

Officials at the **DESE** assume the amendment added to this proposal expanded this program to make this section applicable to all districts in St. Louis County. An earlier calculation for St. Louis City was determined as follows:

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.

DESE notes this proposal expanded this program to all districts in St. Louis County. The students that scored below proficient are approximately 12,295 in English language arts and 8,909 in math. Therefore, DESE assumes that 12,295 times the state aid of \$6,716 per student would result in \$82,573,220 in additional aid.

Oversight notes this proposal originally was restricted to underperforming districts which was the St. Louis School District only. The amendment expanded it to all school districts in a county with a charter form of government. Oversight will show the impact as the estimate provided by DESE.

§§167.685, 167.688 and 170.215 School District Improvement Measures and Free Tutoring
Officials at the **DESE** assume that offering free tutoring and supplemental education services will have a significant unknown cost.

ASSUMPTION (continued)

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.

DESE assumes §167.688.2 allows school districts that are unaccredited or provisionally accredited to employ an attendance recovery process. This could potentially allow these districts to have 100% attendance. If this were to happen this would pose significant costs to the state.

The following are the provisionally accredited and unaccredited school districts; their enrollment and their average daily attendance (ADA).

District Code	Name	Accreditation Status	Resident I ADA	Resident Enrollment	Percent of Enrollment to ADA
040-101	Spickard R-II	Provisionally Accredited	37.7180	43	87.7163%
042-117	Calhoun R-VIII	Provisionally Accredited	132.6326	137	96.8121%
048-072	Hickman Mills C-1	Provisionally Accredited	5,730.0549	6,252	91.6515%
048-078	Kansas City 33	Provisionally Accredited	12,716.2030	14,092	90.2370%
078-002	Hayti R-II	Provisionally Accredited	684.2571	773	88.5197%
078-012	Caruthersville 18	Provisionally Accredited	1,031.4159	1,097	94.0215%
096-104	Jennings	Provisionally Accredited	2,314.8786	2,505	92.4103%
096-109	Normandy Schools Collaborative	Unaccredited	2,691.3659	3,085	87.2404%

096-111	Riverview Gardens	Unaccredited	4,447.2756	4,870	91.3198%
097-119	Malta Bend R-V	Provisionally Accredited	67.4657	73	92.4188%
097-127	Gilliam C-4	Provisionally Accredited	24.9312	27	92.3378%
099-078	Gorin R-III	Provisionally Accredited	16.8779	19	88.8311%
115-115	St. Louis	Provisionally Accredited	22,555.8431	24,845	90.7862%

The total ADA for these school districts is 52,450.9195 and the enrollment is 57,818. The potential exists for 100% attendance or essentially, the enrollment figure. If this were to happen the ADA of these districts would increase by 5,367.0805. $5,367.0805 * \$6,131 = \$32,905,571$ increased cost to the state when the formula is fully funded.

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 would not have a fiscal impact until such time as the formula is fully funded. Therefore, Oversight is not able to determine any fiscal impact.

§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).

In response to the previous version of this proposal, officials at the **KCPS** assumed 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 estimated additional costs greater than \$150,000.

ASSUMPTION (continued)

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 and 167.827 Student Transfers

In response to the previous version of this proposal, officials at the **DESE** assumed 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.

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

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

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

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 \$2.5 million estimated by DESE.

§§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 and 170.320. The language in these sections resulting in an impact is as follows:

ASSUMPTION (continued)

"... 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.

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).

In reviewing this proposal, it is clear that STO's duties concerning any possible education authority would be concerning the fund, not the education authorities themselves. As is consistent with other entities, STO would serve as the custodian of the fund. Our fiscal note reflects FTE that would be required due to new duties imposed by the legislation in regards to our custodial duties, the donor language.

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 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.

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.

§167.950 Dyslexia Screening of All Students- Senate Amendment 14

In response to similar legislation filed this year, HB 731, officials at the **DESE** assume it is difficult to determine the fiscal impact; because, the impact will depend upon the level of screening and testing conducted by each public school. Some schools may choose to screen each student enrolling and subsequently refer those positive results for treatment. Other schools may

ASSUMPTION (continued)

choose to clinically test each student enrolling. One option could pose little cost, while the other option will pose significant costs.

DESE assumes they are unable to estimate the fiscal impact. The extent of any costs will depend upon the number of children requiring treatment, as well as, the level of treatment provided. It would appear that significant costs will be incurred by local school districts and charter schools.

In response to similar legislation filed this year, HB 731, officials at the **Department of Social Services (DSS)** assume the Division of Youth Services (DYS) operates accredited schools at each of its sites. Enactment of this proposal will create costs for the division as new testing of enrollees is required. Subsection 2 of this proposal prescribes that rules must be promulgated by DESE. These rules will bring definition to when testing for dyslexia and related disorders is "appropriate" for each enrollee. DESE promulgated rules will greatly determine the cost to DHS.

In order to provide a cost assessment DHS assumes that DESE rules will, at a minimum, require the screening of each enrollee for dyslexia or related disorders. Those enrollees whose screenings meet benchmarks that indicate a need for further testing will be referred to a qualified provider for such tests.

Screening Costs: -Provided by existing DHS education personnel

One Time Costs

DYS operates 80 educational groups statewide.

1 Dyslexia Screening Instrument (DSI) Complete Kit through Pearson PsychCorps =
\$123

123 x 80 groups = \$9,840 Initial Cost

On-Going Costs:

Additional DSI Teacher Rating Forms (package of 25) = \$28.50/pkg.

\$28.50 x 80 groups = \$2,280 annual with a 1.025% inflation factor used to calculate SFY 17 (\$2,378) and SFY 18 (\$2,437).

Through a quick look at the research of the prevalence of dyslexia and related disorders, it is common to find that 5-10% of the population is impacted. It is important to note that symptoms of dyslexia and their effect range from mild to severe. DHS enrolled approximately 800 students in FY 2014. If we assume that DHS screenings for dyslexia and related disorders produce outcomes consistent with 5-10% prevalence of dyslexia; the division would have made 40 - 80 referrals for further testing. DHS contacted three qualified providers of testing for dyslexia.

ASSUMPTION (continued)

Their costs were reported as follows:

Columbia, MO \$100/hr for 7 hrs = \$700

Kansas City, MO = \$711

St. Louis, MO = \$703

Testing Costs - Provided by contracted specialist

Average cost of dyslexia test = \$705

Assume average number of new enrollees/yr. = 800

5 - 10% dyslexia or related disorder prevalence rate

800 new enrollees x 5-10% = 40 - 80 dyslexia tests

40 - 80 dyslexia tests x \$705 avg. cost = \$28,200 - \$56,400

DYS has special education resources in place to provide services to youth in care with learning disabilities. The division currently provides service to 35 youth with reading-related learning disabilities. Categories include Reading Fluency, Reading Comprehension, and Basic Reading Skills.

DYS provides several trainings for education staff annually. DYS may choose to focus training efforts on screening /testing /treatment of dyslexia and related disorders. These related training costs can be absorbed in the existing budget.

Officials at the **Kansas City Public School (KCPS)** assume it is difficult for KCPS to estimate the fiscal impact within the text of the proposed legislation without knowing how DESE will promulgate rules to administer the requirement. We anticipate there are multiple ways to screen and different costs associated with each. We anticipate there will be a cost to implement this district wide.

Officials at the **Monroe City R-1 School District** assume dyslexia is a medical determination. As such, any screening process would require the expertise of a medical professional. Cost would be driven by medical fees for services. Without discounting the level of need for those with dyslexia and related disorders, given the rare occurrence of this class of disorders, universal screening presents significant difficulties and potential expense. The impact is unknown at this time.

Officials at the **Special School District of St. Louis (SSD)** assume this amendment could be very costly to the Special School District to evaluate students who are referred for special education services in St. Louis County as a result of the screenings. The initial screening would be done by the 22 component districts depending on "at the appropriate time" is interpreted. We expect that the number of students referred would substantially increase which will increase the number of school psychologist staff needed. While the number of students found eligible for special education services is expected to be minimal, the average evaluation takes 15-20 hours to

ASSUMPTION (continued)

complete. If SSD has to add 10 school psychologists, the cost of salaries, benefits and test materials would be \$500,000-\$600,000 annually.

Oversight notes that according to the Yale Center for Dyslexia and Creativity, Dyslexia Research Institute, and DyslexiaHelp at the University of Michigan approximately 20% of people have dyslexia or a related disorder. DESE notes there are 618,594 kids in grades K-8 and 269,047 kids in grades 9-12 or 887,641 in Missouri public schools. Therefore, as many as 177,528 (887,641 X 20%) could have dyslexia or a related disorder and need treatment by the school districts.

Oversight notes that unless a school district already has a Dyslexia Specialist on staff that could do the testing and treatment a school district would need to purchase the Dyslexia Screening Instrument for \$123 and additional Teacher Rating Forms. Oversight, for fiscal note purposes, will show a one-time impact to schools for purchase of the Dyslexia Screening Instrument of \$63,960 (\$123 x 520 school districts). Oversight notes due to the size of school districts, most would need to purchase more than one Dyslexia Screening Instrument. Oversight will show the impact as Unknown greater than two Dyslexia Screening Instruments per district \$127,920 (\$123 x 2 X 520). Oversight is not able to predict how many Teacher Rating Forms school districts will need annually. Oversight will show the impact as Unknown.

Oversight notes DSS determined the average cost of a contracted Dyslexia Specialist to perform the diagnostic testing is \$705. Oversight assumes all the dyslexia screened students (177,528) would need to be tested by a Dyslexia Specialist to determine the specific kind of dyslexia or related disorder and severity in order to establish a treatment plan. The impact to the schools would be \$125,157,240 (177,528 x \$705). Oversight notes this proposal is not clear as whether students would need to be tested annually. Oversight for fiscal note purposes, will show all students will be tested during the first year of implementation of this program and not be tested annually. After that only new students entering school would need to be tested. Oversight will show the impact as \$125,157,240 for FY 2016 and Unknown greater than \$100,000 for FY 2017 and beyond.

Oversight notes that this proposal requires school districts to provide treatment for the dyslexia or related disorders. Due to the numerous types of dyslexia and the severity at which a person may have it, it is impossible to determine at this time an average cost for treatment. Oversight will show the impact to schools as Unknown over \$100,000 for treatment.

§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 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.

In response to the previous version of this proposal, officials at the **Special School District (SSD)** assumed 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.

§177.015 Documentation of Empty Buildings

Oversight assumes this provision requires school districts to prepare an annual report 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 (Senate Amendment 8)

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

ASSUMPTION (continued)

Officials at the **Joint Committee on Administrative Rules, Department of Social Services** and the **Office of the State Courts Administrator** each assume there is no fiscal impact to their respective organizations 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.

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 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</u> - to State School Money for student promotion §167.642 & SA 13	(\$82,573,220)	(\$82,573,220)	(\$82,573,220)
<u>Transfer Out</u> - to Supplemental Tuition Fund §167.826	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)
<u>Transfer Out</u> - to Extended Learning Time Fund §171.031	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Transfer Out</u> - to Reclamation and Demolition Fund § 1 & SA 8	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Costs - DESE §160.400</u>			
Personal Service	(\$158,200)	(\$191,738)	(\$193,656)
Fringe Benefits	(\$82,272)	(\$99,713)	(\$100,711)
Equipment and Expenses	(\$38,813)	(\$36,541)	(\$37,455)
<u>Total Costs - DESE</u>	(\$279,285)	(\$327,992)	(\$331,822)
FTE Change - DESE	5 FTE	5 FTE	5 FTE
<u>Cost - DESE - expenses of committee on charter schools §160.405.16</u>	(\$20,000)	\$0	\$0
<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	(\$720,000)	(\$720,000)	(\$720,000)
<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>Cost - DESE - one time computer programming changes §167.127</u>	(\$12,000)	\$0	\$0

FISCAL IMPACT - State Government
 (continued)
SUPPLEMENTAL TUITION FUND

	FY 2016	FY 2017	FY 2018
<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 <u>\$2,500,000</u>)	(Could exceed <u>\$2,500,000</u>)	(Could exceed <u>\$2,500,000</u>)

ESTIMATED NET EFFECT ON SUPPLEMENTAL TUITION FUND \$0 \$0 \$0

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 <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)

ESTIMATED NET EFFECT ON THE ST. LOUIS AREA EDUCATION FUND \$0 \$0 \$0

KANSAS CITY AREA EDUCATION AUTHORITY FUND

<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
<u>Costs</u> - operation of the Kansas City education authority §167.839	\$0 or (Could exceed <u>\$100,000</u>)	\$0 or (Could exceed <u>\$100,000</u>)	\$0 or (Could exceed <u>\$100,000</u>)

ESTIMATED NET EFFECT ON THE KANSAS CITY AREA EDUCATION AUTHORITY FUND \$0 \$0 \$0

<u>FISCAL IMPACT - Local Government</u>	FY 2016	FY 2017	FY 2018
LOCAL POLITICAL SUBDIVISION FUNDS			
<u>Transfer In</u> - State School Money Fund - increased aid for St. Louis for student promotion §167.642 & SA 13	\$82,573,220	\$82,573,220	\$82,573,220
<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>Transfer In</u> - School Districts - demolition of buildings §1 & SA 8	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 & SA 13	(\$82,573,220)	(\$82,573,220)	(\$82,573,220)
<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)			
<u>Costs</u> - 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)
<u>Costs</u> - School Districts - expenses to establish and maintain parent portals §170.320	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Costs</u> - School Districts - administration of extending learning time §171.031	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Cost</u> - School District - payment for demolition of empty buildings §1 & SA 8	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Cost</u> - School Districts-			
	(Unknown greater than \$127,920)	\$0	\$0
Purchase of Screening Instrument Teacher Ratings Forms	(Unknown)	(Unknown)	(Unknown)
Testing by Specialist	(\$125,157,240)	(Unknown over \$100,000)	(Unknown over \$100,000)
Treatment	(Unknown over \$100,000)	(Unknown over \$100,000)	(Unknown over \$100,000)
Total Costs - School Districts SA 14	(Unknown over \$125,385,160)	(Unknown over \$200,000)	(Unknown over \$200,000)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISION FUNDS	(Could exceed \$136,030,160)	(Could exceed \$10,260,000)	(Could exceed \$10,260,000)

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.

CHARTER SCHOOLS -

SECTION 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.

SECTION 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.

SECTION 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.

SECTION 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.

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

FISCAL DESCRIPTION (continued)

SECTION 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.

SECTION 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.

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

SECTION 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.

SECTION 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.

ST. JOSEPH SCHOOL DISTRICT: This act modifies provisions relating to school directors for the St. Joseph school district.

This act creates a procedure for recalling school board members in the St. Joseph school district. A recall election shall be held upon the submission of a petition signed by at least three hundred registered voters of the district.

If a majority of voters vote to retain the school board member at issue, the member shall remain in office and cannot be subject to another recall election during his or her term. If a majority of

FISCAL DESCRIPTION (continued)

voters vote to remove the member, the successor member will be chosen by the Buchanan County commission. (Section 160.671)

This act requires that any vacancies on the St. Joseph school district's school board be filled by the Buchanan County commission. (Section 162.471)

Currently, the St. Joseph school district school board members serve a term of six years. This act establishes that, upon expiration of any term after August 28, 2015, the term of office will be for three years. (Section 162.481)

This act provides that a candidate for school board in the St. Joseph school district does not need to submit a petition with signatures. Instead, a candidate must file a declaration of candidacy with the board secretary. (Section 162.491)

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.

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

FISCAL DESCRIPTION (continued)

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.

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.

FISCAL DESCRIPTION (continued)

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, 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. (Section 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

FISCAL DESCRIPTION (continued)

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. (Section 162.1250)

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.

FISCAL DESCRIPTION (continued)

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.

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 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

FISCAL DESCRIPTION (continued)

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 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

FISCAL DESCRIPTION (continued)

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. (Section 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 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. (Section 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. (Section 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. (Section 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

FISCAL DESCRIPTION (continued)

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. (Section 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 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. (Section 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. (Section 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. (Section 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

FISCAL DESCRIPTION (continued)

Missouri school improvement program or annual performance report. (Section 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. (Section 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. (Section 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. (Section 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. (Section 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. (Section 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. (Section 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

FISCAL DESCRIPTION (continued)

disabilities. A special school district may contract with the St. Louis City School District, as described in the act. (Section 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. (Section 167.826)

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. (Section 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. (Section 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. (Section 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

FISCAL DESCRIPTION (continued)

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.

DYSLEXIA: This act requires each public school to screen each enrolling student for dyslexia and related disorders in accordance with State Board of Education rules. Each school district and each charter school must provide for the treatment of a student determined to have dyslexia or a related disorder.

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.

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

FISCAL DESCRIPTION (continued)

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 notice must include the address of each building and the annual cost of maintaining it. The district must post this information on its website. A district's building will be deemed "occupied" if it is used for the education of children between the ages of four and twenty-one for at least three hours a day for a school term. (Section 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, 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)

CHILDREN'S SERVICES FUND: In St. Louis County, if there is an unaccredited or provisionally accredited school district, up to five percent of each fiscal year's revenues in the Children's Services Fund must be devoted to a grant program to deliver services to schools in those districts. The Children's Community Services Fund board of directors must undertake a needs assessment for any such school district within ninety days. The needs assessment must be used as a basis for contracting of services. The board of directors must appoint one of its members to a direct school service coordinating committee. Additional members of the direct service coordinating committee. The committee must provide recommendations and oversight to the program of contracted services. The use of funds is subject to an audit. This provision will terminate after fiscal year 2017.

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

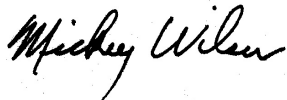
FISCAL DESCRIPTION (continued)

This act contains an emergency clause.

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
Department of Social Services
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
Special School District of St. Louis



Mickey Wilson, CPA
Director
March 2, 2015

Ross Strope
Assistant Director
March 2, 2015