

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0589-02  
Bill No.: HCS for SB 113  
Subject: Education, Higher  
Type: Original  
Date: May 12, 2015

Bill Summary: This proposal modifies provisions related to education.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue*	\$0	\$2,483,370	\$2,809,028
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$2,483,370</b>	<b>\$2,809,028</b>

**\*Oversight notes that DESE and the Office of Administration's Division of Budget and Planning were not able to provide Oversight with a projection of when the foundation formula may be fully funded. This proposal has a provision §163.031 that may not have a fiscal impact until such time as the formula is fully funded. Oversight, for fiscal note purposes, is showing the impact of that provision.**

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 8 pages.

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>\$0</b>	<b>(Could exceed \$3,508,160)</b>	<b>(Could exceed \$3,508,160)</b>

## FISCAL ANALYSIS

### ASSUMPTION

§30.750, §173.003, §173.051, §173.236, §173.239, §173.260, §173.262, §173.778, §174.770  
Repeal of Obsolete section references

In response to the previous version of this proposal the following stated:

Officials at the **Department of Higher Education**, the **Missouri Veterans Commission** and the **Office of the Adjutant General** each assumed there was no fiscal impact to their respective agencies from this proposal.

Officials at **Metropolitan Community College**, **Missouri Southern State University**, **Missouri State University**, **Missouri Western State University**, **Moberly Area Community College**, **St. Louis Community College**, **State Fair Community College**, **State Technical College of Missouri**, the **University of Central Missouri** and the **University of Missouri** each assumed there was no fiscal impact to their respective colleges and universities from this proposal.

§162.720 and §163.031 Gifted Education

Officials at the **Department of Elementary and Secondary Education (DESE)** assume based on their most recent complete data, school districts that have a gifted program would have a penalty of \$3,408,160 for not maintaining at least 80% of their gifted enrollment for the previous year. This would be a loss to the local districts that had the penalty levied against them. These penalties would be redistributed to all other school districts due to the foundation formula not being 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 contains a provision that will require DESE to levy penalties against school districts that do not maintain their gifted programs. Since the foundation formula is not fully funded the penalty money may be redistributed to other school districts. Oversight, for the purpose of the fiscal note only, is showing the impact to the State as if the foundation formula were fully funded.

§167.045 Home School Students and MSHSAA

In response to similar legislation filed this year, HB 232, officials at the **Department of Elementary and Secondary Education**, **Kansas City Public Schools**, **Malta Bend Schools** and the **Special School District of St. Louis** each assumed there was no fiscal impact to their respective organizations from this proposal.

ASSUMPTION (continued)

**Oversight** assumes any home school students participating in public school activities sponsored by the Missouri State High School Activities Association would be responsible for the costs associated with participation (i.e., fees, insurance, transportation, etc.).

§170.011 and §170.345 Civics Test

This proposal requires that a civics test be given to all students in order to graduate high school. The test is to be similar to the civics portion of the United States Naturalization Test, produced by the United States Citizenship and Immigration Services (USCIS). The assessment the USCIS administers is an oral assessment. Although there are 100 questions, an applicant for naturalization must answer 6 of 10 questions correctly. The test required by this proposal shall consist of similar questions from the 100 questions used by the USCIS. School districts shall choose the number of questions for the test. Per this proposal a passing grade is sixty percent of questions correct.

Officials at the **Department of Elementary and Secondary Education (DESE)** assumed this proposal does not mandate that DESE provide a state civics assessment.

**DESE** assumes this proposal requires students seeking a high school equivalency certificate to also complete this exam. To include a civics test as part of the High School Equivalency (HSE) would require a computer based testing (CBT) version of the test to be available and offered at the same sites that are currently providing the main HSE test. Three options could be considered:

- 1) Provide the civics test via high schools = Costs would be consistent with those taking the USCIS test. However, this option would prove problematic because some HSE test-takers would not be allowed to enter the buildings due to the Safe Schools Act.
- 2) Provide the civics test via testing centers currently offering our vendor's test (HiSET)= Costs would be consistent with the state administering the assessment. (20,000 students x \$10 fee = \$200,000)
- 3) Include the civics test as part of our vendor's test (HiSET) = This option would include automated scoring and Missouri-specific reporting and data extract files. Cost estimates based solely on past experience would be approximately \$2 million.

**DESE** assumes in addition to the test development cost, testing centers would charge a fee to proctor the test. Current charges are \$7.50 to provide each subtest. This would either be charged to the test-taker or paid with state funds. Approx. 20,000 test-takers x \$7.50 = \$150,000

Civics must be added to Adult Education and Literacy curricula, which currently focuses on federally funded, English Reading, English Language and Math. Developing curricula and training teachers would be minimal. Additional state funding would be required to provide

ASSUMPTION (continued)

classes to educate students in civics. Approximately 40 hours of class time to teach material x 200 class sites x \$20 per hour = \$160,000.

All solutions would require a rewrite of the current, internal DESE HSE system used to collect, store, and report High School Equivalency records. This will result in OA/ITSD costs. The costs are estimated to be \$412,290 in FY 2016 and \$84,519 in FY 2017 and \$86,632 in FY 2018.

**Oversight** notes this proposal requires the civics test given by the school districts to use similar questions used by the USCIS. Oversight contacted the USCIS about the availability of school districts using their existing test. Oversight received a response from the USCIS that stated school districts would not be allowed to use their test for free or for a fee. Additionally, copies of the test are not allowed to be distributed to school districts. School Districts would be required to create their own tests.

**Oversight** will show a Could exceed \$100,000 for all school districts to create and administer this test yearly.

**Oversight** will show the impact to DESE of providing the test for the High School Equivalency (HSE). Oversight will include the cost of the teaching of the test (\$160,000) as well as the state administering the test (20,000 students times the \$10 state assessment test = \$200,000). Additionally, Oversight will show the \$150,000 proctor fee for the HSE testers.

**Oversight** notes this proposal would require the testing to start July 1, 2016 (FY 2017).

§173.616 Yoga Teacher

Officials at the **Department of Higher Education** assume this would exempt a yoga teacher training course, program or school from the provisions of §173.600 to §173.618. Currently the Department has licensed five yoga schools for operation in the State of Missouri. Each pays the minimum license fee of \$500 each year. Should this provision go into effect, the department would lose \$2,500 in just the first year of implementation.

Bill as a Whole

Officials at the **Missouri State University** assume there is no fiscal impact from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>GENERAL REVENUE</b>			
<u>Savings</u> - DESE - penalties levied against schools not maintaining their gifted programs §163.031	\$0	\$3,408,160	\$3,408,160
<u>Costs</u> - DESE - computer programming and data collection §170.345	\$0	(\$412,290)	(\$86,632)
<u>Costs</u> - DESE - HSE Civics			
Teaching of materials	\$0	(\$160,000)	(\$160,000)
HSE civics test	\$0	(\$200,000)	(\$200,000)
Proctor fee	\$0	(\$150,000)	(\$150,000)
<u>Total Costs</u> - DESE HSE §170.345	\$0	(\$510,000)	(\$510,000)
<u>Loss</u> - DHE - loss of yoga license fee §173.616	\$0	(\$2,500)	(\$2,500)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0</u></b>	<b><u>\$2,483,370</u></b>	<b><u>\$2,809,028</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>LOCAL SCHOOL DISTRICT FUNDS</b>			
<u>Loss</u> - School Districts - penalties from not maintaining a gifted program	\$0	(\$3,408,160)	(\$3,408,160)
<u>Costs</u> - School Districts - creation and administering of the civics test	\$0	(Could exceed <u>\$100,000</u> )	(Could exceed <u>\$100,000</u> )
<b>ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS</b>	<b><u>\$0</u></b>	<b>(Could exceed <u>\$3,508,160</u>)</b>	<b>(Could exceed <u>\$3,508,160</u>)</b>
<u>FISCAL IMPACT - Small Business</u>			

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

## FISCAL DESCRIPTION

This bill modifies provisions relating to gifted education.

The bill prohibits school districts from determining whether a child is gifted based on the child's participation in an advanced placement course or international baccalaureate course. Whether a child is gifted must be determined using the statutory definition of "gifted children" (§162.720).

Beginning in the 2016-2017 school year, a school district will incur a reduction in funding if it experiences a decrease in its gifted program enrollment of more than 20%. If a school district experiences a decrease of 20% or more in its gifted program enrollment, an amount equal to the product of the difference between the number of students enrolled in the gifted program in the current school year and the number of students enrolled in the previous school year multiplied by \$680 must be subtracted from the school district's current year payment amount (§163.031).

The bill repeals a similar obsolete reduction in funding for districts with reductions in gifted program enrollment. This reduction in funding provision expired at the end of the 2011-2012 school year (§163.031).

The reduction in funding provision and repeal of the obsolete reduction in funding provision will become effective on July 1, 2016.

This bill repeals the provisions requiring every high school student in any public or private school except private trade schools to satisfactorily pass an examination on the provisions and principles of the United States Constitution and the Missouri Constitution and in American history and American institutions in order to receive a certificate of graduation. The bill establishes the Missouri Civics Education Initiative that requires, beginning January 1, 2016, every high school student attending any public, charter, or private school except private trade schools or a student seeking to complete a high school equivalency certificate to, as a condition of high school graduation or its equivalent, take and receive a passing grade on a basic civics test similar to the civics portion of the United States Naturalization test, produced by the United States Citizenship and Immigration Services (USCIS).

The test must use the same 100 questions used by the USCIS that are administered to applicants for United States citizenship. In order to receive a passing score on the test, the student must answer at least 60 of the questions correctly. Any student may take the test as many times as necessary for passage, but must receive a passing score prior to receiving a high school diploma, a certificate of high school graduation, or a high school equivalency certificate. Every public, charter, or private school except private trade schools and the Department of Elementary and Secondary Education must certify that a student has taken and received a passing grade on the

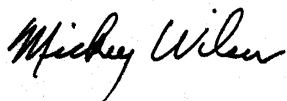
FISCAL DESCRIPTION (continued)

test. (§170.011 and §170.345)

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

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Department of Higher Education  
Kansas City Public Schools  
Malta Bend Schools  
Metropolitan Community College  
Missouri Southern State University  
Missouri State University  
Missouri Veterans Commission  
Missouri Western State University  
Moberly Area Community College  
Office of the Adjutant General  
Special School District of St. Louis  
State Fair Community College  
St. Louis Community College  
State Technical College of Missouri  
University of Central Missouri  
University of Missouri



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