

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4460-04
Bill No.: HCS for SCS for SB 996
Subject: Education, Elementary and Secondary
Type: Original
Date: May 2, 2016

Bill Summary: This proposal changes the laws regarding elementary and secondary education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(\$104,600)	\$1,154,767	\$1,179,767
Total Estimated Net Effect on General Revenue	(\$104,600)	\$1,154,767	\$1,179,767

***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.**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

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 2017	FY 2018	FY 2019
Local Government*	\$0	\$0	\$0

*Gains to some school districts and losses to charter schools net to zero.(\$160.415)

FISCAL ANALYSIS

ASSUMPTION

§160.415 Childhood Education Funds

Officials at the **Department of Elementary and Secondary Education (DESE)** assume there would be no additional cost to the state. There will be a loss to those charter schools which cannot include as local revenue, those funds designated by taxpayers as early childhood education funds. DESE defers to the urban school districts regarding the extent of any funds that will remain in the district of residence rather than being distributed to the charter schools.

Oversight assumes this proposal would not fiscally impact General Revenue. However, this would result in some school districts retaining additional money while the charter school districts would lose the money. This transfer of money would be offsetting.

Officials at the **Kansas City Public Schools** assume little to no impact from this proposal.

In response to the previous version, officials at the **City of Kansas City** assumed there was no fiscal impact from this proposal.

§161.217 Early Learning

Oversight notes this proposal requires the Department of Elementary and Secondary Education, Department of Mental Health, Department of Health and Senior Services and the Department of Social Services to collaborate to develop a voluntary early learning quality assurance report. This program is to be a three year pilot program.

Officials at the **Department of Elementary and Secondary Education (DESE)** assume that year 1 would require the convening of stakeholders in a two-day work session to provide feedback and recommendations to the draft voluntary early learning quality assurance report. Additionally, convening stakeholders in a two-day work session to take public comment information and incorporate changes to the draft voluntary early learning quality assurance report. DESE assumes this would be 100 people meeting 4 times. Per person costs of \$261.50 per person for hotel, meals, and mileage. This would result in a cost of \$104,600 in the first year for the meetings.

DESE assumes in year 2 they would need to train early learning professionals to administer classroom observational measurements with fidelity. They assume \$4,000 per early learning professional and estimate 5 early learning professionals would be required at a cost of \$20,000.

ASSUMPTION (continued)

DESE assumes in year 2 they would begin onsite classroom observational measurements to be included in the information for the voluntary early learning quality assurance report. DESE assumes in year 2 they would need software licenses for classroom observational measurement documentation and hardware at a cost of \$7,480. With 5 early learning professionals required this would cost \$37,400.

Travel to conduct observations is estimated to be \$92.50 (250 mile trip @.37 per mile) per observation. DESE estimates 25 programs at a cost of \$2,312,.50 ($\92.50×25).

This would result in a total cost of \$59,712.50 in year 2.

DESE assumes in year 3 they would continue onsite classroom observational measurements to be included in the information for the voluntary early learning quality assurance report. The software license for classroom observational measurement documentation would cost \$6,480 for each of the 5 early learning professionals required for a total of \$32,400.

Travel to conduct observations would continue to be \$92.50 (250 mile trip @.37 per mile). With 25 programs the cost would be \$2,312.50.

DESE assumes the year 3 total costs would be \$34,712.50.

In response to similar legislation filed this year, HB 2566, officials at the **Department of Health and Senior Services**, **Department of Mental Health** and the **Department of Social Services** each assumed there was no fiscal impact from this proposal to their respective department.

In response to similar legislation filed this year, HB 2566, officials at the **Department of Higher Education** assumed there is no fiscal impact from this proposal.

In response to similar legislation filed this year, HB 2566, officials at the **Joint Committee on Administrative Rules** assumed there is no fiscal impact from this proposal.

In response to similar legislation filed this year, HB 2566, officials at the **Missouri State University** and the **State Fair Community College** each assumed there was no fiscal impact from this proposal to their respective institution.

In response to similar legislation filed this year, HB 2566, officials at the **State Technical College of Missouri** and the **University of Missouri** each assumed there was no fiscal impact from this proposal to their respective institutions.

ASSUMPTION (continued)

§162.720 and §163.031 Gifted Education

Officials at the DESE assume that based on the most recent complete data, school districts that have a gifted program would have a penalty of \$1,214,480 for not maintaining at least 80% of their gifted enrollment for the previous year. This would result in a loss to the local school districts that had the penalty levied against them. These penalties would be redistributed to all other school districts.

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.

Oversight notes this proposal would exempt from this gifted penalty any school with less than 350 enrolled students.

<u>FISCAL IMPACT - State Government</u>	FY 2017	FY 2018	FY 2019
GENERAL REVENUE			
<u>Savings</u> - DESE - penalties levied against schools not maintaining their gifted programs	\$0	\$1,214,480	\$1,214,480
<u>Cost</u> - DESE - creation and monitoring of this program §161.217	<u>(\$104,600)</u>	<u>(\$59,713)</u>	<u>(\$34,713)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$104,600)</u>	<u>\$1,154,767</u>	<u>\$1,179,767</u>

***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.**

<u>FISCAL IMPACT - Local Government</u>	FY 2017	FY 2018	FY 2019
SCHOOL DISTRICT FUNDS			
<u>Revenue</u> - Urban Districts	Unknown	Unknown	Unknown
<u>Loss</u> - Charter School Districts	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This act excludes funds designated by taxpayers in an urban district as local early childhood education funds from the local tax revenue calculation used to provide funding to charter schools that have declared themselves as a local educational agency.

This proposal has an emergency clause.

This bill establishes an early learning quality assurance report three year pilot program in collaboration with the Missouri Head Start Collaboration Office, the Departments of Health and Senior Services, Mental Health, and Social Services. The program is voluntary for any licensed, license-exempt, or certified early learning providers that are center-based or home based and providing services for children from any age up to kindergarten.

This bill also repeals the quality rating system for early childhood education.

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).

FISCAL DESCRIPTION (continued)

Beginning in the 2017-2018 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).

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

City of Kansas City
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Higher Education
Department of Mental Health
Department of Social Services
Joint Committee on Administrative Rules
Kansas City Public Schools
Missouri State University
State Fair Community College
State Technical College of Missouri
University of Missouri



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