

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5486-04
Bill No.: HCS for SB 827
Subject: Education, Elementary and Secondary; Teachers; Disabilities
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*	(Unknown or greater than \$140,829)	(Unknown) or up to \$1,073,868	(Unknown) or up to \$1,107,902
Total Estimated Net Effect on General Revenue	(Unknown or greater than \$140,829)	(Unknown) or up to \$1,073,868	(Unknown) or up to \$1,107,902

***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 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.**

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 12 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Trauma-Informed Schools Pilot Project Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*Transfers in from General Revenue and out to school districts net to zero.

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
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 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 2017	FY 2018	FY 2019
Local School Districts	\$0 or (Unknown over \$100,000)	\$0 or (Unknown over \$100,000)	\$0 or (Unknown over \$100,000)

FISCAL ANALYSIS

ASSUMPTION

§161.1005 Dyslexia Specialist

Oversight notes this portion of the proposal requires the Department of Elementary and Secondary Education (DESE) to employ a dyslexia specialist by July 1, 2017.

Officials at the **DESE** assume this portion of the proposal will require one FTE dyslexia specialist (\$48,552). Costs to develop dyslexia programs for schools will cost approximately \$25,000. Implementing professional development for school will cost approximately \$5,000. This \$30,000 cost would be one-time costs.

Oversight notes that DESE has already hired a dyslexia specialist using their current appropriation and therefore, Oversight will not show the need for the FTE.

§161.1050 Trauma Informed Schools Initiative

Oversight notes this proposal creates the Trauma-Informed Schools Initiative within the DESE. DESE is to consult with the Department of Mental Health and the Department of Social Services in creating information for a trauma-informed approach for school districts.

Oversight notes this proposal requires DESE to create a website about the trauma-informed approach. This proposal requires the school districts to provide the website address to all parents of their students. Oversight assumes the website information can be included with other information sent to parents before school starts; and therefore notifying parents would have no additional expense. Oversight will show an unknown impact to General Revenue for the website construction and maintenance.

Oversight notes this proposal requires DESE to offer training to school districts on the trauma-informed approach. Oversight notes this training is optional for a school district. If a school district chooses to participate in the training, they would be required to pay all fees associated with the training. Oversight will not show an impact to the school district from this training.

Officials at the **DESE** assume that developing a website about the trauma-informed initiative will result in unknown costs.

Providing information to all school districts and offering training on the trauma-informed approach will likely become tasks of the one FTE manager.

ASSUMPTION (continued)

In response to a similar proposal (HCS for HB Nos. 2565 & 2564), officials at the **Department of Health and Senior Services, Department of Social Services** and the **Department of Mental Health** each assumed there is no fiscal impact from this proposal to their respective departments.

§161.1055 Trauma Informed Schools Pilot Program

Oversight notes this proposal requires the Department of Elementary and Secondary Education (DESE) to create the Trauma-Informed Schools Pilot Program. This proposal requires five school districts located in specific areas of the state to participate in this pilot program. The chosen schools are to receive training in the trauma-informed approach. The schools are to receive funding to implement the trauma-informed approach.

Oversight notes this proposal creates the Trauma-Informed Schools Pilot Program Fund. The Fund is to receive appropriations from General Revenue to fund the Pilot Program. Oversight assumes that all funds received by the Fund will be used in the year in which it is received.

Oversight assumes that since the Fund is to pay the expenses of the school district's implementation of this proposal, there would be no net fiscal impact to the districts.

Officials at the **DESE** assume this will require one FTE manager with expertise in trauma-informed practices. To develop metrics for evaluation, conduct the evaluation, and report to the general assembly: \$15,000.

Section 161.055.4(2) requiring DESE to provide the schools with funds to implement the trauma-informed approach will result in unknown costs.

In response to a similar proposal (HCS for HB Nos. 2565 & 2564), officials at the **Office of the State Treasurer** assumed there is no fiscal impact from this proposal.

§162.720 and §163.031 Gifted Education Penalty

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

ASSUMPTION (continued)

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.

§167.266 Career Counseling Programs

Oversight notes this proposal allows a school district to establish an academic and career counseling program. The Department of Elementary and Secondary Education (DESE) shall develop a process for recognition of a school district's academic and career counseling program. Oversight assumes that the creation of the process of recognition would not have a fiscal impact. Oversight will show an impact to the school districts of \$0 or Unknown over \$100,000 for the implementation and maintenance of the academic and career counseling program.

In response to similar language in HB 1611, **Oversight** received the following responses:

Officials at **DESE** assumed there is no fiscal impact from this proposal.

Officials at the **St. Charles School District** assumed a significant impact to create and implement curriculum. Cost is estimated to be \$100,000.

Officials at the **Brentwood School District** assumed at least \$60,000 to add new counseling staff.

Officials at the **Kirbyville R-VI School District** assumed this would require hiring additional personnel. The exact impact is unknown at this time.

Officials at the **Cassville R-IV School District** assumed an impact of \$25,500.

Officials at the **Sarcoxie R-II School District** assumed this would require a full time employee at a cost of \$55,000.

Officials at the **Kennett** and **Shell Knob** school districts each assumed an impact that is unknown at this time.

ASSUMPTION (continued)

Officials at the **Shelby County School District** assumed the impact is unknown until the guidance guidelines are developed.

Officials at the **Bloomfield R-14, Central R-III, Grain Valley R-V, Webster Groves** and the **Wright City R-II School Districts** each assumed this would have no fiscal impact as their school districts already provide the counseling required by this proposal.

Officials at the **Carondelet Leadership Academy, Everton R-III, Kansas City, Kearney, Macon County R-IV, Mehlville, Middle Grove C-1, Parkway, Smithville R-II, St. Elizabeth R-IV, Warren County R-III** and **West Plains School Districts** each assumed there is no fiscal impact from this proposal to their respective districts.

§633.420 Legislative Task Force on Dyslexia

Oversight notes this proposal creates the Legislative Task Force on Dyslexia. The task force shall make recommendations on matters concerning dyslexia and education. The task force shall terminate on August 31, 2018. Oversight will show partial costs in FY 2019 as the Task Force wraps up its work.

Officials at the **Department of Elementary and Secondary Education (DESE)** assume the cost estimate of the task force expenses is approximately \$5,000. Cost estimate for the task force contract is approximately \$25,000.

In response to a previous version, officials at the **Missouri House of Representatives** assume the House can absorb the expense of two House members serving on the task force.

Officials at the **Missouri Senate** assume no fiscal impact beyond existing appropriations.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
<u>Savings</u> - DESE (§163.031) - penalties levied against schools not maintaining their gifted programs	\$0	\$1,214,480	\$1,214,480
<u>Cost</u> - DESE- dyslexia professional development expense §161.1005	(\$30,000)	\$0	\$0
<u>Cost</u> - DESE (§161.1050)			
Website construction and maintenance	(Unknown)	(Unknown)	(Unknown)
Evaluation	\$0	(\$15,000)	\$0
Personal Services	(\$50,580)	(\$61,303)	(\$61,916)
Fringe Benefits	(\$22,228)	(\$26,840)	(\$27,007)
Equipment and Expenses	(\$8,021)	(\$7,469)	(\$7,655)
<u>Total Cost</u> - DESE	(Unknown greater than \$80,829)	(Unknown greater than \$110,612)	(Unknown greater than \$96,578)
FTE Change	1 FTE	1 FTE	1 FTE
<u>Cost</u> - DESE (§633.420)			
Task Force Expenses and Contract	(\$30,000)	(\$30,000)	(\$10,000)
<u>Transfer Out</u> - to Trauma-Informed Schools Pilot Program Fund (§161.1055)	\$0	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Unknown or greater than \$140,829)	(Unknown) or up to \$1,073,868	(Unknown) or up to \$1,107,902
Estimated Net FTE Change on General Revenue	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
TRAUMA-INFORMED SCHOOLS PILOT PROJECT FUND			
<u>Transfer In</u> - Transfer from General Revenue Fund (§161.1055)	\$0	Unknown	Unknown
<u>Transfer Out</u> - to Local School Districts	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON TRAUMA-INFORMED SCHOOLS PILOT PROJECT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	<u>FY 2017</u> (10 Mo.)	<u>FY 2018</u>	<u>FY 2019</u>
LOCAL SCHOOL DISTRICTS			
<u>Transfer In</u> - from Trauma-Informed Schools Pilot Project Fund	\$0	Unknown	Unknown
<u>Cost</u> - School Districts for training and implementation of trauma informed approach	\$0	(Unknown)	(Unknown)
<u>Cost</u> - School District - creation and maintenance of counseling program §167.266	\$0 or (Unknown over \$100,000)	\$0 or (Unknown over \$100,000)	\$0 or (Unknown over \$100,000)
ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICTS	<u>\$0 or (Unknown over \$100,000)</u>	<u>\$0 or (Unknown over \$100,000)</u>	<u>\$0 or (Unknown over \$100,000)</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This act creates the Legislative Task Force on Dyslexia. The Task Force will advise and make recommendations to the Governor, General Assembly, and relevant state agencies.

The Task Force will consist of seventeen members, as described in the act. Except for four legislative members and the Commissioner of Education, the members will be appointed by the President Pro Tempore of the Senate and the Speaker of the House of Representatives. The task force will make recommendations for a statewide system for identification, intervention, and delivery of supports for students with dyslexia, as described in the act.

The Task Force will hire or contract for hire specialist services to support the work of the Task Force as necessary with appropriations or from other available funding.

The Task Force will terminate on August 31, 2018, unless reauthorized.

This bill establishes the "Trauma-Informed Schools Initiative". Accordingly, the Department of Elementary and Secondary Education shall provide information regarding the trauma-informed approach to all school districts, and offer training on recognizing and responding to trauma.

This bill also establishes the "Trauma-Informed Schools Pilot Program." The Department of Elementary and Secondary will choose five Missouri schools (according to criteria specified in the proposal) to receive intensive trauma-informed training regarding how to recognize and respond to signs of trauma in students, teachers and staff. The program will end August 28, 2019, and the Department will report the results of the pilot program to the General Assembly before December 31, 2019.

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 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).

FISCAL DESCRIPTION (continued)

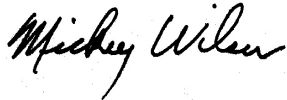
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Bloomfield R-14 School District
Brentwood School District
Carondelet Leadership Academy
Cassville R-IV School District
Central R-III School District
Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Mental Health
Department of Social Services
Everton R-III School District
Grain Valley R-V School District
Kansas City Public Schools
Kearney School District
Kennett School District
Kirbyville R-IV School District
Macon County R-IV School District
Mehlville School District
Middle Grove C-1 School District
Missouri House of Representatives
Missouri Senate
Parkway School District
Sarcoxi R-II School District
Shelby County School District
Shell Knob School District
Smithville R-II School District
St. Charles School District
St. Elizabeth R-IV School District

SOURCES OF INFORMATION (continued)

Warren County R-III School District
Webster Groves School District
West Plains School District
Wright City R-II School District



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May 2, 2016

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May 2, 2016