

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0492-02
Bill No.: SB 23
Subject: Education, Elementary and Secondary; Elementary and Secondary Education
Department
Type: Original
Date: February 24, 2017

Bill Summary: This proposal modifies several provisions relating to elementary and secondary education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2025)
General Revenue	(Could exceed \$7,964,559)	(Could exceed \$7,669,333)	(Could exceed \$7,773,041)	(Could exceed \$11,338,789)
Total Estimated Net Effect on General Revenue	(Could exceed \$7,964,559)	(Could exceed \$7,669,333)	(Could exceed \$7,773,041)	(Could exceed \$11,338,789)

*** Oversight notes §167.642 would cause a fiscal impact to school districts starting in FY 2022 from the first round of eighth graders being held back. It would add \$1,641,529 cost to General Revenue. The first round of fifth graders held back would happen in FY 2025 which would result in the full impact of \$3,534,946 annually.**

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 40 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2025)
State School Moneys*	\$0	\$0	\$0	\$0
School District Improvement *	\$0	\$0	\$0	\$0
Supplemental Tuition*	\$0	\$0	\$0	\$0
St. Louis Area Education Authority*	\$0	\$0	\$0	\$0
Kansas City Area Education Authority*	\$0	\$0	\$0	\$0
Statewide Education Authority *	\$0	\$0	\$0	\$0
Parent Portal *	\$0	\$0	\$0	\$0
Extended Learning Time *	\$0	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0	\$0

* Transfers in and revenue minus costs net to zero.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2025)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2025)
General Revenue	6 FTE	6 FTE	6 FTE	6 FTE
Total Estimated Net Effect on FTE	6 FTE	6 FTE	6 FTE	6 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 2018	FY 2019	FY 2020	Fully Implemented (FY 2025)
Local Government	(Could exceed \$2,881,681)	(Could exceed \$2,881,681)	(Could exceed \$2,881,681)	(Could exceed \$2,881,681)

FISCAL ANALYSIS

ASSUMPTION

§161.087 and §161.238 Assistance Teams and Attendance Center Accreditation

Officials at **Department of Elementary and Secondary Education (DESE)** assume §161.087 requires DESE to coordinate school improvement teams for buildings failing to be fully accredited and §161.238 would require DESE to develop a new system for classification of attendance centers. The additional work from these two sections is projected to require three new FTE (1 Assistant Director at \$52,392, 1 Supervisor at \$47,472, and 1 Administrative Assistant at \$32,064).

Regarding school improvement teams, the Assistant Director will recruit members for and monitor operations of the teams. The Supervisor will primarily focus on data and accurately recording systems reviews, outcomes, and recommendations. The Administrative Assistant will provide support to the other positions. All three new FTE will be part of the team to develop a new system for classification of attendance centers.

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. The salaries were adjusted for the Assistant Director from \$52,392 to \$42,336, for the Supervisor from \$47,472 to \$41,626 and for the Administrative Assistant from \$32,064 to \$29,667. Additionally, Oversight will not show travel expenses for the Administrative Assistant.

Officials at the **Kansas City Public Schools (KCPS)** assume this requires DESE to establish assistance teams to underperforming districts. This mandates that suggestions made by these teams would be mandatory for KCPS to implement. Depending on what is proposed, there may be additional negative fiscal impact to KCPS, which can not be determined at this time.

Oversight notes this proposal would require DESE to develop and implement a process by which assistance teams review borderline districts. The assistance team's suggestions for improvement would be mandatory to implement for underperforming districts (defined as provisionally accredited and unaccredited). These districts may have a fiscal impact to implement the mandatory suggested improvements. Borderline districts would not be mandated to make the improvements but may have fiscal impact if they chose to implement the suggested improvements. Oversight will show the fiscal impact as Could exceed \$100,000 for the current 6 provisionally accredited, 1 unaccredited district and the borderline districts.

ASSUMPTION (continued)

§161.1000 Creation of the School Transfer and Improvement Task Force

Officials at the **DESE** assume depending upon the actions of the task force, this could result in increased costs to the Department in terms of travel expenses for the eleven members.

Oversight notes the School Transfer and Improvement Task Force is to be made up of eleven members (three who are current Senators and three who are current Representatives) who are to study failing schools and school funding. The task force is to make recommendations including specific statutory changes to help fix failing schools.

Oversight notes that task Force members are to be reimbursed for expenses. Oversight notes the proposal requires the Task Force to complete its report to the General Assembly by February 1, 2018 (FY 2018), and the committee is to expire by April 30, 2018. Oversight will show the impact as Could exceed \$100,000 in FY 2018 for committee member expenses.

§162.081 Special Administrative Board

Officials at the **DESE** assume this portion of the proposal will result in programming costs to make the necessary changes to the foundation formula calculation. We defer to OA/ITSD regarding the extent of those costs.

Officials at the **Office of Administration's Information Technology Services Division** (OA/ITSD) assume modifications to the existing Foundation Formula Application would need to be made to allow for this functionality. It is estimated there will need to be one new screen, modifications to eight existing calculations and a new report. The estimation includes project management and development of a new application. It is estimated to cost \$150,012 in FY 2018, \$30,752 in FY 2019 and \$31,521 in FY 2020.

§162.1310 and 162.1313 Notification of Accreditation Status and Home Visits

Officials at the **DESE** assume this could result in costs to local school districts

Officials at the **Kansas City Public Schools** assume the unaccredited attendance centers will have to make notification of unaccredited status to several entities within the county. They estimate it will cost less than \$25,000.

Oversight notes this proposal requires a school district that loses its accreditation to notify parents or guardians of students who attend the district of the loss of accreditation. Additionally, the school district must notify district taxpayers. Currently there is only one school district (Normandy) that must provide this notice.

ASSUMPTION (continued)

Oversight notes this proposal requires underperforming districts (defined as provisionally accredited or unaccredited) to notify parents of the availability of home visits by school personnel. Currently there are 7 districts that would be required to notify parents and perform the home visits.

Oversight will show a fiscal impact to school districts for the required parent notifications, political subdivision and taxpayer notifications, and home visits as Could Exceed \$100,000.

§167.127 Data Collection

Officials at the **DESE** assume this will require additional data collection at a cost of \$6,000.

Oversight assumes this proposal prohibits 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 need to make one-time computer programming changes to come into compliance with this proposal.

§167.642 Student Promotion

Officials at **DESE** assume this would impact underperforming school districts in St. Louis County. Currently Normandy is unaccredited.

For the past two years, Ferguson-Florissant and University City have had annual performance scores consistent with a classification of provisionally accredited or unaccredited. If performance scores remain the same for one more year, then these two districts will meet the three-year average as defined in Section 1 of this proposal.

School District	2016-17 K-12 Enrollment	Dec 2016-17 State Payment	2016-17 5 th Graders	2016-17 8 th Graders
Ferguson-Florissant	10,414	\$3,660.8331	813	765
Normandy	3,085	\$5,924.7535	283	204
Riverview Gardens	5,221	\$5,425.4018	439	382
University City	2,683	\$2,251.1134	235	213

ASSUMPTION (continued)

Depending upon the performance data designated by the district, it is possible these districts would have to retain 5th grade students. This will result in additional aid. This impact would not be realized until those 5th graders reach their senior year. We assume that will occur in eight years (FY 2025).

Depending upon the performance data designated by the district, it is possible these districts would have to retain 8th grade students. This will result in additional aid. This impact would not be realized until those 8th graders reach their senior year. We assume that will occur in five years (FY 2022).

Oversight notes that normally a student completing their eighth grade year in the 2016-2017 school year would graduate high school in four years during the 2020-2021 school year. A fifth grade student during the 2017-2018 school year would normally complete high school during the 2023-2024 school year.

Oversight notes this proposal would require a fifth or eighth grade student to be held back if they are two years or more below grade level. Oversight is not able to determine exactly how many students may be 2 years or more behind in school. Should the school districts chose to not hold any students back then the fiscal impact for the proposal would be zero. However, if the school districts choose to hold students back the impact would be the number of students held back times the state amount paid to the school district. Oversight can not predict the number of students that may be held back in this scenario. Oversight for fiscal note purposes will show that twenty-five percent of the kids are held back.

	State Payment	5 th	Total	8 th	Total
Ferguson-Florissant	\$3,660.8331	203	\$743,149	191	\$699,219
Normandy	\$5,924.7535	71	\$420,658	51	\$302,162
Riverview Gardens	\$5,425.4018	110	\$596,794	96	\$520,839
University City	\$2,251.1134	59	<u>\$132,816</u>	53	<u>\$119,309</u>
			\$1,893,417		\$1,641,529

Oversight for purposes of the fiscal note will assume that all students held back will pass at the end of the repeat year. Therefore, the 2016-2017 eighth graders would graduate school during the 2021-2022 (FY 2022). Since these students should have graduated a year earlier, the school will experience an additional expense for these students their final year. Oversight notes the first fifth grade students would impact the state during the 2024-2025 (FY 2025) school year.

ASSUMPTION (continued)

Oversight assumes the current state aid rate of \$6,241 may have gone up by the time the first round of kids are held back, but Oversight is not able to predict what the new rate would be. Oversight has provided the state aid rate that each of the impacted school districts currently receives.

FY 2021-2020	FY 2022-2023	FY 2023-2024	FY 2024-2025	FY 2025-2026
\$1,641,529	\$1,641,529	\$1,649,529	\$3,534,946	\$3,534,946

Oversight notes student performance is to be measured using quantifiable student performance data, which is defined in statute as locally developed or locally approved assessments. If the school districts choose to use the current MAP test given by DESE, to determine those to be held back, then there would be no additional cost to the school district. However, if the school districts choose to implement their own exam then additional costs for those exams, administration and curriculum development could be expected to exceed \$100,000 each year per district.

§167.685 and §167.688 School District Improvement Measures and Free Tutoring
Officials at the **DESE** assume this creates the School District Improvement Fund. Offering free tutoring and supplemental education services will have a significant unknown cost.

Oversight notes this proposal requires an unaccredited school district (currently Normandy) to offer free tutoring and supplemental education services to students performing below grade level. The unaccredited district is to use funds from the School Improvement Fund, as available, to pay for the tutoring and supplemental education services. This proposal allows the school districts to contract with public libraries to offer the tutoring services.

Oversight assumes this proposal creates the School Improvement Fund that can receive money appropriated by the General Assembly, gifts, bequests, and public or private donations. The Fund is to be used by an unaccredited school to pay for the free tutoring and supplemental education services. Oversight assumes that all money received by the Fund will be used upon receipt.

Oversight notes that if School Improvement Fund does not have money available to pay for all services, the school district is still required to provide the services but will need to use their own funds. Oversight will also show a \$0 or Unknown impact to school districts from using their own school district funds.

ASSUMPTION (continued)

§167.730 Reading and Personalized Learning Plans

In response to similar legislation filed this year, SB 58, officials at the **KCPS** assumed this portion of the proposal requires additional steps and requirements to facilitate and incorporate response-to-intervention plans, personalized learning plans for kindergarten or first grade students below grade level in reading, and additional reading instruction. KCPS estimates additional costs of less than \$300,000 in personnel and curriculum costs.

Oversight notes this proposal would require school districts beginning July 1, 2018 (FY 2019) to incorporate a response-to-intervention tiered approach to reading and to create personalized learning plan for kindergarten and first grade students. Oversight notes that in order for school districts to have the response-to-intervention and personalize learning plans in place for the July 1, 2018 start date, the schools would need to do the design and implementation in FY 2018. Oversight will show the impact as could exceed the estimate provided by KCPS.

Oversight notes this proposal would require only the St. Louis City Public Schools and the Kansas City Public Schools to implement these response-to-intervention and personalized learning plans.

§167.826.13 Transfer Student Transportation

Officials at **DESE** assume the transportation costs are unknown. In 2015-2016 there were two unaccredited school districts in the state. If we use those as specific examples, the cost of transporting students to accredited districts was approximately \$1.2 million.

Oversight notes this proposal does not require the state or DESE to pay for this transportation. Therefore, Oversight will not show an impact from this proposal.

§167.829 Supplemental Tuition Fund

Officials at **DESE** assume the receiving district's tuition rate shall be paid from the "Supplemental Tuition Fund". There is no way to calculate this cost; however, for informational purposes we can provide the tuition paid in 2016 by the two districts which were unaccredited at the time.

Riverview Gardens	\$5,997,656	
Normandy	<u>\$6,808,728</u>	
	\$12,806,384	x 10% = \$1,280,638

There could be costs to the local school districts of a significant unknown amount.

ASSUMPTION (continued)

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. Moneys in the Fund shall be used to pay the difference in tuition assessed by the receiving district if it is more than the sending district's tuition rate for students transferring out of unaccredited school districts. There is no limit on the amount that can be paid per student. Oversight assumes that all money received by the Fund will be used upon receipt. Oversight notes the only district eligible for this funding is an unaccredited district (currently Normandy). Oversight will show the impact as exceeding the estimate provided by DESE for Normandy's payments of \$6,808,728.

§167.830 to §167.845 Regional Education Authorities

Officials at the **DESE** assume this portion of the proposal establishes three regional education authorities that will work with local school districts and governments to coordinate student transfers. Costs to implement would be unknown, but could be significant.

Officials at the **Office of the Governor** assume §167.830 establishes the St. Louis Area Education Authority which is comprised of five gubernatorial appointees. §167.836 establishes the Kansas City Area Education Authority which is comprised of five gubernatorial appointees. §167.842 establishes the Statewide Education Authority which is comprised of five gubernatorial appointees. There should be no added cost to the Governor's Office as a result of this measure. However, if additional duties are placed on the office related to appointments in other TAFP legislation, there may be the need for additional staff resources in future years.

Officials at the **Office of the Lt. Governor** assume there is no fiscal impact from this proposal.

Officials at the **Missouri House of Representatives** and the **Missouri Senate** each assume there is no fiscal impact beyond existing appropriations.

Officials at the **Office of State Treasurer (STO)** assumed the proposal as written would result in a fiscal impact due to provisions found in §§167.833, 167.839 and 167.845. The language in these sections resulting in an impact is as follows:

"...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. In relation to direct fund administration, STO does not currently do this and so this new duty would require the hiring of additional personnel. STO estimates that they would require an additional three FTE (one Accountant I and two Account Clerk II) with a combined salary of \$100,948 plus fringe benefits

ASSUMPTION (continued)

and office space for fund administration.

Oversight has, for fiscal note purposes only, changed the starting salary for the Accountant (from \$36,678 to \$31,608) and for the Account Clerk (from \$29,922 to \$22,992) 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.

Officials at the **KCPS** assume this establishes several education authorities and education authority funds. If funds are redirected from the basic formula without fully funding the basic formula at elevated levels it will have a negative fiscal impact to all school districts equal to the cost of operating the education authority. Each education authority will have an executive director and possibly staff. If existing funds are diverted from the same source to fund these entities without increasing DESE's total budget the negative impact will be the additional cost to operate these new units. KCPS cannot estimate the impact at this time.

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 appropriations, 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 director's salaries. Oversight assumes that all money received by these Funds will be used upon receipt.

Oversight notes these Authorities and Funds are created to help transfer students from unaccredited school districts to accredited ones. Oversight notes that currently there is only one unaccredited school district (Normandy) which is located in the St. Louis Area Education Authority. 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.

Oversight notes that board members of the Authorities are to be reimbursed their expenses while serving on the board. Those expenses are to be paid out of the moneys in the Fund. Oversight will show an unknown impact due to the expenses.

§170.320 Parent Portal

Officials at the **DESE** assume this portion of the proposal creates the "Parent Portal Fund" to assist districts in establishing and maintaining a parent portal. Costs to implement would be unknown, but could be significant.

ASSUMPTION (continued)

Oversight assumes this proposal creates the Parent Portal Fund that can receive money appropriated by the General Assembly, gifts, bequests, and public or private donations. The Fund is to be used to help school districts 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 portion of the proposal creates the "Extended Learning Time Fund" and refers to money appropriated by the state. Costs to implement would be unknown, but could be significant.

Oversight notes this proposal allows school districts that are provisionally accredited or unaccredited (currently 7) to extend their school day. Moneys from the Extended Learning Time Fund can be used to help pay expenses of the longer school day.

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 school district extending their school day. Oversight assumes that all money received by the Fund will be used upon receipt.

§210.861 Community Children's Services Fund

Oversight notes that this proposal requires in FY 2018 and after that up to 5% of the St. Louis Community Children's Services Fund's revenues be devoted to a grant program that delivers services directly to unaccredited schools. Currently this grant would need to be distributed to unaccredited (Normandy) and provisionally unaccredited (Riverview Gardens, St. Louis City) school districts in the area. According to the St. Louis Community Children's Service Fund's 2013 Annual Report their revenues are \$39,633,629. Five percent of those revenues would be \$1,981,681. Oversight will show the transfer out of the St. Louis Community Children's Service Fund of Up to \$1,981,681.

Bill as a Whole

Officials at the **DESE** assume many bills considered by the General Assembly include provisions allowing or requiring additional FTEs to implement the act. DESE is provided with core leased space to handle a certain amount of normal activity resulting from each year's legislative session. DESE 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 our office can sustain with current leased space. Therefore, DESE reserves the right to request funding for the cost of expanding FTE, including space, should the need arise based on a review of the bills signed by the governor.

ASSUMPTION (continued)

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

Officials at the **Wentzville School District** assume the district does not have a school that is in danger of losing accreditation. If that should change, they estimate a cost of \$50,000 for tutoring and \$10,000 in administrative costs to manage the policies, student placement and finances involved in school choice.

Officials at the **West Plains School District** assume this could result in a reduction in state funding since the special funds are created. If school formula money is diverted to the new funds then this would be a loss. The amount of the loss is unknown at this time.

Officials at the **Carondelet Leadership Academy** assume there is no fiscal impact from this proposal.

Officials at the **Parkway School District** assume there is no fiscal impact from this proposal.

Officials at the **Kirksville R-III School District** assume no negative impact to rural schools.

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 school districts: Arcadia Valley R-2, Avilla R-13, Bakersfield, Belton, Benton County R-2, Bismark R-5, Bloomfield R-14, Blue Springs, Bolivar R-I, Bowling Green

ASSUMPTION (continued)

R-1, Branson, Brentwood, Bronaugh R-7, Campbell R-2, Carrollton R-7, Caruthersville, Central R-III, Chilhowee R-4, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Concordia R-2, Crawford County R-1, Crocker R-II, Delta C-7, East Carter R-2, Eldon R-I, Everton R-III, Fair Play, Fayette R-3, Forsyth R-3, Fox C-6, Fredericktown R-I, Fulton, Grain Valley, Hancock Place, Hannibal, Harrisonburg R-8, Harrisonville, Hillsboro R-3, Hollister R-5, Humansville R-4, Hurley R-1, Independence, Jefferson City, Kearney R-1, Kennett #39, King City R-1, Kingston 42, Kirbyville R-VI, Lee Summit, Leeton R-10, Lewis County C-1, Lincoln R-II, Lindbergh, Lonedell R-14, Macon County R-1, Malta Bend, Mehville, Meramec Valley R-3, Mexico, Middle Grove C-1, Midway R-1, Milan C-2, Moberly, Monroe City R-I, Morgan County R-2, New Haven, Nixa, North Kansas City, North St. Francois Co. R-1, Northeast Nodaway R-5, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osborn R-0, Pattonville, Pettis County R-12, Pierce City, Plato R-5, Princeton R-5, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, Republic R-III, Richards R-V, Richland R-1, Richmond R-XVI, Riverview Gardens, Salisbury R-4, Sarcoxie R-2, Sedalia, Seymour R-2, Shell Knob #78, Sikeston, Silex, Smithville R-2, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, St. Charles, St. Elizabeth R-4, Sullivan, Valley R-6, Verona R-7, Warren County R-3, Warrensburg R-6, Waynesville, Webster Groves, Westview C-6 and the Wright City R-2 school districts did not respond to **Oversight's** request for fiscal impact.

FISCAL IMPACT -
State Government

	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2025)
GENERAL REVENUE				
<u>Transfer Out</u> - to State School Money for student promotion §167.642	\$0	\$0	\$0	(\$3,534,946)
<u>Transfer Out</u> - School District Improvement Fund §167.685	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Transfer Out</u> - to Supplemental Tuition Fund §167.829	(Could exceed \$6,808,728)	(Could exceed \$6,808,728)	(Could exceed \$6,808,728)	(Could exceed \$6,808,728)
<u>Transfer Out</u> - St. Louis Area Education Authority Fund §167.833	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Transfer Out</u> - Kansas City Area Education Authority Fund §167.839	\$0 or (Could exceed \$100,000)	\$0 or (Could exceed \$100,000)	\$0 or (Could exceed \$100,000)	\$0 or (Could exceed \$100,000)
<u>Transfer Out</u> - Statewide Education Authority Fund §167.845	\$0 or (Could exceed \$100,000)	\$0 or (Could exceed \$100,000)	\$0 or (Could exceed \$100,000)	\$0 or (Could exceed \$100,000)
<u>Transfer Out</u> - to Parent Portal Fund §170.320	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)

FISCAL IMPACT -
State Government

	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2025)
GENERAL REVENUE (continued)				
<u>Transfer Out - to</u> Extended Learning Time Fund §171.031	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Cost-DESE</u> §161.087				
Personal Service	(\$94,691)	(\$114,765)	(\$115,913)	(\$121,826)
Fringe Benefits	(\$53,969)	(\$65,101)	(\$65,443)	(\$67,204)
Equipment & Exp	<u>(\$18,823)</u>	<u>(\$15,700)</u>	<u>(\$16,092)</u>	<u>(\$18,118)</u>
<u>Total Cost - DESE</u>	(\$167,483)	(\$195,566)	(\$197,448)	(\$207,148)
FTE Change	3 FTE	3 FTE	3 FTE	3 FTE
<u>Cost - School</u> Transfer & Improvement Task Force expenses §161.1000	(Could exceed \$100,000)	\$0	\$0	\$0
<u>Cost - OA/ITSD</u> computer upgrades to foundation formula program §162.081	(\$150,012)	(\$30,752)	(\$31,521)	(\$35,663)
<u>Cost - DESE one</u> time computer upgrades to the MSIP program §167.127	(\$6,000)	\$0	\$0	\$0

FISCAL IMPACT -
State Government

	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2025)
GENERAL REVENUE (continued)				
<u>Cost - STO</u> \$167.833				
Personal Service	(\$64,660)	(\$78,368)	(\$79,152)	(\$83,190)
Fringe Benefits	(\$45,026)	(\$54,262)	(\$54,495)	(\$67,204)
Equipment & Exp	<u>(\$22,650)</u>	<u>(\$1,657)</u>	<u>(\$1,697)</u>	<u>(\$1,911)</u>
<u>Total Cost - STO</u>	<u>(\$132,336)</u>	<u>(\$134,287)</u>	<u>(\$135,344)</u>	<u>(\$152,304)</u>
FTE Change	3 FTE	3 FTE	3 FTE	3 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Could exceed <u>\$7,964,559</u>)	(Could exceed <u>\$7,669,333</u>)	(Could exceed <u>\$7,773,041</u>)	(Could exceed <u>\$11,338,789</u>)
Estimated Net FTE Change on General Revenue	6 FTE	6 FTE	6 FTE	6 FTE

FISCAL IMPACT -
State Government

	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2025)
STATE SCHOOL MONEYS FUND				
<u>Transfer In</u> - General Revenue - increased state aid for student promotion expenses §167.642	\$0	\$0	\$0	\$3,534,946
<u>Transfer Out</u> - School Districts - increased aid for student promotion expenses §167.642	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$3,534,946)</u>
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT -
State Government

	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2025)
SCHOOL DISTRICT IMPROVEMENT FUND				
<u>Transfer In</u> - from General Revenue \$167.685	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
<u>Revenue</u> - gifts, bequests and public or private donations \$167.685	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
<u>Transfer Out</u> -Public Libraries for tutoring services \$167.685	(Could exceed <u>\$200,000</u>)	(Could exceed <u>\$200,000</u>)	(Could exceed <u>\$200,000</u>)	(Could exceed <u>\$200,000</u>)
ESTIMATED NET EFFECT ON THE SCHOOL DISTRICT IMPROVEMENT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**FISCAL IMPACT -
 State Government**

Fully
 Implemented
 (FY 2025)

FY 2018

FY 2019

FY 2020

**SUPPLEMENTAL
 TUITION FUND**

Transfer In - from
 General Revenue
 §167.829

Could exceed
 \$6,808,728

Could exceed
 \$6,808,728

Could exceed
 \$6,808,728

Could exceed
 \$6,808,728

Revenue - gifts,
 bequests and public
 or private donations
 §167.829

Could exceed
 \$100,000

Could exceed
 \$100,000

Could exceed
 \$100,000

Could exceed
 \$100,000

Transfer Out -
 School Districts -
 tuition
 reimbursement rate
 §167.829

(Could exceed
\$6,808,728)

(Could exceed
\$6,808,728)

(Could exceed
\$6,808,728)

(Could exceed
\$6,808,728)

**ESTIMATED NET
 EFFECT ON
 SUPPLEMENTAL
 TUITION FUND**

\$0

\$0

\$0

\$0

FISCAL IMPACT -
State Government

	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2025)
ST LOUIS AREA EDUCATION FUND				
<u>Transfer In</u> - General Revenue §167.833	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
<u>Revenue</u> - gifts, bequests and public or private donations §167.833	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
<u>Costs</u> - committee member expenses §167.833	(Unknown)	(Unknown)	(Unknown)	(Unknown)
<u>Costs</u> - operation of the St. Louis education authority §167.833	(Could exceed <u>\$200,000</u>)	(Could exceed <u>\$200,000</u>)	(Could exceed <u>\$200,000</u>)	(Could exceed <u>\$200,000</u>)
ESTIMATED NET EFFECT ON THE ST. LOUIS AREA EDUCATION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT -
State Government

	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2025)
KANSAS CITY AREA EDUCATION AUTHORITY FUND				
<u>Transfer In</u> - General Revenue §167.839	\$0 or Could exceed \$100,000	\$0 or Could exceed \$100,000	\$0 or Could exceed \$100,000	\$0 or Could exceed \$100,000
<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	\$0 or Could exceed \$100,000
<u>Costs</u> - committee member expenses §167.839	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - operation of the Kansas City education authority §167.839	\$0 or (Could exceed <u>\$200,000</u>)	\$0 or (Could exceed <u>\$200,000</u>)	\$0 or (Could exceed <u>\$200,000</u>)	\$0 or (Could exceed <u>\$200,000</u>)
ESTIMATED NET EFFECT ON THE KANSAS CITY AREA EDUCATION AUTHORITY FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT -
State Government

	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2025)
STATEWIDE EDUCATION AUTHORITY FUND				
<u>Transfer In - from</u> General Revenue \$167.845	\$0 or Could exceed \$100,000	\$0 or Could exceed \$100,000	\$0 or Could exceed \$100,000	\$0 or Could exceed \$100,000
<u>Revenue - gifts,</u> bequests and public or private donations \$167.845	\$0 or Could exceed \$100,000	\$0 or Could exceed \$100,000	\$0 or Could exceed \$100,000	\$0 or Could exceed \$100,000
<u>Costs - committee</u> member expenses \$167.845	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs - operation of</u> the statewide education authority \$167.845	\$0 or (Could exceed <u>\$200,000</u>)	\$0 or (Could exceed <u>\$200,000</u>)	\$0 or (Could exceed <u>\$200,000</u>)	\$0 or (Could exceed <u>\$200,000</u>)
ESTIMATED NET EFFECT ON THE STATEWIDE EDUCATION AUTHORITY FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**FISCAL IMPACT -
 State Government**

	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2025)
PARENT PORTAL FUND				
<u>Transfer In</u> - from General Revenue §170.320	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
<u>Revenue</u> - gifts, bequests and public or private donations §170.320	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
<u>Transfer Out</u> - School Districts - for establishing and maintaining a parent portal §170.320	(Could exceed <u>\$200,000</u>)	(Could exceed <u>\$200,000</u>)	(Could exceed <u>\$200,000</u>)	(Could exceed <u>\$200,000</u>)
ESTIMATED NET EFFECT ON PARENT PORTAL FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT -
State Government

	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2025)
EXTENDED LEARNING TIME FUND				
<u>Transfer In - from General Revenue</u> §171.031	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
<u>Revenue - gifts, bequests and public or private donations</u> §171.031	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000	Could exceed \$100,000
<u>Transfer Out - School Districts - administration of the extended learning time §171.031</u>	(Could exceed <u>\$200,000</u>)	(Could exceed <u>\$200,000</u>)	(Could exceed <u>\$200,000</u>)	(Could exceed <u>\$200,000</u>)
ESTIMATED NET EFFECT ON THE EXTENDED LEARNING TIME FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT -
Local Government

	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2025)
LOCAL POLITICAL SUBDIVISION FUNDS				
<u>Transfer In</u> - State School Money Fund - increased aid for Underperforming Schools for student promotion §167.642	\$0	\$0	\$0	\$3,534,946
<u>Transfer In</u> - School District Improvement Fund - tutoring services §167.685	Could exceed \$200,000	Could exceed \$200,000	Could exceed \$200,000	Could exceed \$200,000
<u>Transfer In</u> - Supplemental Tuition Fund §167.829	Could exceed \$6,808,728	Could exceed \$6,808,728	Could exceed \$6,808,728	Could exceed \$6,808,728
<u>Transfer In</u> - Parent Portal Fund - parent portals §170.320	Could exceed \$200,000	Could exceed \$200,000	Could exceed \$200,000	Could exceed \$200,000
<u>Transfer In</u> - Extending Learning Time Fund §171.031	Could exceed \$200,000	Could exceed \$200,000	Could exceed \$200,000	Could exceed \$200,000

FISCAL IMPACT -
Local Government

	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2025)
LOCAL POLITICAL SUBDIVISION FUNDS (continued)				
<u>Transfer Out - St.</u> Louis Community Children's Service Fund - grant to unaccredited schools §210.861	(Up to \$1,981,681)	(Up to \$1,981,681)	(Up to \$1,981,681)	(Up to \$1,981,681)
<u>Cost - Schools -</u> assistance team suggestions §161.087	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Cost - Schools -</u> home visits & unaccredited notices §162.1310	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Costs -</u> Underperforming Schools - student promotion expenses §167.642	\$0	\$0	\$0	(\$3,534,946)
<u>Cost-</u> Underperforming Schools -student promotion curriculum materials	(Could exceed \$400,000)	(Could exceed \$400,000)	(Could exceed \$400,000)	(Could exceed \$400,000)

**FISCAL IMPACT -
 Local Government**

	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2025)
LOCAL POLITICAL SUBDIVISION FUNDS (continued)				
<u>Cost - Public</u>				
Libraries - expenses related to tutoring services §167.685	(Could exceed \$200,000)	(Could exceed \$200,000)	(Could exceed \$200,000)	(Could exceed \$200,000)
<u>Cost - Schools -</u> expenses related to tutoring §167.685	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs - KCPS & St.</u> Louis City PS - response -to- intervention reading & personalized learning §167.730	(Could exceed \$300,000)	(Could exceed \$300,000)	(Could exceed \$300,000)	(Could exceed \$300,000)
<u>Costs - Receiving</u> School Districts - supplemental tuition reimbursement §167.829	(Could exceed \$6,808,728)	(Could exceed \$6,808,728)	(Could exceed \$6,808,728)	(Could exceed \$6,808,728)
<u>Costs - School</u> Districts - to establish and maintain parent portals §170.320	(Could exceed \$200,000)	(Could exceed \$200,000)	(Could exceed \$200,000)	(Could exceed \$200,000)

**FISCAL IMPACT -
 Local Government**

	FY 2018	FY 2019	FY 2020	Fully Implemented (FY 2025)
LOCAL POLITICAL SUBDIVISION FUNDS (continued)				
<u>Costs - School</u>				
Districts - extending				
learning time	(Could exceed	(Could exceed	(Could exceed	(Could exceed
\$171.031	<u>\$200,000)</u>	<u>\$200,000)</u>	<u>\$200,000)</u>	<u>\$200,000)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISION FUNDS	(Could exceed <u>\$2,881,681)</u>	(Could exceed <u>\$2,881,681)</u>	(Could exceed <u>\$2,881,681)</u>	(Could exceed <u>\$2,881,681)</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This act modifies provisions relating to elementary and secondary education.

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

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

FISCAL DESCRIPTION (continued)

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, 2018. Assignment of teams must be prioritized so that districts with lower APR scores are addressed first. Suggestions are mandatory for underperforming districts but not for borderline districts. If an underperforming district disagrees with any suggestion of the assistance team, the district must propose a different method of accomplishing what the team has suggested. (§161.087)

ATTENDANCE CENTER ACCREDITATION: This act requires the State Board of Education to classify individual attendance centers within a school district. The State Board must adopt a policy to classify individual attendance centers based on a three-year average of their annual performance report scores for the following school districts: unaccredited districts within forty-five days; provisionally accredited districts within ninety days; and the St. Louis City School District, urban school districts, and any school district that has most or all of its land area located in Jackson County or St. Louis County by January 1, 2018. These classifications will become effective immediately

By January 1, 2018, the State Board of Education must develop, through administrative rule, 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. Attendance centers must be assigned one of the following classification designations: unaccredited, provisionally accredited, accredited, or accredited with distinction. Attendance centers that do not offer classes above the second grade will not be given a classification. Upon adoption of this new system, the State Board may change any classification it previously assigned to an attendance center.

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. (§161.238)

FISCAL DESCRIPTION (continued)

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 will consist of the following members:

- (1) Three members of the Senate, appointed by the President Pro Tempore of the Senate, of whom not more than two shall be of the same party;
- (2) One member from an education policy research organization in Missouri, appointed by the President Pro Tempore of the Senate;
- (3) Three members of the House of Representatives, appointed by the Speaker, of whom not more than two shall be of the same party;
- (4) One member from a statewide business association, appointed by the Speaker of the House of Representatives;
- (5) The Commissioner of Education, or his or her designee;
- (6) One member from an education organization consisting exclusively of elected officials, appointed by the Commissioner of Education;
- (7) The Lieutenant Governor, or his or her designee.

The task force must make recommendations by February 1, 2018 to the General Assembly. The task force will expire on April 30, 2018. (\$61.1000)

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 re-authorized; 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. (§162.081)

PARENT NOTIFICATION OF UNACCREDITED STATUS: 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. (§162.1310)

HOME VISITS: 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. (§162.1313)

SCHOOL FUNDING: This act requires that, if a school district is required to remit tuition to a nonsectarian private school under the transfer provisions of this act, the funds shall come from the funds derived from the operating levy for school purposes. (§163.021)

FISCAL DESCRIPTION (continued)

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. (§167.127)

STUDENT PROMOTION: All underperforming 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 is two years or more below grade level as measured by quantifiable student performance data designated by the local district. However, this provision does not apply to any student with an individualized education program or any student with a Section 504 Plan. (§167.642)

SCHOOL DISTRICT IMPROVEMENT MEASURES: Any unaccredited district must offer free tutoring and supplemental education services to underperforming and struggling students. Districts may use funds from the newly created School District Improvement Fund to the extent funds are available. An unaccredited district may satisfy the free tutoring services requirement by entering into a contract with a public library for online tutoring services. In addition, an underperforming district may do any of the following: implement a new curriculum, as described in the act; retain an outside expert to advise the district or school on regaining accreditation; enter into a contract with an education management organization with a proven record of success to operate a school or schools within the district; enter into a collaborative relationship with an accredited district in which teachers from both districts exchange positions for two school weeks; or implement any other change suggested by the State Board of Education, expert, contractor, or assistance team.

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 calculation of a district's attendance rate for purposes of the Missouri school improvement program accreditation scoring. (§167.685 & §167.688)

READING, PERSONALIZED LEARNING PLANS, STUDENT RETENTION: This act requires, beginning July 1, 2018, 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.

FISCAL DESCRIPTION (continued)

Beginning on January 1, 2018, 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. (§167.730)

STUDENT TRANSFERS: For school year 2017-2018, students who participated in the transfer program as it existed on July 1, 2016 will be allowed to participate under the same terms that governed the transfers in school year 2016-2017, except for the tuition amount. For school year 2017-2018, any student who transferred from an unaccredited district to an accredited district in the same or an adjoining county in school year 2015-2016 or school year 2016-2017 but did not attend a public school in the unaccredited district for the semester prior to the transfer, unless the student was entering kindergarten or first grade, will no longer be eligible to transfer in school year 2017-2018.

FISCAL DESCRIPTION (continued)

For school year 2017-2018 if an unaccredited district becomes provisionally accredited or accredited, a resident student who transferred under the transfer program as it existed on July 1, 2016, will be permitted to continue enrollment in the receiving district through the completion of middle school, junior high school, or high school. However, a transfer student must reside in the boundaries of the unaccredited district. A student who returns to the district of residence is ineligible to transfer. A student who transferred prior to January 1, 2016, will have the option to enroll in a virtual school, an approved charter school, or an accredited public school in the district of residence. (§167.825)

Any student enrolled in and attending an unaccredited school for at least one semester 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. (§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 to an accredited school in an adjoining district or an approved charter school in and adjoining district, as described in the act. (§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 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. (§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 if there is space available. A charter school that has existed for less than three years may receive students. A charter school that has a three-year average score of seventy

FISCAL DESCRIPTION (continued)

percent or higher on its annual performance report may receive transfer students. In addition, no attendance center with a three-year average score of seventy percent or lower on its annual performance report is eligible to receive transfer students, except for any student who was granted a transfer prior to the effective date of this act. (§167.826)

Districts 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. (§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. (§167.826)

Receiving districts and receiving approved charter schools must adopt a tuition rate policy by February first annually. 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. (§167.826)

For the specified districts that operate an unaccredited school, the education authority for the county in which the district is located must designate at least one accredited school to which the district must provide transportation for transfer students. However, for the 2017-2018 school year and until the education authorities are operational, the Department of Elementary and Secondary Education must designate at least one accredited school to which a district operating an unaccredited school must provide transportation for transfer students. Beginning in the 2018-2019 school year, when determining transportation arrangements, neither the Department of Elementary and Secondary Education nor any education authority may contract with or collaborate with any established regional association or cooperative of school districts located in St. Louis County or St. Louis City. (§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

FISCAL DESCRIPTION (continued)

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

By August 1, 2017, and by January first annually, each district must report to the appropriate regional education authority the number of its available enrollment slots in accredited schools by grade level. Each approved charter school that is eligible to receive transfer students must report the number of available enrollment slots. (§167.827)

Each education authority with a district operating an unaccredited school in its geographic area, as described in the act, must make information and assistance available to parents who intend to transfer their child. Parents who intend to transfer their child must send initial notification to the appropriate education authority by March first. 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. An approved charter school is not required to receive any transfer students that would require it to institute a lottery procedure for determining the admission of resident students. 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 grade-appropriate enrollment slots are available for a student to

FISCAL DESCRIPTION (continued)

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 or receiving approved charter 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)

If an education authority is unable to coordinate transfers because of insufficient funding or because the Governor has not appointed a number of members sufficient to constitute a quorum, the Department of Elementary and Secondary Education will perform its duties. However, beginning in the 2018-2019 school year, the Department and the education authorities are prohibited from contracting or collaborating with any established regional association or cooperative of school districts located in St. Louis City or St. Louis County.

Any student who has first attempted and is unable to transfer to an accredited school within his or her district of residence, or to an accredited school in an adjoining district, due to a lack of capacity at accredited schools may apply by March 1 to the appropriate education authority to transfer to a nonsectarian private school located in the student's district of residence. The amount of tuition to be paid from the district's operating levy for school purposes and shall not exceed the nonsectarian private school's tuition rate. Nonsectarian private schools shall be eligible to receive transfer students only if it meets certain requirements, as described in the act. (§167.828)

A district operating an unaccredited school that transfers a student to an accredited school in an adjoining district, or to a nonsectarian private school, shall pay tuition to the receiving district or receiving nonsectarian private school, as described in the act. If the tuition rate of the receiving district exceeds the tuition rate of the sending district, the difference in rates shall be paid from the Supplemental Tuition Fund, which is created by the act. The Supplemental Tuition Fund shall not be used to pay any difference in tuition rates between a sending district and a nonsectarian private school. (§167.829)

REGIONAL EDUCATION AUTHORITIES: This act creates three separate regional education authorities to coordinate student transfers: one for the St. Louis region, a second authority for the Kansas City area, and a third authority for the rest of the state. Each authority will consist of five members who must be residents of their covered area, as described in the act, appointed by the Governor with the advice and consent of the Senate, who will serve for a term of six years. The Education Authority must coordinate and collaborate with local districts, nonsectarian private

FISCAL DESCRIPTION (continued)

schools, 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. (§167.830 to §167.845)

COMPILATION OF TRANSFER STUDENT PERFORMANCE DATA: The Department of Elementary and Secondary Education must compile and maintain student performance data scores of all transfer students and students enrolled in a district other than the district of residence. This data must be available on the Missouri comprehensive data system but no personally identifiable data must be accessible there. (§167.890)

PARENT PORTALS: This act creates the Parent Portal Fund in the state treasury. Moneys in the fund may be used to provide financial assistance to districts to establish and maintain a parent portal so parents may have access to educational information and access to student data via mobile technology. (§170.320)

SCHOOL LEARNING TIME: The school board of any unaccredited district, provisionally accredited district, or district with a three year average annual performance report score consistent with a classification of unaccredited or provisionally accredited, may, by a majority vote, increase the length of the school day and also increase the number of instruction hours above the statutory minimum. This act creates the Extended Learning Time Fund in the state treasury. Moneys in the fund will be used for schools that extend the length of the school day or hours of instruction. (§171.031)

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. (§210.861)

This act contains language specifying that all provisions of this act are severable. (§1)

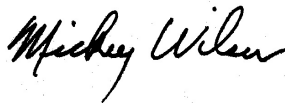
This act contains an emergency clause.

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

Carondelet Leadership Academy
Department of Elementary and Secondary Education
Department of Social Services
Joint Committee on Administrative Rules
Kansas City Public Schools
Kirksville R-III School District
Missouri House of Representatives
Missouri Senate
Office of the Governor
Office of the Lt. Governor
Office of the Secretary of State
Office of the State Courts Administrator
Office of the State Treasurer
Parkway School District
Wentzville School District
West Plains School District



Mickey Wilson, CPA
Director
February 24, 2017

Ross Strobe
Assistant Director
February 24, 2017