

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0900-01
Bill No.: SB 272
Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education
Type: Original
Date: January 31, 2017

Bill Summary: This proposal modifies school districts' local effort figures.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	\$0 or (\$11,097,483)	\$0 or (\$11,097,483)	\$0 or (\$11,097,483)
Total Estimated Net Effect on General Revenue	\$0 or (\$11,097,483)	\$0 or (\$11,097,483)	\$0 or (\$11,097,483)

***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 (\$163.096). Oversight, for fiscal note purposes, is showing the impact of this provision under the current funding of the formula as well as if it were fully funded.**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
State School Monies*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* Transfer in from General Revenue and distribution to school districts net to zero.

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
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 2018	FY 2019	FY 2020
Local Government	\$0 or \$11,097,483	\$0 or \$11,097,483	\$0 or \$11,097,483

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Elementary and Secondary Education (DESE)** assume to calculate the impact, the January 2017 formula calculation was calculated adjusting the local effort calculation for districts that had recorded revenues from intangible taxes, merchants' and manufacturers' surcharge, and payments in lieu of taxes to the General (Incidental) Fund and the Special Revenue (Teachers) Fund. As long as the formula is underfunded there would be no additional cost to the state. If the formula is fully funded and this bill becomes effective it would be an additional cost to the state of \$11,097,483.53 per year.

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 this provision under the current funding of the formula (\$0) as well as if it were fully funded (\$11,097,483).

Officials at the **Kansas City Public Schools** assume there is no fiscal impact from this proposal.

Officials at the **West Plains School District** assume they are unsure of the fiscal impact.

Officials at the **Forsyth R-III School District** assume a negative impact.

Officials at the **Kirksville R-III School District** assume this would be a benefit to the district.

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 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, 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, Parkway, Pattonville, Pettis County R-12, Pierce

ASSUMPTION (continued)

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, Scotland County R-I, 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, Wentzville, Westview C-6 and the Wright City R-2 school districts did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
GENERAL REVENUE			
<u>Transfer Out</u> - to State School Moneys Fund - foundation formula increased call	\$0 or <u>(\$11,097,483)</u>	\$0 or <u>(\$11,097,483)</u>	\$0 or <u>(\$11,097,483)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or <u>(\$11,097,483)</u>	\$0 or <u>(\$11,097,483)</u>	\$0 or <u>(\$11,097,483)</u>
STATE SCHOOL MONEYS FUND			
<u>Transfer In</u> - from General Revenue - increased foundation formula funding	\$0 or \$11,097,483	\$0 or \$11,097,483	\$0 or \$11,097,483
<u>Distribution to Schools</u> - increased foundation formula funding	\$0 or <u>(\$11,097,483)</u>	\$0 or <u>(\$11,097,483)</u>	\$0 or <u>(\$11,097,483)</u>
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</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 that may not have a fiscal impact until such time as the formula is fully funded (\$163.096). Oversight, for fiscal note purposes, is showing the impact of this provision under the current funding of the formula as well as if it were fully funded.**

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
LOCAL SCHOOL DISTRICT FUNDS			
<u>Increase - School Districts - foundation formula funding</u>	\$0 or <u>\$11,097,483</u>	\$0 or <u>\$11,097,483</u>	\$0 or <u>\$11,097,483</u>
ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS	\$0 or <u>\$11,097,483</u>	\$0 or <u>\$11,097,483</u>	\$0 or <u>\$11,097,483</u>

Oversight, for fiscal note purposes, is showing the impact of this provision under the current funding of the formula as well as if it were fully funded.

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

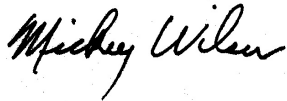
This act requires the Department of Elementary and Secondary Education to recalculate the local effort figure of any school district that, in fiscal year 2005, recorded revenues from intangible taxes, the merchants' and manufacturers' surcharge, and payments in lieu of taxes other than tax increment financing in the district's teacher and incidental funds that caused an elevation of the district's local effort figure. The Department must calculate the amount of state aid such a district would have received had the district placed these revenues in the capital projects fund or the debt service fund.

This provision will become effective in the school year subsequent to a school year in which the foundation formula is fully funded and will remain in effect thereafter irrespective of the amount appropriated under the formula for subsequent years.

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

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Forsyth R-III School District
Kansas City Public Schools
Kirksville R-III School District
West Plains School District

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
January 31, 2017

Ross Strobe
Assistant Director
January 31, 2017