

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1047-01
Bill No.: SB 238
Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education
Type: Original
Date: February 10, 2017

Bill Summary: This proposal modifies provisions relating to virtual education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue			
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

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

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 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	(Expected to exceed \$100,000)	(Expected to exceed \$100,000)	(Expected to exceed \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Elementary and Secondary Education (DESE)** assume the number of potential new vendors and courses is unknown; therefore, the cost is unknown. For every 10 additional vendors, one FTE at the assistant director level would be needed to continue to provide the current level of service to families and vendors. As the number of vendors increases the staffing ratio may shift to accommodate more than 10 vendors for each additional FTE. In addition, contractual costs for review of course content are estimated at \$200 per course based on current contracts.

In response to similar legislation filed this year, HB 138, officials at the **Bakersfield R-IV School District** assumed a cost of \$86,000 annually.

In response to similar legislation filed this year, HB 138, officials at the **Campbell R-II School District** assumed this would have an unknown impact on the district.

Officials at the **Everton School District** assume a cost of \$2,000 annually.

Officials at the **Forsyth R-III School District** assume a negative impact on the district. If all students took part the cost would be up to \$100,000.

Officials at the **Kearney School District** assume a cost of \$5,000 to \$20,000 annually.

Officials at the **Kirksville R-III School District** assume an unknown impact.

In response to similar legislation filed this year, HB 138, officials at the **Pettis County R-XII School District** assumed a negative impact depending on the number of students that take part.

In response to similar legislation filed this year, HB 138, officials at the **Wentzville R-IV School District** assumed a cost of \$60,000 annually if 50 students take 2 courses each semester at a rate of \$300 per course.

Officials at the **West Plains School District** assume this would potentially result in additional cost without funding. Currently, students participating in online courses can be claimed for ADA only at two points: at 50% completion and then at 100% completion. Our district currently reimburses the family upon partial or full completion of the course. Under this provision, our district would have to pay initially whether the students complete the course or not. In our experience, more students do not complete the online courses compared to those who actually do.

ASSUMPTION (continued)

Estimated annual cost associated with purchasing courses and lost ADA due to students not completing the courses: \$50,000 - \$300,000 annually

Officials at the **Wright City R-II School District** assume the impact is unknown as the number of students participating is unknown.

In response to similar legislation filed this year, HB 138, officials at the **Warren County R-III School District** stated they are unable to determine a fiscal impact at this time.

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

Oversight notes that SB 912 in 2006 created Missouri's virtual school known as MoVIP. The program allowed students from a variety of educational settings and those that are medically fragile to enroll in courses. Those courses were paid for by the parents and in the case of the medically fragile, the state.

Oversight notes that currently seven vendors provide the 1,042 courses that are offered by Missouri's virtual school. Those courses include 782 high school semester courses, 186 middle school semester courses and 74 elementary school semester courses. According to budget documents submitted by DESE, no FTE are solely dedicated to this program; however, DESE indicates that 2 FTE administer this program.

Oversight notes that a portion of this proposal changes Missouri's virtual school name to the "Missouri Course Access Program." Oversight assumes this change would not have a fiscal impact on the program.

Oversight notes this proposal allows any K-12 student to take up to two courses through the Missouri Course Access Program and the school district must pay for it. These courses are in addition to the regular course work. Oversight is unable to determine how many additional students would switch from a traditional classroom setting course to an online course.

Oversight notes this proposal restricts the cost the school districts must pay for the courses to no more than 14% of the state adequacy target (§161.670.3(3)). The current state adequacy target is \$6,241, meaning the course could not cost more than \$874 ($\$6,241 \times 14\%$). The current high school courses offered by MoVIP have an average cost of \$356 per course. For each 281 students taking one course it would cost \$100,000. Oversight will show the impact to the school districts as expected to exceed \$100,000.

ASSUMPTION (continued)

Oversight notes this proposal allows home schooled students and private school students to enroll in the Missouri Course Access Program. However, it requires these students to pay their own tuition for the courses. Therefore, this portion of the proposal would not have a fiscal impact to the state or school districts.

Oversight notes this proposal does not require school districts to provide computers, equipment or internet access to any student. Oversight assumes this portion of the proposal would not have a fiscal impact on the state or school districts.

Oversight notes that this proposal would allow any person, organization or entity to submit courses for approval. Currently there are 7 vendors providing the courses. In response to this legislation, DESE has stated they would need one Director to run the program should 10 additional vendors be added. In response to legislation requesting a Director FTE, DESE has shown costs that include a salary of \$48,552, \$7,997 in equipment and expenses as well as \$20,459 in fringe benefits. Total estimated cost for one Director FTE has been \$68,916 in FY 2018, \$81,086 in FY 2019 and \$81,904 in FY 2020.

Oversight is unable to determine if additional vendors will submit courses for review. Oversight assumes the current FTE could handle the program. Should a sufficient number of new vendors and courses be submitted to justify additional FTE, DESE could request the FTE through the appropriation process.

Officials at the following school districts: Arcadia Valley R-2, Avilla R-13, 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, 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, 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, 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, Mehville, Meramec Valley R-3, Mexico, 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, 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, Scotland County R-I, Sedalia, Seymour R-2,

ASSUMPTION (continued)

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, Warrensburg R-6, Waynesville, Webster Groves and the Westview C-6 school districts did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2018	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2018	FY 2019	FY 2020
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LOCAL SCHOOL DISTRICTS

<u>Cost - students taking additional courses through the MO Course Access program, paid for by district</u>	(Expected to exceed <u>\$100,000</u>)	(Expected to exceed <u>\$100,000</u>)	(Expected to exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS	(Expected to exceed <u>\$100,000</u>)	(Expected to exceed <u>\$100,000</u>)	(Expected to exceed <u>\$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 bill changes the Missouri Virtual Instruction Program (MOVIP) to "The Missouri Course Access Program" (MCAP) and allows any K-12 student to enroll in up to two MCAP courses per year, to be paid by the school district, if the student is a public school student and the course is approved by a school counselor.

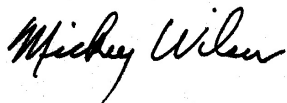
FISCAL DESCRIPTION (continued)

The bill requires the State Board of Education to provide an easily accessible link for course vendors on the MCAP website, allows anyone to submit courses for approval, and requires vendors to accept monthly payments for students enrolled in their courses.

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

Bakersfield R-IV School District
Campbell R-II School District
Department of Elementary and Secondary Education
Everton R-III School District
Forsyth R-III School District
Kansas City Public Schools
Kearney School District
Kirksville R-III School District
Malta Bend School District
Middle Grove School District
Pettis County R-XII School District
Warren County R-III School District
Wentzville R-IV School District
West Plains School District
Wright City R-II School District



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