

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1405-01
Bill No.: SB 360
Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education
Type: Original
Date: February 9, 2017

Bill Summary: This proposal modifies provisions relating to virtual public schools.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
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 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	\$0	\$0

* Offsetting transfers between school districts.

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Elementary and Secondary Education** assume the change to §162.1250.4, outlined in this proposal will have a minimal fiscal impact as the percentage attendance that can be counted for an A+ student increases from 94% to 95% and as the percentage for fifty percent completion changes from 47% to 47 1/2%.

The additional changes to the calculation and distribution of state school funding should not be an additional fiscal impact to the state as these are students that were already attending a school district or charter school in the state. There may be some expense associated with modifications to the foundation formula to accommodate these changes.

Oversight assumes that DESE could absorb the cost of the upgrades to the foundation formula with existing appropriations.

Officials at the **Kearney R-I School District** assume the impact would be a loss of approximately \$25,000 to the district for the virtual school.

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

Officials at the **Kirksville R-III School District** assume this would have a limited negative impact on the district. Costs would be associated with the computer programs or any other new technology needs that would come as a result of this policy.

Officials at the **Concordia R-II School District** assume that if the state took the state aid behind each student the cost to the district would be \$2,155.5883 per student.

Officials at the **West Plains School District** assume there is a potential loss of revenue if students attend a virtual charter school outside our district. It is hard to predict how many students would take the online courses. The district will assume it is equivalent to the number that take a course during the day. Therefore the district will lose \$60,000 to \$100,000 annually.

Oversight notes this proposal allows a public school student to go to a virtual school in their district. This would not result in increased expenses to the state since they are already students and their school district is already paid the state adequacy target amount. However, the state adequacy target amount per student would be transferred from the public school to the virtual school for each student who transfers.

ASSUMPTION (continued)

Oversight notes this proposal also allows a public school student to go to a virtual school outside their school district. This also would not result in increased expenses to the state since they are already students and their school district is already paid the state adequacy target amount. However, the state adequacy target amount per student would be transferred from the resident public school to the virtual transfer school for each student who transfers.

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, 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, Kansas 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, 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 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, Sarcoux 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.

FISCAL IMPACT - State Government

FY 2018
(10 Mo.)

FY 2019

FY 2020

\$0

\$0

\$0

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
LOCAL SCHOOL DISTRICTS			
<u>Revenue</u> - virtual receiving district	Unknown	Unknown	Unknown
<u>Loss</u> - resident public school district	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICTS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Small Business</u>			

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

FISCAL DESCRIPTION

This act modifies provisions relating to virtual public schools. Currently, when a resident student completes a virtual course offered by his or her school district, the student's attendance upon course completion is calculated as 94% of the hours of attendance possible if the class was delivered in a non-virtual program. The act specifies that when a student is a candidate for A+ tuition reimbursements, the school must attribute no less than 95% attendance to any student who has completed the virtual course.

An accredited school district or charter school must meet certain requirements in order to host a virtual public school of choice, as set forth in the act. Virtual transfer students are not included in the average daily attendance of his or her school district of residence for the purposes of calculation and distribution of state school funding. The Department of Elementary and Secondary Education shall deduct from the state aid payment made to a virtual transfer student's district of residence fifteen percent of the state aid attributable to each student calculated in the foundation formula and credit that amount to the virtual public school of choice.

The virtual public school will receive any other federal or state aid that a school district receives on behalf of a virtual resident student or virtual transfer student.

If the virtual public school of choice complies with the provisions of the act, the Department of Elementary and Secondary Education will transfer an amount equal to the state adequacy target to the virtual public school of choice, and deduct the same amount from the state aid payment made to the virtual transfer student's district of residence. The distribution of funds is calculated at 50% and 100% completion. Assignments and assessments for special education students are

FISCAL DESCRIPTION (continued)

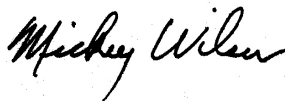
set at levels appropriate to their abilities.

A virtual transfer student will not be admitted to a virtual public school of choice if admission would cause the amount of state aid deducted from the district of residence to exceed the aggregate amount due to the school district. The state adequacy target amount used shall be the amount as calculated under the foundation formula for the applicable fiscal year.

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

Concordia R-II School District
Department of Elementary and Secondary Education
Forsyth R-III School District
Kearney R-I School District
Kirksville R-III School District
West Plains School District



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February 9, 2017

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