

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1498-07
Bill No.: SCS for SB Nos. 327, 238 & 360
Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education
Type: Original
Date: March 24, 2017

Bill Summary: This proposal modifies provisions relating to course access in education.

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 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	(Unknown)	(Unknown)	(Unknown)

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.

Officials at the **West Plains School District** assume this would result in additional online course costs estimated at \$250,000.

In response to the previous version of this proposal, officials at the **Bakersfield R-IV School District** assumed a cost of \$238,840.

In response to the previous version of this proposal, officials at the **Brentwood School District** assumed the maximum allowable costs are created by all students: \$1.96 million in course fees (1,142 students x 2 course x 0.14 x \$6,125.09), \$200,00 for additional tech and counseling support. No cost savings would be generated.

In response to the previous version of this proposal, officials at the **Forsyth R-III School District** assumed a negative fiscal impact.

In response to the previous version of this proposal, officials at the **Kansas City Public Schools** assumed little to no impact.

Officials at the **Kirksville R-III School District** assume they are unable to determine an exact fiscal impact but assume a negative impact.

In response to the previous version, officials at the **Everton School District** assumed there was 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.

ASSUMPTION (continued)

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 and Virtual School 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 courses through the Missouri Course Access and Virtual School Program and the school district must pay for it. Those courses must be part of the student's annual course load and be approved by the school district. 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 x 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. Since the Missouri Course Access and Virtual School Program courses are part of the required seven courses a day the student currently takes, there would be no additional impact for these courses.

Oversight notes this proposal allows home schooled students, private school students and public school students wanting to take courses beyond their regular course load to enroll in the Missouri Course Access and Virtual School 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. However, since these courses would be offered during the regular school day, districts may need to provide work space for the students, internet access, and teachers to oversee the virtual students. Oversight assumes this would have an unknown impact on the school districts.

ASSUMPTION (continued)

Oversight notes that this proposal would allow organizations 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 notes this proposal allows DESE to charge a fee to organizations submitting courses for review if there is not funding for DESE to complete the review. Oversight notes this proposal sets the fee at no more than what is necessary to pay for the review of the courses. Oversight assumes that if DESE must impose this fee, it will cover all costs.

Oversight is unable to determine if additional organizations will submit courses for review. Oversight assumes the current FTE could handle the program. Should a sufficient number of new organizations and courses be submitted to justify additional FTE, DESE would impose the fee and cover all expenses.

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, 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, 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 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
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
LOCAL SCHOOL DISTRICTS FUNDS			
<u>Cost - supervision of students taking courses through the MO Course Access program</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</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 changes the Missouri Virtual Instruction Program (MOVIP) to "The Missouri Course Access and Virtual School Program" (MCAVSP) 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 has been enrolled full-time in a public school for at least one semester immediately prior to enrolling in MCAVSP, and the student has received approval to enroll from his or her school counselor through a procedure described in the act.

A school district shall pay, for any one course for a student, the market necessary costs or fourteen percent of the state adequacy target as calculated at the end of the most recent school year. School districts may adopt a policy to provide funding for more than two courses within a student's normal course load if it is in the best interest of the child.

The act requires the State Board of Education to provide an easily accessible link for course vendors on the MCAVSP website, allows anyone to submit courses for approval, and requires

FISCAL DESCRIPTION (continued)

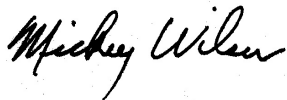
vendors to accept monthly payments for students enrolled in their courses.

The act becomes effective January 1, 2018.

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



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March 24, 2017

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March 24, 2017