

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1765-03
Bill No.: HCS for SB 434
Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education
Type: Original
Date: May 4, 2017

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	(\$35,000)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$35,000)	\$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 11 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	(Expected to Exceed \$200,000)	(Expected to Exceed \$200,000)

FISCAL ANALYSIS

ASSUMPTION

§160.415 Early Childhood Education Funds

Officials at the **Department of Elementary and Secondary Education (DESE)** assume there is no additional cost to the state. There will be a loss to those charter schools which cannot include as local revenue, those funds designated by taxpayers as early childhood education funds.

DESE defers to the urban school districts regarding the extent of any funds that will remain in the district of residence rather than being distributed to the charter schools.

In response to similar legislation filed this year, SB 485, officials at the **Kansas City Public Schools** assume this may have a positive fiscal impact by allowing all funds earmarked for early education to flow into the district and be used solely for early education purposes.

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

Oversight assumes this proposal would not fiscally impact General Revenue. However, this would result in some school districts retaining additional money while the charter schools would lose the money. This transfer of money would be offsetting.

§160.530 Transportation and Professional Development Spending

Officials at the **DESE** assume there is no fiscal impact from this proposal to the Department. In some cases, this would allow school district to spend less on professional development than they do now.

In response to the previous version, officials at the **Everton R-III School District** assumed a savings of \$3,000.

In response to the previous version, officials at the **West Plains School District** assumed they would likely continue to spend the 1%, so there would not be a savings. However, it would allow more flexibility in spending.

In response to the previous version, officials at the **Kirkville R-III School District** assumed there was no fiscal impact from this proposal as they would continue to spend the 1%.

Oversight notes this proposal would allow a school district when it receives a reduction in transportation funding to reduce the amount it spends for professional development. Oversight notes this proposal is permissive and gives school districts the option of reducing professional development spending. Oversight will not show a fiscal impact from this proposal.

ASSUMPTION (continued)

§161.669, §161.670 and §167.121 Course Access

Officials at the **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.

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 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 Program and the school district must pay for it. These courses are to be a part of the student's 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(4)). 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. Oversight will show the impact to the school districts as expected to exceed \$100,000.

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.

ASSUMPTION (continued)

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. Additionally, the school districts will need to pay the online course fee for each student taking the courses. Oversight assumes the administration of this proposal could exceed \$100,000 in costs to the 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 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.

Oversight notes this proposal requires the school districts to provide information to students and parents about the availability of the Missouri Course Access Program in class registration materials and in student and parent handbooks. Oversight will show the impact to the school districts of could exceed \$100,000.

Oversight notes this proposal would become effective July 1, 2018 and therefore there is no fiscal impact in FY 2018.

§162.492 Kansas City Public Schools School Board Elections

In response to similar legislation filed this year, SB 93, officials at the **Kansas City Board of Election Commissioners (KC BEC)** assumed the cost of the April 2019 election was estimated to be \$200,000.

ASSUMPTION (continued)

In response to similar legislation filed this year, SB 93, officials at the **Kansas City Public Schools (KCPS)** assumed this would not create any additional unfunded mandates or have a negative impact on the district. KCPS provided costs for the KCPS school board elections held from 2011-2016.

Year	Election	Districts	Cost
2011	Nov Special	Sub District 6	\$43,600
2012	April Regular	At Large; Sub Districts 1, 2, 3 & 5	\$219,131
2012	Nov Special	Sub District 2	\$77,379
2014	April Regular	2 At Large; Sub Districts 4 & 6	\$92,499
2015	Nov Special	Sub District 2	\$62,997
2016	April Regular	At Large; Sub District 1, 3,& 5	\$52,896

Oversight notes this proposal will stagger the terms of the Kansas City Public Schools Board so half the board is elected at a time (every two years). Changing the length of the term of will change the number of elections that Kansas City Public Schools must pay for. However, the price a political subdivision pays for an election is determined by the number of political subdivisions holding an election at the same time as well as the number of candidates on the ballot.

Oversight is unable to determine if the Kansas City Public Schools will experience any savings because of the staggered terms of office. Oversight will not show an impact from this provision.

§162.1115 Career and Technical Coursework

Officials at the **DESE** assume there is no fiscal impact from this proposal.

In response to similar legislation filed this year, SB 63, officials at the **Wentzville School District** assumed \$4,500 for the time to review technical course-work and skills assessments developed for industry-recognized certificates and credentials.

In response to similar legislation filed this year, SB 63, officials at the **Warren County R-III School District** assumed a minimal impact.

ASSUMPTION (continued)

In response to similar legislation filed this year, SB 63, officials at the **Bakersfield R-IV, Bowling Green, Everton R-III, Kansas City, Middle Grove, Parkway, Pettis County R-XII, Special School District of St. Louis, West Plains,** and the **Wright City R-II School District** each assumed there was no fiscal impact from this proposal to their respective district.

Oversight notes this proposal allows school districts to rely on industry-recognized certificates and credentials when establishing a career and technical education program but does not require they use them. Oversight assumes this proposal would not have a fiscal impact as it is optional.

§164.011 Tax Changes

Officials at the **State Tax Commission** and the **Office of the State Auditor** each assume there is no fiscal impact from this proposal to their respective organization.

§168.021 Visiting Scholars

Officials at the **DESE** assume this will require the creation of a new teaching certificate; thereby, requiring a new certificate application in the Educator Certification System. Based upon previous ITSD work to create similar applications, the estimated cost will be \$35,000.

Officials at the **Missouri Highway Patrol** assume that due to an unknown number of applicants applying for a visiting scholars certificate under this provision, the Criminal Justice Information Services (CJIS) Division anticipates an unknown fiscal impact but expects the overall fiscal impact to be very minimal.

The charge for each background check processed is \$40.30. Twenty dollars for the state fingerprint check, \$12 for the federal check, and an \$8.30 charge for the electronic fingerprint option used through a third-party vendor ($\$20 + \$12 + \$8.30 = \40.30). Of this amount, the state retains the \$20 state fee and \$2 of the federal charge of the \$12 for a pass thru fee. The \$8.30 charge is paid directly to the vendor at the time of application.

Oversight notes this proposal allows the DESE to create a visiting scholars certificate that would allow a person to teach in a Missouri school district without a Missouri teaching certificate.

According to this proposal, the visiting scholar's certificate would require the completion of a background check performed by the Missouri Highway Patrol. **Oversight** assumes there would be few of these background checks done and that the revenue and costs will not be material.

ASSUMPTION (continued)

§170.018 Computer Science

Officials at the **DESE** assume there is no fiscal impact from this proposal.

Oversight notes this proposal requires DESE to create a policy to allow one unit of academic credit with a district-approved computer science course to fulfill one math, science or practical art unit required for graduation. Currently, a student needs 3 units of math, 3 units of science and one unit of practical art in order to graduate. Currently, computer science courses are allowed to count as a practical art (of which a student needs 1 unit) or as an elective (of which a student needs 7 units).

§170.028 Career and Technical Education Certification Program

Officials at the **DESE** assume there is no fiscal impact from this proposal.

In response to similar legislation filed this year, HB 188, officials at the **Chillicothe R-II School District** assumed little to no impact from this proposal.

In response to similar legislation filed this year, HB 188, officials at the **Everton, Kansas City, Kirksville, Parkway, West Plains** and the **Wright City R-II** school districts each assumed there is no fiscal impact from this proposal to their respective districts.

Oversight notes the Career and Technical Education delivery system consists of 444 comprehensive high schools, 57 area career centers, the State Technical College of Missouri, 12 community colleges, and 7 four year institutions.

§178.550 Career and Technical Advisory Council

Officials at the **Department of Economic Development** assume there is no fiscal impact from this proposal.

Bill as a Whole

Officials at the **Joint Committee on Administrative Rules** assume there is no fiscal impact from this proposal.

Officials at the **Kansas City Public Schools** assume there are no unfunded mandates in this proposal.

Officials at the **Kirksville R-III School District** assume this would negative impact the school district.

FISCAL IMPACT - State Government FY 2018 FY 2019 FY 2020

GENERAL REVENUE FUND

Cost - one-time computer upgrades DESE §168.021 (\$35,000) \$0 \$0

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND **(\$35,000)** **\$0** **\$0**

FISCAL IMPACT - Local Government FY 2018 FY 2019 FY 2020
 (10 Mo.)

LOCAL SCHOOL DISTRICTS

Cost - administration of these online courses including payment of the course fees, supervision of students and other supplies needed §161.670 \$0 (Expected to exceed \$100,000) (Expected to exceed \$100,000)

Cost - distribution of MO Course Access program materials in registration materials and handbooks §161.670 \$0 (Could exceed \$100,000) (Could exceed \$100,000)

ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS **\$0** **(Expected to exceed \$200,000)** **(Expected to exceed \$200,000)**

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This act provides that the State Board of Education may grant an initial visiting scholars certificate as a license to teach in public schools. The hiring school district must verify that the applicant will be employed as part of a business-education partnership initiative designed to build career pathways systems for students. The applicant must also be employed in a content area in which the individual has an academic degree or professional experience. He or she may only teach classes for ninth grade or higher for which the applicant's degree or professional experience

FISCAL DESCRIPTION (continued)

qualifies him or her.

The certificate shall last one year, and the applicant may renew the certificate up to two times if certain requirements are met, as described in the act. (§168.021)

This bill changes the Missouri Virtual Instruction Program (MOVIP) to "The Missouri Course Access and Virtual School Program" and allows any K-12 student to enroll in 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.

The bill requires the State Board of Education to provide an easily accessible link for course vendors on the program website, allows anyone to submit courses for approval, and requires vendors to accept monthly payments for students enrolled in their courses. (§161.670)

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

City of Kansas City
Department of Economic Development
Department of Elementary and Secondary Education
Everton School District
Forsyth R-III School District
Joint Committee on Administrative Rules
Kansas City Board of Election Commission
Kansas City Public Schools
Kearney R-I School District
Kirksville R-III School District
Missouri Highway Patrol
Office of the State Auditor
State Tax Commission
West Plains School District



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