

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1835-01  
Bill No.: SB 428  
Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education  
Type: Original  
Date: March 10, 2017

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Bill Summary: This proposal authorizes charter schools to be operated in any school district of the state.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>  |            |                         |                         |
|--|------------|-------------------------|-------------------------|
| FUND AFFECTED  | FY 2018    | FY 2019                 | FY 2020                 |
| General Revenue                                      | \$0        | \$0 or (Unknown)        | \$0 or (Unknown)        |
| <b>Total Estimated Net Effect on General Revenue</b> | <b>\$0</b> | <b>\$0 or (Unknown)</b> | <b>\$0 or (Unknown)</b> |

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

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

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

| <b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b> |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                      | <b>FY 2018</b> | <b>FY 2019</b> | <b>FY 2020</b> |
|   |                |                |                |
|   |                |                |                |
| <b>Total Estimated Net Effect on FTE</b>                  | <b>0</b>       | <b>0</b>       | <b>0</b>       |

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |                |                |                |
|--|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                       | <b>FY 2018</b> | <b>FY 2019</b> | <b>FY 2020</b> |
| <b>Local Government*</b>                   | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

\*Offsetting transfers between charter schools and public schools.

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Department of Elementary and Secondary Education (DESE)** assume the number of potential new charter Local Education Authorities (LEAs) that may open is unknown; therefore, the cost is unknown. Based on current staffing levels, for every seven new charter LEAs, one FTE at the Supervisor or equivalent level would be required to maintain the current level of support including processing new applications and renewals, reviewing applications for new sponsor authorizes, completing sponsor evaluations, and providing support and assistance to sponsors and LEAs.

**Oversight** notes that current statutes restrict where charter schools can operate. Those areas include in the St. Louis City School District, Kansas City Public School District, and areas with unaccredited school districts. This proposal would allow charter schools to operate in any area of the state.

**Oversight** will show the impact to General Revenue of \$0 (no new charter schools formed) or (Unknown) for DESE depending on the number of charter schools formed and number of FTE needed.

Officials at the **Pattonville School District** assume lost revenue of \$1,316,584 or the equivalent of 20 teaching positions if 100 students enroll in a charter school.

Officials at the **West Plains School District** assume a potential loss of revenue due to the decrease in enrollment. Estimated impact of \$750,000 to \$1,500,000 based on 5% to 10% of current student opting for a charter school.

Officials at the **Milan C-2 School District** assume this could be extremely detrimental to the school district.

Officials at the **Kearney School District** assume a reduction in student funding of an unknown amount.

Officials at the **Chillicothe R-II School District** assume this could result in a substantial loss to the school district.

Officials at the **Forsyth R-III** and the **Kirksville R-III** school districts each assume this would negatively impact their district.

ASSUMPTION (continued)

Officials at the **Carrollton R-VII School District** assume this could drastically impact funding of the school district.

Officials at the **Carondelet Leadership Academy** and the **Kansas City Public Schools** assume there is no fiscal impact from this proposal to their respective institutions.

Officials at the **Central R-III School District** responded to Oversight's request but did not indicate a fiscal impact.

**Oversight** notes that should a student choose to attend a charter school, the state payment for those students (\$6,241) would transfer from the public school to the charter schools. Oversight will show this transfer as \$0 (no charter schools formed) or Unknown and would net to zero across all charter schools and public school districts.

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

Officials at the **Missouri State University, Missouri Western State University, Northwest Missouri State University, State Technical College of Missouri, University of Central Missouri** and the **University of Missouri** each assume there is no fiscal impact from this proposal.

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, Caruthersville, Chilhowee R-4, 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, 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, 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, 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,

ASSUMPTION (continued)

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.

Officials at the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Lincoln University, Metropolitan Community College, Moberly Area Community College, Missouri Southern State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College and the Truman State University did not respond to **Oversight's** request for fiscal impact.

|   |         |         |         |
|---|---------|---------|---------|
| <u>FISCAL IMPACT - State Government</u> | FY 2018 | FY 2019 | FY 2020 |
|---|---------|---------|---------|

**GENERAL REVENUE**

|  |                   |                                    |                                    |
|--|-------------------|------------------------------------|------------------------------------|
| <u>Cost</u> - DESE additional FTE resources        | \$0               | \$0 or<br><u>(Unknown)</u>         | \$0 or<br><u>(Unknown)</u>         |
| <b>ESTIMATED NET EFFECT ON<br/>GENERAL REVENUE</b> | <b><u>\$0</u></b> | <b><u>\$0 or<br/>(Unknown)</u></b> | <b><u>\$0 or<br/>(Unknown)</u></b> |

|   |         |         |         |
|---|---------|---------|---------|
| <u>FISCAL IMPACT - Local Government</u> | FY 2018 | FY 2019 | FY 2020 |
|---|---------|---------|---------|

**LOCAL SCHOOL DISTRICTS**

|   |                   |                            |                            |
|---|-------------------|----------------------------|----------------------------|
| <u>Increase</u> - funding for charter schools             | \$0               | \$0 or Unknown             | \$0 or Unknown             |
| <u>Decrease</u> - funding for public schools              | <u>\$0</u>        | \$0 or<br><u>(Unknown)</u> | \$0 or<br><u>(Unknown)</u> |
| <b>ESTIMATED NET EFFECT ON<br/>LOCAL SCHOOL DISTRICTS</b> | <b><u>\$0</u></b> | <b><u>\$0</u></b>          | <b><u>\$0</u></b>          |

### FISCAL IMPACT - Small Business

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

### FISCAL DESCRIPTION

This act allows charter schools to be operated in any school district of the state. If the state board of education appoints a special administrative board to retain the authority granted to the elected school board of a school district, the special administrative board of the school district is eligible to sponsor charter schools.

This act is effective July 1, 2018.

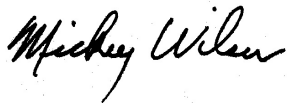
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Carondelet Leadership Academy  
Carrollton R-VII School District  
Central R-III School District  
Chillicothe R-II School District  
Department of Elementary and Secondary Education  
Department of Higher Education  
Forsyth R-III School District  
Kansas City Public Schools  
Kearney School District  
Kirksville R-III School District  
Milan C-2 School District  
Missouri State University  
Missouri Western State University  
Northwest Missouri State University  
Pattonville School District

SOURCES OF INFORMATION (continued)

State Technical College of Missouri  
University of Central Missouri  
University of Missouri  
West Plains School District



Mickey Wilson, CPA  
Director  
March 10, 2017

Ross Strobe  
Assistant Director  
March 10, 2017