

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4655-01  
Bill No.: SB 728  
Subject: Elementary and Secondary Education; Department of Elementary and Secondary Education  
Type: Original  
Date: February 26, 2018

Bill Summary: This proposal modifies provisions relating to early childhood education.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>	<b>\$0 or (Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
State School Moneys*	\$0	\$0	\$0
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Transfer in from General Revenue and distribution to school districts net to zero.

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</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 2019</b>	<b>FY 2020</b>	<b>FY 2021</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 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Local Government*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Transfers net to zero.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume there will be a fiscal impact; however, that impact is unknown. DESE does not know how many children that districts or charter schools are currently serving in this age group. The new language would imply all of the services could be contracted out to another entity. Based on experiences with Missouri Preschool Program grants, few districts chose to work with other entities. Of those that did chose to work with another entity the partnership did not always last the duration of the grant.

In response to a similar proposal, HB 1664 (LR 4892-01), officials from the **West Plains School District** assumed the burden of funding early childhood would require additional funds to be allocated. Assuming no additional revenue is available, the result would be decreased funding from the state due to spreading out existing funds amongst early childhood programs. The district assumed a loss in revenue of up to \$150,000 annually.

Officials from the **Kirkville R-III School District** assume this proposal will have a negative fiscal impact on the district unless more money is put into education, otherwise it is more kids dividing up the already underfunded amount of money for public education.

Officials from the **Summersville R2 School District** and **Wellsville-Middletown R-1 School District** assume the proposal will have no fiscal impact on their districts.

**Oversight** notes that if school districts chose to participate, then this could result in additional students being covered under the average daily attendance. This proposal has the potential to increase the call to the foundation formula.

**Oversight** notes this proposal has a provision that may not have a fiscal impact until such time as the formula is fully funded. Officials from DESE state the FY 2018 appropriation appears to be sufficient to fully fund the foundation formula which would trigger additional costs to the FY 2019 formula with the addition of some Pre-Kindergarten ADA.

**Oversight** assumes the provisions for funding for ages 3 to 5 under 163.018.1, becomes effective in the school year subsequent to the school year in which foundation formula is fully funded (FY 2019) and remains effective in all school years thereafter irrespective of appropriations in succeeding years.

ASSUMPTION (continued)

**Oversight**, for fiscal note purposes, is showing the impact of this provision under full funding of the foundation formula. Oversight assumes the fiscal impact is \$0 (no contracts with school districts) to an unknown cost (increased call to the foundation formula).

<u>FISCAL IMPACT - State Government</u>	FY 2019	FY 2020	FY 2021
<b>GENERAL REVENUE</b>			
<u>Transfer Out - to the State School Moneys Fund</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0 or (Unknown)</u></b>	<b><u>\$0 or (Unknown)</u></b>	<b><u>\$0 or (Unknown)</u></b>
<b>STATE SCHOOL MONEYS FUND</b>			
<u>Transfer In - from General Revenue Fund</u>	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer Out - distribution to school districts</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Local Government                      FY 2019                      FY 2020                      FY 2021

**SCHOOL DISTRICT FUNDS**

Transfer In - from State School Moneys Fund                      \$0 or Unknown      \$0 or Unknown      \$0 or Unknown

Transfer Out - to early childhood education programs                      \$0 or (Unknown)                      \$0 or (Unknown)                      \$0 or (Unknown)

**ESTIMATED NET EFFECT ON SCHOOL DISTRICT FUNDS**                      **\$0**                      **\$0**                      **\$0**

FISCAL IMPACT - Small Business

Oversight notes this could impact small business daycare providers that contract with school districts or charter schools.

FISCAL DESCRIPTION

This act allows children who attend early childhood education programs that are under contract with school districts or charter schools that have declared themselves as a local education agency to be included in the average daily attendance of the school district or charter school.

This act has an emergency clause.

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

Department of Elementary and Secondary Education  
Kirksville R-III School District  
West Plains School District

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SOURCES OF INFORMATION (continued)

Summersville R2 School District  
Wellsville-Middletown R-1 School District

Ross Strope

A handwritten signature in black ink, appearing to read "Ross Strope", with a stylized flourish at the end.

Acting Director  
February 26, 2018