

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5481-02  
Bill No.: SB 810  
Subject: Elementary and Secondary Education; Department of Elementary and Secondary Education  
Type: Original  
Date: February 5, 2018

Bill Summary: This proposal requires school districts to make information relating to their annual operating budget publicly available.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	(Could exceed \$199,605)	(Could exceed \$215,434)	(Could exceed \$216,403)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Could exceed \$199,605)</b>	<b>(Could exceed \$215,434)</b>	<b>(Could exceed \$216,403)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<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 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>
General Revenue	2 FTE	2 FTE	2 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>2 FTE</b>	<b>2 FTE</b>	<b>2 FTE</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>(Unknown over \$200,000)</b>	<b>(Unknown over \$200,000)</b>	<b>(Unknown over \$200,000)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §162.1320

Officials from the **Department of Elementary and Secondary Education (DESE)** do not have the means to ensure the documents being linked are accurate, safe, or even appropriate content. This monitoring effort is exacerbated by the fact these documents change frequently throughout the year. DESE is not currently equipped to collect and validate disparate artifacts like these. Some of the information requested could be collected in a manner that is consistent with our current processes, but there is a significant amount listed that would require brand new collection mechanisms and intense human review procedures. DESE requires 2.0 FTE data specialists to meet the requirements of the proposal.

From a data collection and dissemination point of view, a new system would need to be built with some complex workflow to ensure the validity and safety of these data. The disparity of these artifacts listed will increase the complexity of the system and/or drastically increase the human involvement of validating and approving artifacts daily as they are added or changed. DESE assumes the costs to develop the system are unknown but will exceed \$100,000.

Officials from **Macon County R-IV School District** assume this information is public information and is currently available to anyone who asks for it and in any detail requested. The district budget is adopted in a public meeting. Requiring additional posting, either to a district webpage or to DESE, will require time and possibly additional personnel at the DESE level. At the local level it will require time away for a current employee, time that takes away from other tasks.

Officials from the **Pattonville School District** estimate this will cost the district \$20,000 per year in personnel costs to meet the reporting requirements and the shortened audit timelines. Also, the district estimates the additional audit fees associated with the requirement of this proposal to equal an additional \$15,000 per year. The total estimated impact is \$35,000 per year.

Officials from the **Raymore-Peculiar School District** assume the requirements of this proposal will involve additional staff time to compile, prepare and post financial information to our website. It may also increase the cost of our annual financial audit. The estimated cost to the district to implement this proposal is \$5,000.

ASSUMPTION (continued)

Officials from the **Moberly Public Schools** assume the fiscal impact is approximately \$50,000 or more for a software program to facilitate the reporting of this type of information (i.e. OpenGov or ForeCast5) plus the manpower to generate and update information.

Officials from the **Lathrop School District** assume this proposal will have a slight negative financial impact on the district for personnel time to compile records.

Officials from the **Wellsville-Middletown R-1 School District** assume this proposal will have a negative fiscal impact on the district as it will require the school to hire at least one additional central office staff member to create the reports being required and any additional software/hardware needed as well as potential additional website costs. Most of this information is currently available in the ASBR (Annual Secretary of the Board Report) that is uploaded to DESE annually.

Officials from **Summersville R2 School District** assume this proposal will have little to no affect.

Officials from the **West Plains School District, Kirksville R-III School District and Bakersfield R-IV School District** assume the proposal will have no fiscal impact on their organizations.

**Oversight** notes that of the school districts that responded to Oversight, some showed costs greater than \$1,000 per district. Oversight notes there are currently 518 school districts. If just half the school districts need \$1,000 or more to comply with this proposal, costs would exceed \$259,000. Oversight will show a direct fiscal impact to the school districts of an unknown cost over \$200,000.

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, 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, 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, Forsyth 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 Public Schools, 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, Malta Bend, Mehville, Meramec Valley R-3, Mexico, Middle Grove C-1, Midway R-1, Milan C-2, Monroe City R-I, Morgan County R-2, New Haven,

ASSUMPTION (continued)

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, 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 2019 (10 Mo.)	FY 2020	FY 2021
<b>GENERAL REVENUE</b>			
<u>Cost - DESE</u>			
Personal Service	(\$58,440)	(\$70,829)	(\$71,538)
Fringe Benefits	(\$35,337)	(\$42,612)	(\$42,823)
Equipment and Expense	(\$5,828)	(\$1,993)	(\$2,042)
<u>Total Costs</u>	<u>(\$99,605)</u>	<u>(\$115,434)</u>	<u>(\$116,403)</u>
FTE Change - DESE	2 FTE	2 FTE	2 FTE
<u>Cost - DESE - new data collection system</u>	(Could exceed <u>\$100,000</u> )	(Could exceed <u>\$100,000</u> )	(Could exceed <u>\$100,000</u> )
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>(Could exceed <u>\$199,605</u>)</b>	<b>(Could exceed <u>\$215,434</u>)</b>	<b>(Could exceed <u>\$216,403</u>)</b>
Estimated Net FTE Change for General Revenue	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>SCHOOL DISTRICT FUNDS</b>			
<u>Cost</u> - staff time and software for data collection	(Unknown over <u>\$200,000</u> )	(Unknown over <u>\$200,000</u> )	(Unknown over <u>\$200,000</u> )
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICT FUNDS</b>	<b>(Unknown over <u>\$200,000</u>)</b>	<b>(Unknown over <u>\$200,000</u>)</b>	<b>(Unknown over <u>\$200,000</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 requires school districts to make certain information about the district's annual operating budget available on the district's website as well as on the Department of Elementary and Secondary Education (DESE) website within 15 days of adopting the budget. The information posted shall include the following:

- The budget and any subsequent revisions;
- A summary of personnel expenditures and district expenditures, broken down into subcategories as set forth in the act;
- The current collective bargaining agreement for each bargaining unit;
- Links to benefits information;
- The audit report required under the act;
- Salary and fringe benefit information for the district superintendent and employees whose salary exceeds \$75,000;
- The annual amount spent on dues paid to associations;
- The annual amount spent on lobbying or lobbying services;
- Information about district-maintained credit cards; and
- Costs of out-of-state travel by the district superintendent.

In order to determine the reasonableness of expenditures and whether a violation of the act has occurred, DESE shall require each district to have an audit of the district's financial and pupil accounting records, as set forth in the act.

FISCAL DESCRIPTION (continued)

School districts shall also submit to DESE, by November 1st of each year, annual comprehensive financial data, as described in the act. Additionally, school districts shall file a special education actual cost report and a transportation expenditure report with DESE.

If a school district fails to comply with the budget reporting requirements of the act, DESE may withhold up to 10% of the total state aid due to the district until the district complies with the reporting requirements. If such compliance does not occur by the end of the fiscal year, the district forfeits the amount withheld.

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  
Macon County R-IV School District  
Pattonville School District  
Raymore-Peculiar School District  
Moberly Public Schools  
Lathrop School District  
Wellsville-Middletown R-1 School District  
Summersville R2 School District  
West Plains School District  
Bakersfield R-IV School District  
Kirksville R-III School District

Ross Strobe



Acting Director  
February 5, 2018