

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2123-01
Bill No.: SB 407
Subject: Boards, Commissions, Committees, and Councils; Children and Minors;
 Elementary and Secondary Education
Type: Original
Date: March 11, 2019

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	\$0 or (Unknown, Could exceed \$100,000)	\$0 or (Unknown, Could exceed \$100,000)	\$0 or (Unknown, Could exceed \$100,000)
Total Estimated Net Effect on General Revenue	\$0 or (Unknown, Could exceed \$100,000)	\$0 or (Unknown, Could exceed \$100,000)	\$0 or (Unknown, Could exceed \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
State School Moneys Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*Transfers 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.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
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 2020	FY 2021	FY 2022
Local Government	\$0 or Unknown, Could exceed \$100,000	\$0 or Unknown, Could exceed \$100,000	\$0 or Unknown, Could exceed \$100,000

FISCAL ANALYSIS

ASSUMPTION

Officials from **Department of Elementary and Secondary Education** assume there will be a fiscal impact; however, that impact is unknown. DESE does not know how many children 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.

Oversight notes that if school districts choose to participate, 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. Based on the 17-18 formula payment per ADA (\$3,996), Oversight notes an additional 26 children would potentially increase the call to the foundation formula by \$103,896 (26 * \$3,996).

While the foundation formula was fully funded in FY 2018, **Oversight** is unable to predict whether it will be fully funded in future fiscal years. Oversight notes that if the foundation formula is not fully funded then this proposal may not result in a cost to General Revenue or the State School Moneys Fund. Therefore, Oversight assumes the range of fiscal impact is \$0 (no contracts with school districts or no increase in appropriation) to an unknown cost that could exceed \$100,000 (increased call to the foundation formula and increase in appropriation).

Oversight assumes this proposal could result in a positive impact to school districts if they are currently contracting out and are now able to receive state aid for those students. However, Oversight notes that if the foundation formula is not fully funded then any cost would be incurred by the school districts rather than General Revenue. For purposes of this fiscal note, Oversight assumes school districts can currently contract out for early childhood education programs and the cost of contracting out is not a result of this proposal. Therefore, Oversight will show a range of potential fiscal impact to school districts of \$0 (no contracts or no appropriation) to an unknown increase in revenue (contracted and appropriated).

Officials from the **Department of Public Safety - Missouri State Highway Patrol** assume the proposal will have no fiscal impact on their organization. The Office of Early Childhood currently fingerprints applicants for early childhood education.

ASSUMPTION (continued)

Oversight notes this proposal requires staff members of any early childhood education program that is under contract with a district or charter school to undergo background checks. However, Oversight notes the Department of Public Safety - Missouri State Highway Patrol assumed there would be no fiscal impact. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note from this provision.

Officials from the **Springfield Public Schools** and **Wellsville-Middletown R-1 School District** each assume the proposal will have no fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE			
	\$0 or (Unknown, Could exceed	\$0 or (Unknown, Could exceed	\$0 or (Unknown, Could exceed
<u>Transfer Out - to the State School Moneys Fund</u>	<u>\$100,000)</u>	<u>\$100,000)</u>	<u>\$100,000)</u>
	\$0 or (Unknown, Could exceed	\$0 or (Unknown, Could exceed	\$0 or (Unknown, Could exceed
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$100,000)</u>	<u>\$100,000)</u>	<u>\$100,000)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2020	FY 2021	FY 2022
Continued	(10 Mo.)		

STATE SCHOOL MONEYS FUND

	\$0 or Unknown, Could exceed	\$0 or Unknown, Could exceed	\$0 or Unknown, Could exceed
<u>Transfer In</u> - from General Revenue Fund	\$100,000	\$100,000	\$100,000
	\$0 or (Unknown, Could exceed	\$0 or (Unknown, Could exceed	\$0 or (Unknown, Could exceed
<u>Transfer Out</u> - distribution to school districts	\$100,000)	\$100,000)	\$100,000)

ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2020	FY 2021	FY 2022
	(10 Mo.)		

SCHOOL DISTRICT FUNDS

	\$0 or Unknown, Could exceed	\$0 or Unknown, Could exceed	\$0 or Unknown, Could exceed
<u>Transfer In</u> - from State School Moneys Fund	\$100,000	\$100,000	\$100,000
	\$0 or Unknown, Could exceed	\$0 or Unknown, Could exceed	\$0 or Unknown, Could exceed
ESTIMATED NET EFFECT ON SCHOOL DISTRICT FUNDS	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>

FISCAL IMPACT - Small Business

Oversight assumes there could be a fiscal impact to small businesses as a result of this proposal.

FISCAL DESCRIPTION

Under current law, pupils between the ages of three and five who are eligible for free and reduced price lunch and attend an early childhood education program that is operated by and in a district or by a charter school that has declared itself as a local educational agency providing full-day kindergarten and that meets standards established by the State Board of Education are included in the district's or charter school's calculation of average daily attendance.

Under this act, such students shall also be included in the calculation of average daily attendance if they attend an early childhood education program that is under contract with a district or charter school that has declared itself as a local educational agency and that meets standards established by the State Board.

In establishing such standards, the State Board shall consider certain factors set forth in the act. The staff members of an early childhood education program are required to undergo background checks.

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
Department of Public Safety - Missouri State Highway Patrol
Springfield Public Schools
Wellsville-Middletown R-1 School District



Kyle Rieman
Director
March 11, 2019

Ross Strope
Assistant Director
March 11, 2019