

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4700-03
Bill No.: SB 830
Subject: Boards, Commissions, Committees and Councils; Children and Minors; Education, Elementary and Secondary; Education, Higher; Elementary and Secondary Education, Department of; Higher Education and Workforce Development, Department of; Retirement - Schools; Teachers
Type: Original
Date: March 9, 2020

Bill Summary: This proposal modifies provisions related to workforce development in elementary and secondary education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	(\$2,347,636)	(\$2,352,981)	(\$2,358,486)
Total Estimated Net Effect on General Revenue	(\$2,347,636)	(\$2,352,981)	(\$2,358,486)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
Local Government	\$2,169,488	\$2,169,488	\$2,169,488

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State** say many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Joint Committee on Administrative Rules** state the legislation is not anticipated to cause a fiscal impact to the Joint Committee on Administrative Rules beyond its current appropriation

Officials from the **Department of Elementary and Secondary Education (DESE)** assume:

Section 162.1250

Increasing the attendance percentage from 94% to 95% and 47% to 47% will have a fiscal impact of increasing the amount owed to districts in the basic formula calculation. The department does not collect data in a manner to know the courses taken and then completed virtually, therefore, DESE estimates a cost of \$90,000 for all K-12 students.

Section 163.018

Including the attendance hours of pupils that attend a half-day early childhood education program in the calculation of ADA (average daily attendance) will result in a cost of \$2,079,488.

DESE used only those school districts with declining enrollment, who did not claim PK ADA in 2019, and included only districts that would be able to claim 10 or more students at the 4 percent max in the calculation of this estimate.

Officials from the **Department of Higher Education and Workforce Development (DHEWD)** assume:

ASSUMPTION (continued)

Section 167.903

The sections of this bill affecting DHEWD begin with Section 167.903 with the creation of an individual career and academic plan, which could result in a plan to pursue educational alternatives after high school.

Section 167.907 impacts DHEWD as every student, in order to graduate high school, must file a Free Application for Federal Student Aid (FASFA). This will affect the department's FASFA outreach efforts and will require contractual support for these outreach efforts due to the statewide mandate.

The DHEWD estimates that the equivalent of 3.5 FTE (2080 hours per FTE x 3.5 = 7,280 hours) will allow the department to contract for 7,280 hours at \$15 per hour for a total of \$109,200 annually. This will provide 3,120 more hours of direct outreach activity than would be available by hiring two full-time staff and incurring benefit costs while only realizing 4,160 hours of outreach activity (2 FTE x 2,080 hours = 4,160).

The balance of the funding (\$69,948) would be used for related program costs such as travel (\$15k miles x .48=\$6,450), outreach advertising (estimated at \$53,998) based upon state contract pricing), print publications (\$8,500 for outreach print materials). The total for this FASFA activity will be \$178,148.

Section 167.908 would require the department [to] establish a procedure for providing the means and capability for high school students enrolled in career and technical education programs described under section 170.029 to complete an application for aid through the United States Department of Labor, Employment and Training Administration Pursuant to the Federal Workforce Innovation and Opportunity Act. The department shall work with school districts that deliver career and technical education programs to educate students on the value of the aid that is available to them through the federal Workforce Innovation and Opportunity Act. The bill also [sets] certain performance measures the department must meet. The application process for these funds is part of the local work development board processes that already exist. No new state costs will be required and the federal funding is part of an annual allocation to each state from the US Department of Labor. No new FTE are anticipated at this time.

This will bring the total costs for this bill related to the FASFA requirements to \$178,148 in general revenue for FY21 with a 3% increase each year thereafter. That will result in a total of \$183,493 for FY 22 and \$188,998 for FY23.

ASSUMPTION (continued)

Oversight adopts DESE and DHEWD’s estimates, and will show (\$2,347,636) to general revenue in FY 21, growing according to DHEWD’s estimate. Oversight will also show an annual \$2,169,488 funding increase to school districts.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE			
<u>Cost</u> - § 167.907 DHEWD FASFA outreach	(\$178,148)	(\$183,493)	(\$188,998)
<u>Transfer out</u> - § 162.1250 DESE virtual payment increase	(\$90,000)	(\$90,000)	(\$90,000)
<u>Transfer out</u> - § 163.018 DESE early childhood payment increase	<u>(\$2,079,488)</u>	<u>(\$2,079,488)</u>	<u>(\$2,079,488)</u>
NET EFFECT ON GENERAL REVENUE	<u>(\$2,347,636)</u>	<u>(\$2,352,981)</u>	<u>(\$2,358,486)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
SCHOOL DISTRICTS			
<u>Transfer in</u> - § 162.1250 virtual payment increase	\$90,000	\$90,000	\$90,000
<u>Transfer in</u> - § 163.018 early childhood payment increase	<u>\$2,079,488</u>	<u>\$2,079,488</u>	<u>\$2,079,488</u>
NET EFFECT ON SCHOOL DISTRICTS	<u>\$2,169,488</u>	<u>\$2,169,488</u>	<u>\$2,169,488</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

SCHOOL INNOVATION WAIVERS (Section 161.214)

Under this act, any school intervention team, which shall mean a group of persons representing certain schools as set forth in the act, may submit a state innovation waiver plan to the State Board of Education for certain purposes, including improving student readiness for employment, higher education, vocational training, technical training, or any other form of career and job training, increasing the compensation of teachers, or improving the recruitment, retention, training, preparation, or professional development of teachers.

A school innovation waiver shall mean a waiver granted by the State Board to certain schools, set forth in the act, in which such schools are exempt from a specific requirement imposed by current law, or any regulations promulgated by the State Board or the Department of Elementary and Secondary Education. Any school innovation waiver granted to a school district or group of school districts shall be applicable to every elementary and secondary school within the school district or group of school districts unless the plan specifically provides otherwise.

Any plan for a school innovation waiver shall include certain information, including the specific provision of law for which a waiver is being requested, and an explanation for why such provision of law inhibits the ability of the school or school district to accomplish the goal stated in the plan. The plan shall also demonstrate that the intent of the law can be addressed in a more effective, efficient, or economical manner and that the waiver or modification is necessary to implement the plan.

In evaluating a plan submitted by a school innovation team, the State Board shall consider whether the plan meets certain criteria set forth in the act. The State Board may propose modifications to the plan in cooperation with the school innovation team.

Any waiver granted under this act shall be effective for no longer than three school years, but school innovation waivers may be renewed. No more than one school innovation waiver shall be in effect with respect to any one elementary or secondary school at one time.

The State Board shall not authorize the waiver of any statutory requirements relating to teacher certification, teacher tenure, or any requirement imposed by federal law.

FISCAL DESCRIPTION (continued)

VIRTUAL CLASS ATTENDANCE (Section 162.1250)

Under current law, for purposes of calculation and distribution of state school funding, attendance of a student enrolled in a district or charter school virtual class shall equal, upon course completion, 94% of the hours of attendance possible for such class delivered in the nonvirtual program in the student's resident district or charter school.

Under this act, attendance of a student in such a virtual class shall equal 95% of the hours of attendance possible.

CALCULATION OF AVERAGE DAILY ATTENDANCE (Section 163.018)

Under this act, beginning in the 2020-2021 school year, the calculation of a school district or charter school's average daily attendance shall include the attendance hours of pupils that attend a half-day early childhood education program of the district or charter school in the current year.

This provision shall only apply to a district or charter school that did not offer an early childhood education program during the 2019-2020 school year.

STUDENT CAREER AND ACADEMIC PLANS (Section 167.903)

Current law allows any student, prior to his or her ninth grade year at a public or charter school, to develop a personal plan of study with help from the school's guidance counselors, which shall be reviewed regularly, as needed by school personnel and the student's parent or guardian and updated based upon the needs of the student.

Under this act, such students shall be required to develop an individual career and academic plan, rather than a personal plan of study, with his or her school's guidance counselors. Such plan shall be reviewed once per semester by school personnel and the student's parent or guardian.

Each student, prior to the completion of the second semester of his or her twelfth grade year, shall include, as part of such plan, a declaration as to his or her post-secondary plans.

FREE APPLICATION FOR FEDERAL STUDENT AID (Section 167.907)

Under this act, no student shall receive a certificate of graduation from any public or private school unless he or she has completed and submitted the Free Application for Federal Student Aid (FAFSA).

FISCAL DESCRIPTION (continued)

A student shall be exempt from such requirement if such student submits to the school a written confirmation of a commitment to enlist in the armed forces or a written document or form signed by the student's parent or guardian, attesting that they understand what the application is and have chosen not to file such application.

This provision is similar to HB 1349 (2020).

AID FOR CAREER AND TECHNICAL EDUCATION PROGRAMS (Section 167.908)

The Department of Higher Education and Workforce Development shall, by rule, establish a procedure for providing the means and capability for high school students enrolled in career and technical education (CTE) programs to complete an application for aid through the United States Department of Labor, Employment and Training Administration.

The Department shall work with school districts that deliver CTE programs to educate students on the value of the aid available to them through the federal Workforce Innovation and Opportunity Act, and shall meet certain thresholds set forth in the act.

CAREER PATHWAYS SYSTEMS (Section 168.021)

Under current law, certificates of license to teach in the public schools shall be granted by the State Board, which shall issue an initial visiting scholars certificate based on verification from the hiring school district that the applicant will be employed as part of a business-education partnership initiative designed to build career pathways systems for students in a grade or grades not lower than the ninth grade.

This act repeals the requirement that the hiring school district verify that the applicant will be employed as part of a business-education partnership initiative, but rather requires such district to verify that the applicant will be employed to build career pathways systems for students.

PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI (PSRS) and PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM OF MISSOURI (PEERS) (Section 169.596)

Current law provides that a retired certificated teacher receiving a retirement benefit from the Public School Retirement System of Missouri(PSRS) may, without losing his or her retirement benefit, teach full time for up to two years for a school district covered by PSRS, provided that no such retired teacher shall be employed as a superintendent. Current law also caps the total

FISCAL DESCRIPTION (continued)

number of such teachers to the lesser of ten percent of the total teacher staff for that school district, or five certificated teachers.

Under this act, such teacher may be employed full time for up to four years for a school district covered by PSRS, without losing his or her retirement benefit. This act also repeals the provision prohibiting such teacher from being employed as a superintendent, and repeals the cap on the number of retired certificated teachers that may be employed.

Under this act, a retired certificated teacher receiving a retirement benefit from PSRS may only be employed as a superintendent if he or she has been retired for at least twelve months prior to such employment, unless immediate employment is necessary due to death, disability, or termination for cause of the superintendent who held the position being filled.

Current law also provides that any person receiving a retirement benefit from the Public Education Employee Retirement System of Missouri (PEERS) may, without losing his or her retirement benefit, be employed full time for up to two years for a school district covered by PEERS, provided that the school district has a shortage of noncertificated employees. The total number of retired noncertificated employees shall not exceed the lesser of ten percent of the total noncertificated staff of the school district, or five employees. This act permits such employee to be employed for up to four years, rather than two.

The total number of retired members working for a school district under PSRS or PEERS, including certificated and noncertificated employees, shall not exceed the lesser of ten percent of the total number of employees for that district or ten employees.

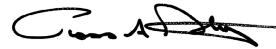
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education (DESE)
Department of Higher Education and Workforce Development (DHEWD)
Joint Committee on Administrative Rules
Office of the Secretary of State



Julie Morff
Director
March 9, 2020



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March 9, 2020