

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0885S.02I
Bill No.: SB 34
Subject: Education, Elementary and Secondary; Elementary and Secondary Education, Department of; Teachers
Type: Original
Date: January 25, 2021

Bill Summary: This proposal establishes the Show Me Success Diploma Program as an alternative graduation pathway for high school students.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	(\$25,000)	Up to (\$183,374)	Up to (\$167,156)
Total Estimated Net Effect on General Revenue	(\$25,000)	Up to (\$183,374)	Up to (\$167,156)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	Up to 2 FTE	Up to 2 FTE	Up to 2 FTE
Total Estimated Net Effect on FTE	Up to 2 FTE	Up to 2 FTE	Up to 2 FTE

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** state the following sections have impact on their department:

Section 160.560.8

No cost to the department but DESE believes there would be a cost to school districts and vendors to modify their programs to be able to track and report attendance on these students.

Section 161.385

The department estimates a \$25,000 annual cost for the Competency-Based Education Task Force to host meetings as needed to complete their objectives. Dependent upon their findings, the Department could have potential costs in the future.

Officials from the **Office of the State Treasurer (STO)** state they are estimating anywhere from no fiscal impact up to two FTEs. The overall impact to the State Treasurer's Office will depend on negotiation with the state's 529 program manager to implement these provisions. The STO assumed a possible need for two (2) FTE Analysts, each at \$39,708 annually plus fringe benefits and other expense and equipment.

Oversight notes that subsection 160.560.8 states the Office of the State Treasurer shall provide guidance and assist with the creation, maintenance, and use of an account that has been established under sections 166.400 to 166.455 (MOST program).

Oversight will range the fiscal impact "Up to" the 2 FTE estimated by the STO starting in FY 2023 depending upon the activity and complexity additional accounts.

Officials from the **Missouri House of Representatives** assume no fiscal impact – any reasonable expense of a member serving on the task force will be absorbed.

Officials from the **Missouri Senate** state they anticipate a negative fiscal impact to reimburse 2 Senators for travel to Task Force meetings. It will cost approximately \$190 per meeting if meetings are held in Jefferson City during the interim.

Officials from the **Office of the Governor** assume the proposal will not fiscally impact their office.

Officials from the **High Point R-III School District** assume the proposal would not fiscally impact their school.

Oversight assumes this program is optional (may) for school districts. Oversight also assumes school districts would continue to receive state funding for students that utilize this educational path. Therefore, Oversight will assume the proposal will not materially fiscally impact local school districts.

Oversight assumes if a student receives a show me success diploma and enrolls in a postsecondary educational institution, the state will continue to count this student in their funding calculation, and this will not result in a material difference in state aid. Therefore, Oversight will not reflect a fiscal impact to Section 160.560.8.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State** notes 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, they 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, they 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.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE			
Costs – DESE – 161.385 Competency-Based Education Task Force	(\$25,000)	(\$25,000)	(\$25,000)
Costs – STO		Up to....	Up to....
Personal Service	\$0	(\$80,210)	(\$81,012)
Fringe Benefits	\$0	(\$49,664)	(\$49,908)
Expense and Equip	<u>\$0</u>	(\$28,500)	(\$11,236)
Total Cost – STO	\$0	(\$158,374)	(\$142,156)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$25,000)</u>	<u>Up to</u> <u>(\$183,374)</u>	<u>Up to</u> <u>(\$172,156)</u>
Estimated Net FTE Change to the General Revenue Fund	<u>0 FTE</u>	<u>Up to 2 FTE</u>	<u>Up to 2 FTE</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	\$0	\$0	\$0

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This act establishes the Show Me Success Diploma Program as an alternative pathway to graduation for high school students. Students may earn the show me success diploma beginning at the end of a student's tenth grade year. By July 1, 2022, the Department of Elementary and

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Secondary Education shall develop detailed requirements for students to become eligible for the show me success diploma.

Students who earn a show me success diploma may elect to remain in high school. Alternatively, a student having earned the diploma may instead enroll in a qualifying postsecondary educational institution. For each student enrolled in such an institution, an amount equal to ninety percent of the pupil's proportionate share of the state, local, and federal aid that the district or charter school receives for such pupil, shall be deposited into an account that lists the pupil as the beneficiary.

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

Missouri House of Representatives

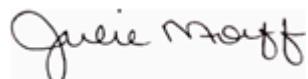
Missouri Senate

Office of the Governor

Office of the Secretary of State

Joint Committee on Administrative Rules

High Point R-III School District



Julie Morff

Director

January 25, 2021



Ross Strope

Assistant Director

January 25, 2021