

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1480S.05C
 Bill No.: SCS for SB 400
 Subject: Education, Elementary and Secondary; Elementary and Secondary Education,
 Department of; Teachers
 Type: Original
 Date: March 29, 2021

Bill Summary: This proposal modifies provisions related to the accreditation of public schools, school districts, and charter schools.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	(Could exceed \$335,310)	(Could exceed \$339,127)	(Could exceed \$340,259)
Total Estimated Net Effect on General Revenue	(Could exceed \$335,310)	(Could exceed \$339,127)	(Could exceed \$340,259)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> 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	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	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 or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 161.092

Officials from **Department of Elementary and Secondary Education** assume the proposal provides that attendance centers or school districts performing in the bottom ten percent of the state distribution of accreditation scores shall be classified as unaccredited. Such action would require the Department of Elementary and Secondary Education to conduct hearings for those districts that are unaccredited at least twice a year. The department assumes 52 districts would make up the ten percent of districts performing in the unaccredited range and would require 2 hearings per unaccredited school district for a total of 104 hearings per school year. The department estimates a total cost of \$214,656 per year for hearing costs, various travel and mileage and meals.

The department also will require 2 FTE to fulfill the requirements of the legislation. 1.0 FTE at the Supervisor level and 1.0 FTE for an Administrative Assistant.

Depending on the development/requirements of the new assessments, there could be a fiscal impact in regards to data collection, processing and reporting. Therefore, DESE will show a fiscal impact of a range to unknown.

This section also requires unaccredited attendance centers to partner with an independent school improvement expert. The impact of this provision could be significant depending on the cost associated with it. A similar provision in Section 161.1105 provides a cost of \$650,000 per school. The Department will indicate an unknown cost for the implementation of this provision depending on if the state is responsible for this cost.

Based on the most current information available, **Oversight** notes there are 510 accredited school districts, 7 provisionally accredited school districts and 0 unaccredited school districts. Oversight assumes this proposal would increase the number of school districts that are classified as unaccredited.

Per section 162.081, for districts that are classified as unaccredited, DESE must conduct at least 2 hearings annually until the district is classified as accredited. In addition, the state board of education can allow the local school board to continue governing the district or lapse the corporate organization of all or part of the district and:

- appoint a special administrative board
- determine an alternative governing structure
- attach the territory of the lapsed district to another district or districts; or
- establish one or more school districts within the territory of the lapsed district

Per DESE's website, "Mo. Rev. Stat. §167.131 provides that an unaccredited school district must pay tuition for students transferring to an accredited school district, and that the receiving district must accept those students. Application of this law has been litigated in two cases, Breitenfeld, et al. v. School District of Clayton and Blue Springs School District, et al. v. School District of Kansas City, Missouri. In both cases, the Missouri Supreme Court has affirmed the right of students to transfer to an accredited school district."

Oversight assumes students attending an unaccredited school district would be able to transfer to an accredited public high school in the same or an adjoining county. Oversight assumes the sending district would pay the receiving district the per pupil cost of maintaining the district's grade level grouping.

Oversight will show a potential transfer of funds from the sending district or charter school to the receiving district for students that transfer to non-resident districts. Oversight assumes the cumulative impact on school districts and charter schools would net to zero.

Based on a response to a similar proposal, SB 133 (2021), **DESE** stated, if a student transfers to another district, the student would still be counted in the resident district's average daily attendance (ADA) calculation.

Oversight is uncertain if the resident school district can continue to count transfer students in their ADA calculation based on the definition of ADA in section 163.011. For purposes of this fiscal note, Oversight will adopt DESE's assumption that a resident district can continue to count a transfer student in their ADA calculation; therefore, Oversight will show no impact to the foundation formula.

Oversight is uncertain how the attachment of the territory of the lapsed district to another district would impact the foundation formula. In their response, DESE did not indicate this proposal would have a potential impact on the foundation formula. Oversight does not have any information to the contrary and therefore assumes there would be no impact to the foundation formula.

Officials from the **Department of Higher Education and Workforce Development** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

In response to a previous version, officials from the **Springfield R-XII School District** assumed this proposal would have an impact on their organization; however, the fiscal impact to the district is unknown.

In response to a previous version, officials from the **High Point R-III School District** assumed the proposal will have no fiscal impact on their organization.

Oversight received a limited number of responses from school districts related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other school districts were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

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 their office can sustain with their 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			
<u>Costs - DESE</u>			
Personal Service	(\$56,840)	(\$68,890)	(\$69,579)
Fringe Benefits	(\$39,084)	(\$47,130)	(\$47,363)
Expense & Equipment	(\$24,730)	(\$8,451)	(\$8,661)
<u>Total Costs</u>	(\$120,645)	(\$124,471)	(\$125,603)
Net FTE Change	2 FTE	2 FTE	2 FTE
<u>Costs - DESE - hearings for unaccredited school districts</u>	(\$214,656)	(\$214,656)	(\$214,656)
<u>Costs - DESE - development & requirements for new assessments</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs - DESE - requirement for attendance centers to partner with school improvement expert</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Could exceed \$335,310)	(Could exceed \$339,127)	(Could exceed \$340,259)
Estimated Net FTE Change on General Revenue	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
SCHOOL DISTRICTS & CHARTER SCHOOLS			
<u>Costs</u> - requirement for unaccredited attendance centers to partner with school improvement expert and/or other administrative duties	(Unknown)	(Unknown)	(Unknown)
<u>Costs</u> - Sending Districts - payments for transferring students	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue Gain</u> - Receiving Districts - tuition for transferring students	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS & CHARTER SCHOOLS	(Unknown)	(Unknown)	(Unknown)

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This act repeals provisions requiring the State Board of Education's statewide assessment system to afford maximum flexibility to school districts and limiting such system to permitting academic performance of students to be tracked against prior academic performance in the same school. (Section 160.518)

This act applies certain existing duties of the Board to both school districts and attendance centers, as defined in the act.

This act requires, in addition to a statement of the sex of students taught at public schools, a statement of the race and ethnicity of students and teachers at attendance centers in the state to be included in a report by the Board.

This act requires the Board's suggestions for the improvement of public schools to be research-based and cited.

The Board shall classify and accredit both attendance centers and school districts. Attendance centers shall include any individual public elementary or secondary school, including any charter school.

Such classifications shall include only the categories of unaccredited, provisionally accredited, accredited, and accredited with distinction.

Attendance centers performing in the bottom 10% based on total accreditation scores shall be classified as unaccredited unless the school has at least 50% proficiency in composite scores in math and reading.

Attendance centers performing in the bottom 25% based on total accreditation scores shall be classified as provisionally accredited or unaccredited unless the school has at least 60% proficiency in composite scores in math and reading.

This act expands on the Board's rulemaking authority for academic achievement and academic performances by requiring that academic growth account for no less than 40% of the total accreditation score, and providing further instruction for the calculation of performance. The act provides the Board guidance on new rulemaking authority for local education agencies that have attendance centers that become unaccredited and provisionally accredited.

Attendance centers must develop and submit to the school board or governing agency a school improvement plan. The plan must be submitted to the school district or governing board within 60 days of receiving the designation and must include three-year goals for math and reading proficiency as outlined in the bill.

Attendance centers are encouraged to develop innovation zones and partner with nonprofit organizations with expertise in school redesign and improvement.

The Department of Elementary and Secondary Education shall recognize and publish attendance centers that are accredited with distinction and demonstrate significant academic growth.
(Section 161.092)

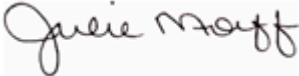
This act establishes the School Accountability Board, composed of members as described in the act. (Section 161.890)

Any attendance center, school district, or charter school that is classified as provisionally accredited or unaccredited shall inform all parents of students of the classification, along with details on student options and future school improvement plans. (Section 162.084)


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
Office of the Secretary of State
Joint Committee on Administrative Rules
High Point R-III School District
Springfield R-XII School District



Julie Morff
Director
March 29, 2021



Ross Strobe
Assistant Director
March 29, 2021