

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3475S.01I
Bill No.: SB 816
Subject: Children and Minors; Education, Elementary and Secondary
Type: Original
Date: February 17, 2022

Bill Summary: This proposal modifies the calculation of average daily attendance for early childhood education programs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2026)
General Revenue	\$0	(\$17,724,727)	(\$34,278,397)	(\$52,714,935)
Total Estimated Net Effect on General Revenue	\$0	(\$17,724,727)	(\$34,278,397)	(\$52,714,935)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2026)
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2026)
Total Estimated Net Effect on <u>All Federal</u> Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2023	FY 2024	FY 2025	Fully Implemented (FY 2026)
Total Estimated Net Effect on FTE	0	0	0	\$0

- 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 2023	FY 2024	FY 2025	Fully Implemented (FY 2026)
Local Government	\$0	\$17,724,727	\$34,278,397	\$52,714,935

FISCAL ANALYSIS

ASSUMPTION

Section 163.018.2(1)(b)

Officials from **Department of Elementary and Secondary Education** state:

Modifying the percentage of PK students allowed to be claimed for state aid to 6% for FY 2023-2024 could increase the foundation formula call by an estimated \$17,724,726.98.

Modifying the percentage of PK students allowed to be claimed for state aid to 8% for FY 2024-2025 could increase the foundation formula call by an estimated \$34,278,396.59

Modifying the percentage of PK students allowed to be claimed for state aid to 10% for FY 2025-2026 could increase the foundation formula call by an estimated \$52,714,934.93.

Oversight notes that if school districts chose to participate, then 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.

Oversight, for fiscal note purposes, is showing the impact of this provision under full funding of the foundation formula. Oversight assumes the fiscal impact is \$0 (no additional early education programs) to an unknown cost (increased call to the foundation formula).

If the foundation formula is not fully funded, there would not be necessarily be an additional cost to General Revenue.

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 received from state agencies and political subdivisions; however, school districts were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT</u> <u>– State</u> <u>Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2026)
GENERAL REVENUE				
DESE – increase to the foundation formula call §163.018	<u>\$0</u>	<u>(\$17,724,727)</u>	<u>(\$34,278,397)</u>	<u>(\$52,714,935)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0</u>	<u>(\$17,724,727)</u>	<u>(\$34,278,397)</u>	<u>(\$52,714,935)</u>

<u>FISCAL IMPACT</u> <u>– Local</u> <u>Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025	Fully Implemented (FY 2026)
SCHOOL DISTRICTS				
DESE – increase to the foundation formula call §163.018	<u>\$0</u>	<u>\$17,724,727</u>	<u>\$34,278,397</u>	<u>\$52,714,935</u>
ESTIMATED NET EFFECT TO SCHOOL DISTRICTS	<u>\$0</u>	<u>\$17,724,727</u>	<u>\$34,278,397</u>	<u>\$52,714,935</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Under current law, pupils ages 3 to 5 who are eligible for free and reduced price lunch and attend an early child education program operated by a school district or charter school providing full-day kindergarten, or that is under contract with a district or charter school, shall be included in the district's or charter school's calculation of average daily attendance. The total number of such pupils included in the calculation shall not exceed 4% of the total number of pupils who are eligible for free and reduced price lunch and are included in the calculation of average daily attendance.

Under this act, for the 2022-2023 school year, the total number of qualifying pupils, those ages 3 through 5, included in the calculation of average daily attendance shall not exceed 4% of the total number of non-qualifying pupils ages 5 through 18 who are eligible for free and reduced price lunch and who are included in the calculation of average daily attendance.

For the 2023-2024 school year, the percentage shall not exceed 6% of such number.

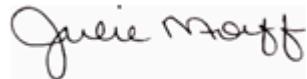
For the 2024-2025 school year, the percentage shall not exceed 8% of such number.

For the 2025-2026 school year, and for each school year thereafter, the percentage shall not exceed 10% of such number.

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



Julie Morff
Director
February 17, 2022



Ross Strope
Assistant Director
February 17, 2022