

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3482S.01I
Bill No.: SB 662
Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education; Teachers
Type: Original
Date: January 18, 2022

Bill Summary: This proposal provides for school innovation waivers to exempt schools from specific requirements imposed by statute or regulation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

Oversight notes DESE's FY 2022 Budget Book included a \$1,000,000 Governor's Recommendation from General Revenue to "support school innovation teams in implementing their waivers approved by the State Board of Education". DESE's FY 2023 Budget Book does not appear to include funding to support innovation waivers. Oversight assumes if there is an appropriation for the program, it will exceed \$250,000.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
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 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on FTE	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
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 161.214 School Innovation Waiver

Officials from the **Department of Elementary and Secondary Education** and **Department of Higher Education and Workforce Development** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **Joint Committee on Public Employee Retirement** have reviewed this proposal and determined it has no direct fiscal impact to the Joint Committee on Public Employee Retirement. The JCPER's review of this legislation indicates it will not affect retirement plan benefits as defined in Section 105.660(9).

Oversight notes DESE's FY 2022 Budget Book included a \$1,000,000 Governor's Recommendation from General Revenue to "support school innovation teams in implementing their waivers approved by the State Board of Education". DESE's FY 2023 Budget Book does not appear to include funding to support innovation waivers.

Oversight will show a range of impact to General Revenue of \$0 (no additional cost or not appropriated) to an unknown cost to support school innovation teams. Based on FY 2022's Governor Recommend, Oversight assumes the cost could exceed \$250,000.

Oversight assumes there could be a cost to implement this program. School districts may have costs related to improving student readiness and job training, increasing teacher compensation, or improving teacher recruitment and development. Oversight will show a range of impact of \$0 (no school districts participate or no additional cost) to an unknown cost to implement the waiver. Oversight assumes the net impact on school districts would be \$0 if distributions from General Revenue cover all costs or negative net impact if implementation costs exceed state distributions.

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 (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with its core budget. Therefore, the SOS reserves 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 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE			
<u>Costs</u> - DESE - §161.214 - support for school districts implementing School Innovation Waivers	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
SCHOOL DISTRICTS			
<u>Costs</u> - §161.214 - to implement School Innovation Waivers (improve student readiness and job training, increase teacher compensation, improve teacher recruitment and development)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue</u> - §161.214 - distributions to support school districts implementing School Innovation Waivers	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Under this act, a 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.

The Board may grant school innovation waivers to exempt schools from requirements imposed by current law, or from any regulations promulgated by the Board or the Department of Elementary and Secondary Education. If a school innovation waiver is granted to a school district or group of school districts, the waiver 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 contain certain information as described in the act, including the specific provision of law for which a waiver is being requested and an explanation for why such provision of law inhibits 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 Board shall consider whether the plan meets certain criteria set forth in the act. The Board may propose modifications to the plan in cooperation with the school innovation team.

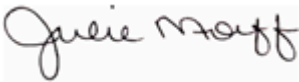
Any waiver granted under this act shall be effective for no longer than three school years, but school innovation waivers may be renewed. No more than one school innovation waiver shall be in effect with respect to any one elementary or secondary school at one time.

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.

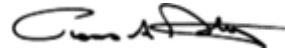
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Joint Committee on Public Employee Retirement
Office of the Secretary of State
Joint Committee on Administrative Rules



Julie Morff
Director
January 18, 2022



Ross Strobe
Assistant Director
January 18, 2022