

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4016S.01I
 Bill No.: SB 648
 Subject: Children and Minors; Education, Elementary and Secondary; Elementary and Secondary Education, Department of; Teachers; Telecommunications
 Type: Original
 Date: January 24, 2022

Bill Summary: This proposal modifies provisions related to the virtual school program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue*	(Unknown, could exceed \$60,000)	(Unknown, could exceed \$150,000)	(Unknown, could exceed \$150,000)
Total Estimated Net Effect on General Revenue	(Unknown, could exceed \$60,000)	(Unknown, could exceed \$150,000)	(Unknown, could exceed \$150,000)

*Oversight assumes the fiscal impact could exceed the \$250,000 threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>Other State Funds</u>	\$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
General Revenue	0 to 1 FTE	0 to 1 FTE	0 to 1 FTE
Total Estimated Net Effect on FTE	0 to 1 FTE	0 to 1 FTE	0 to 1 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 2023	FY 2024	FY 2025
Local Government	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

At the time this fiscal note was prepared, **Oversight** had not received a response from Department of Elementary and Secondary Education. 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.

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

Section 161.670.1

Update Branding from MOCAP to MCAVSP for website, letter head, and various platforms to utilize the new logo and letterhead for the new acronym “MCAVSP”. Minimal fiscal impact expected.

Section 161.670.2

Unable to determine if programming costs needed to modify a system, without knowing which payments will be withheld. Any system updates would be paid from General Revenue funding.

Section 161.670.3.2

The department will need an updated Student Information System (SIS) to develop and handle continuous enrollment for students not enrolled in a full-time virtual school. Initial implementation of updated system estimated at \$50,000. Ongoing annual fees based on course enrollment approximated at \$5.00 per enrollment for 30,000 enrollments = \$150,000.

Section 161.670.6.1

Proposed changes to the requirements for full-time providers will necessitate a separate RFP for full-time providers and per course providers. Minimal fiscal impact expected.

Section 161.670.11.6

The addition of comparative data and performance by students in their prior educational setting into the Annual Report will necessitate the development of new data rules in MOSIS and an additional data analyst to develop and run the reports. New rules in MOSIS core data estimated at \$10,000. Will need .5 FTE (Data Analyst) to oversee development - \$50,136.

Oversight notes DESE indicated the need for a 0.5 FTE. Oversight will show this as a range of impact of \$0 (duties can be absorbed by existing FTE) to the cost of hiring a full FTE.

Oversight notes this proposal appears to expand the eligibility for virtual school enrollment to any student who is eligible to enroll in a Missouri public school rather than to only students who have attended for a public school for at least one semester. Oversight assumes this proposal would allow previously homeschooled students and private school students to enroll in virtual courses paid by the school districts.

Oversight assumes expanding the eligibility could increase enrollment for school districts causing an increased call to the foundation formula. Oversight will show an unknown cost to General Revenue for newly eligible and enrolled MCAVSP students. For every newly enrolled student achieving eligibility under this proposal, the cost is estimated at \$5,066 (average state aid per ADA) with subsequent increase in revenue for school districts.

Assuming the average state funding per ADA is \$5,066, Oversight estimates to reach a revenue impact of \$250,000 would require a change of approximately 50 ADA ($\$5,066 * 50 = \$253,300$). Oversight notes an increase of 50 ADA is approximately a 0.01% increase in total ADA ($50/843,650$); therefore, Oversight assumes it is possible the cost could exceed \$250,000.

In addition, **Oversight** notes this proposal removes the existing requirement for school districts to approve a student's enrollment in virtual courses as well as the process for appealing that decision. Currently, parents can appeal a decision to the local school board and to the Department of Elementary and Secondary Education. Under this proposal, parents have the ultimate decision on whether to enroll their child in a virtual program.

Oversight has requested the number of students approved and denied for enrollment by school districts in the MOCAP program. However, DESE has not collected this type of data prior to rule 5 CSR 20-100.230 going into effect. 5 CSR 20-100.230 became effective on 1/30/21.

Oversight requested the number of applicants that have appealed to DESE. Per DESE, this school year they have had 6 appeals. Two were overturned and four have been upheld.

Oversight will show an increased cost for school districts that pay course providers for students newly eligible and enrolled in MCAVSP. Oversight assumes the maximum cost per student is \$6,375 or the State Adequacy Target unless "the student receives additional federal or state aid which shall additionally be included in the payment". Therefore, Oversight will show an unknown cost to school districts for students newly eligible and enrolled in MCAVSP.

Per section 161.670.3 (1), **Oversight** notes this proposal appears to remove the following language "with any costs associated with such course or courses to be paid by the school district or charter school". Oversight is uncertain if DESE or school districts are to pay virtual course providers. With the removal of this language, Oversight is also uncertain what amount is to be paid to course providers. For purposes of this fiscal note, Oversight assumes virtual course providers are to be paid by school districts the cost of the course or courses. If these assumptions are incorrect, this could potentially change the fiscal impact as presented in this fiscal note.

Oversight received no 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 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.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE			
<u>Costs</u> – DESE - programming costs to modify system for withheld payments - §161.670.2 (p.3)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> – DESE - updated student information system for enrollment and annual fees based on course enrollment - §161.670.3 (2) (p. 4)	(\$50,000)	(\$150,000)	(\$150,000)
<u>Costs</u> - DESE - increased call to the foundation formula for increased enrollment eligibility for MCAVSP - §161.670.3 (p. 4)	(Unknown, could exceed \$250,000)	(Unknown, could exceed \$250,000)	(Unknown, could exceed \$250,000)
<u>Costs</u> - development of new data rules - §161.670.11 (6) (p.3)	(\$10,000)	(\$0)	(\$0)
<u>Costs</u> - DESE - §161.670.11 (6)	\$0 or ...	\$0 or ...	\$0 or ...
Personnel Service	(\$41,780)	(\$50,637)	(\$51,144)
Fringe Benefits	(\$25,663)	(\$30,977)	(\$31,162)
Expense & Equipment	(\$15,858)	(\$8,288)	(\$8,494)
Total Costs - DESE	(\$83,301)	(\$89,902)	(\$90,800)
FTE Change	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Unknown, could exceed \$60,000)	(Unknown, could exceed \$150,000)	(Unknown, could exceed \$150,000)
Estimated Net FTE Change on General Revenue	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
SCHOOL DISTRICTS			
<u>Revenue Gain</u> - increase in foundation formula distributions for increased enrollment from newly eligible MCAVSP students - §161.670.3	Unknown	Unknown	Unknown
<u>Costs</u> - payments to course providers for newly eligible students enrolled in MCAVSP - §161.670.3	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

FISCAL IMPACT – Small Business

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

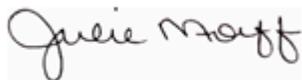
FISCAL DESCRIPTION

This proposal modifies provisions related to the virtual school program.

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
 January 24, 2022



Ross Strobe
 Assistant Director
 January 24, 2022