

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1222S.01I
Bill No.: SB 85
Subject: Education, Elementary and Secondary; Department of Elementary and Secondary
Education
Type: Original
Date: January 30, 2023

Bill Summary: This proposal provides for the designation of local control school districts.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
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 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
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 2024	FY 2025	FY 2026
Local Government	\$0 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** 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 DESE.

Upon further inquiry, **DESE** stated, for purposes of determining the districts that would be impacted, they are using the following to determine local effort (Current Taxes, Delinquent Taxes, School District Trust Fund (Prop C), Financial Institution Tax, M&M Surtax, In Lieu of Tax, City Sales Tax and State Assessed Utilities. For the other component of the calculation (denominator) the following were used: Local, County, State, and Federal Revenue).

Using just General Fund and Teachers Fund the following districts would meet the criteria:

- South Callaway Co. R-II
- Pettis Co. R-XII
- Westran R-1
- Pattonville R-III
- Kirkwood R-VIII
- Parkway C-2
- Brentwood
- Clayton
- Ladue
- Maplewood-Richmond Heights
- Valley Park

Adding Capital Projects Fund, the following districts are identified

- South Callaway Co. R-II
- West Platte Co. R-II
- Pattonville R-III
- Kirkwood R-VIII
- Parkway C-2
- Brentwood
- Clayton
- Ladue
- Maplewood-Richmond Heights

- Valley Park

Oversight notes the proposal states the following:

“A local control school district may continue to receive state aid through the foundation formula, provided the district's local effort of per pupil funding stays within the requirements set forth in subsection 1 of this section.”

“A local control school district may apply for state and federal grants only if the district's local effort of per pupil funding stays within the requirements set forth in subsection 1 of this section.”

For purposes of this fiscal note, **Oversight** assumes a school district would be unlikely to forego state aid in order to receive a local control designation. Therefore, Oversight will not show an impact to General Revenue Fund.

Oversight is uncertain if there would be additional costs for school districts that choose a nationally recognized assessment test for students rather than the Missouri assessment program. Therefore, Oversight will show a range of impact of \$0 (no costs or can absorb costs) to an unknown cost for assessment tests.

Additionally, **Oversight** is uncertain if this would have any impact on a school district’s ability to receive federal funds. For purposes of this fiscal note, Oversight assumes a local control school district designation would not impact a district’s ability to receive federal funds. If this assumption is incorrect, it could substantially alter the impact provided in this fiscal note.

Oversight did not receive any 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 – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
SCHOOL DISTRICTS			
<u>Savings</u> - from exemption from certain performance reporting requirements - §163.201	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - to choose any nationally recognized assessment test program for students - §163.201	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	\$0 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)	\$0 or 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 act provides for the designation of local control school districts that are exempt from certain performance reporting requirements of the Department of Elementary and Secondary education. Under this act, any public school district that is not a charter school and receives local funding through personal property taxes, real estate taxes and Proposition C revenues from the school district trust fund that equals at least seventy-five percent of its funding under the foundation formula shall be designated as a local control school district.

A local control school district shall not be required to participate in the Missouri school improvement program; the annual performance reviews conducted by the Department; the requirement to develop and report standards of teaching to the department; or the maintaining of a school improvement plan in any format provided by or approved by the Department. A local control school district shall further have the ability to choose any nationally recognized assessment test program in lieu of the Missouri Assessment Program.

A local control school district may continue to receive state funding through the foundation formula as provided in the act. A local control school district may apply for state and federal grants only if the district has a local effort of per pupil funding of at least seventy-five percent.

This act defines "local effort of per pupil funding" as the percent of a school district's funding derived from local tax revenues and Proposition C revenues from the School District Trust Fund.

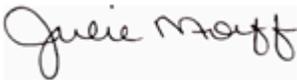
In order to be designated as a local control school district, the district must receive seventy-five percent of its revenues from local effort of per pupil funding.

A local control school district that fails to meet the local effort of per pupil funding requirements of this act shall have a grace period of two fiscal years. If after two fiscal years the local control school district still does not meet the local effort of per pupil funding requirements of this act, the local control school district shall lose its designation as a local control school district until it meets these requirements for at least one fiscal year.

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 30, 2023



Ross Strobe
Assistant Director
January 30, 2023