

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1222S.07C
Bill No.: SCS for SB 85
Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education
Type: Original
Date: February 27, 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
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

*Depending on the number of school districts that seek and are granted a local control designation, Oversight assumes there could be savings to DESE if school districts are exempted from certain performance reporting requirements. Oversight is unable to estimate those saving but assumes they could reach the \$250,000 threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on Other 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)** state there is a potential revenue impact to both the state and local district if there is a failure to comply with the provisions of the Elementary and Secondary Education Act of 1965 as amended by Every Student Succeeds Act (ESSA), P.L. 114-95, Enacted December 20, 2015.

Potential loss of IDEA and ESEA funding to every LEA. IDEA and ESEA does not authorize any such waiver for local control, so DESE would have to deny every district request. This potential loss would be \$0 to an unknown amount.

P.L. 114-95, Enacted December 10, 2015, provides for the following:

1. Academic Assessments:
 - a. Each state shall demonstrate that the state, in consultation with local education agencies has implemented a set of high-quality student academic assessments in mathematics, reading or language arts, and science.
 - b. Same assessments are used to measure the achievement of all public elementary and secondary schools in the state and are aligned with the state standards.
 - c. Provides coherent and timely information about student attainment of such standards.

STATE AUTHORITY—If a State educational agency provides evidence, which is satisfactory to the Secretary, that neither the State educational agency nor any other State government official, agency, or entity has sufficient authority, under State law, to adopt challenging State academic standards, and academic assessments aligned with such standards, which will be applicable to all students enrolled in the State’s public elementary schools and secondary schools, then the State educational agency may meet the requirements of this subsection by— (i) adopting academic standards and academic assessments that meet the requirements of this subsection, on a statewide basis, and limiting their applicability to students served under this part; or (ii) adopting and implementing policies that ensure that each local school educational agency in the State that receives grants under this part will adopt academic content and student academic achievement standards, and academic assessments aligned with such standards, which— (I) meet all of the criteria in this subsection and any regulations regarding such standards and assessments that the Secretary may publish; and (II) are applicable to all students served by each such local educational agency.

Federal grants may award priority to those who are participating in the identification of Comprehensive or targeted buildings.

Please note that the state may request a waiver related to the use of a variety of items under the ESSA, but none are guaranteed. Additionally, the USED has indicated that they will respond to requests within 120 days.

A submission in June would not guarantee approval prior to the beginning of the school year.

Oversight notes a school district can only be designated as a local control district by DESE if DESE has verified that the designation does not result in the loss of any federal funds. Additionally, Oversight assumes a school district would be unlikely to forego state aid in order to receive a local control designation.

Oversight assumes there could be additional costs to develop and implement a district assessment plan. Therefore, Oversight will show a range of impact of \$0 (no costs or can absorb costs) to an unknown cost for developing and implementing an assessment plan.

Additionally, **Oversight** assumes there could be a savings to districts if they are exempted from certain performance reporting requirements.

Depending on the number of school districts that seek and are granted a local control designation, **Oversight** assumes there could be savings to DESE if school districts are exempted from certain performance reporting requirements. Oversight is unable to estimate those savings and will show a potential unknown savings to General Revenue.

Officials from **Gordon Parks Elementary Charter Schools** state this proposal will potentially cut access to federal and state monies

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
GENERAL REVENUE			
<u>Savings</u> - DESE - if school districts are exempted from certain performance reporting requirements - §163.201	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</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	<u>\$0 or Unknown to (Unknown)</u>	<u>\$0 or Unknown to (Unknown)</u>	<u>\$0 or Unknown to (Unknown)</u>

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 or public charter school may become designated as a local control school district, provided that the Department is able to verify that the designation of local control school districts does not result in the loss of any federal funds.

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 develop and implement a district assessment plan in lieu of the Missouri Assessment Program.

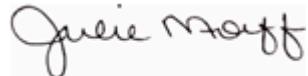
A local control school district may continue to receive state funding through the foundation formula as provided in the act. A local control school district may apply for state and federal grants and shall be considered for such grants without prejudice or penalty.

The Department of Elementary and Secondary Education shall ensure that the implementation of this act does not result in any loss of federal funds. If the designation of a local control school district results in any loss of federal funds, the Department shall revoke such designation and notify the district within five business days of such revocation. The Department shall seek any necessary waivers from the U.S. Department of Education in order to implement the provisions of this act.

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
Gordon Parks Elementary Charter School



Julie Morff
Director
February 27, 2023



Ross Strope
Assistant Director
February 27, 2023