

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2057S.01I
 Bill No.: SB 545
 Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education
 Type: Original
 Date: March 31, 2023

Bill Summary: This proposal modifies provisions relating to student enrollment in the Missouri Course Access and Virtual School Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
*General Revenue	More or less than (\$116,964)	More or less than (\$23,978)	More or less than (\$24,577)
Total Estimated Net Effect on General Revenue	More or less than (\$116,964)	More or less than (\$23,978)	More or less than (\$24,577)

*Oversight assumes there could be an unknown impact (savings or cost) to the foundation formula depending on the host district’s attendance rate. Oversight is unable to estimate the net effect to General Revenue because attendance rates vary greatly by district. Oversight estimates to reach a revenue impact of \$250,000 would require a change in attendance hours of approximately 52,000 hours which is approximately a 1.0% change in virtual attendance hours. Oversight assumes it is possible the cost or savings 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 <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	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 161.670 - Virtual School

Officials from **Department of Elementary and Secondary Education (DESE)** assume changes to the MOCAP program will result in increased ADA claimed as part of the Foundation Formula. The increase to the formula call would depend on the school districts involved, number of students and local contributions. Any additional ADA claimed may result in a zero to unknown increase to the appropriation required to fully fund the formula.

Officials from the **Office of Administration – Information Technology** state it is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity. This project would have to be prioritized by DESE to be worked among DESE's other projects. ITSD assumes there will be modifications made to the foundation formula calculation. ITSD estimates the project would take 1,231.20 hours at a contract rate of \$95 for a total cost of \$116,964 with on-going support costs.

Oversight notes, currently, the attendance of a student enrolled in virtual school shall equal ninety-four percent of the hours of attendance possible. Oversight assumes this proposal would change the attendance calculation to equal the host district’s or charter school’s prior-year average attendance percentage. Oversight is uncertain how the average attendance would be calculated but notes the following estimated attendance rates in the table below.

Estimated Attendance Rates for selected School Districts

School District	Average Daily Attendance ADA	Enrollment	ADA as a percent of Enrollment
Columbia 93	15,571	17,705	87.9%
Independence 30	12,539	13,765	91.1%
Springfield R-XII	19,789	23,140	85.5%
Missouri	782,152	857,909	91.2%

Source: School Finance Report - School Year 2021

Oversight assumes the COVID-19 pandemic and subsequent mitigation policies may have impacted the attendance numbers for the 2021 school year. In school year 2019 (pre-pandemic), the ADA as percent of enrollment for Missouri was 95.4% (839,546 / 879,708).

Oversight assumes the impact to the foundation formula would depend on the host district’s attendance rate; therefore, Oversight will show a range of impact of an unknown cost to an unknown savings from the changes to attendance hours with corresponding gains or losses to the school districts.

Oversight notes one full term of attendance is 1,044 hours per student. For each full term of attendance, the average state funding per ADA is approximately at \$5,066 (per DESE from a previous year) or \$4.85 per hour of full term attendance. However, Oversight notes this is an approximation of the cost as the state aid payment can vary greatly by district.

Oversight estimates to reach a revenue impact of \$250,000 would require a change in attendance hours of approximately 52,000 hours or approximately 50 ADA (52,000 * \$4.85 = \$252,200). Oversight notes a change of 52,000 hours is approximately a 1.0% change in virtual attendance hours assuming all 3,949 virtual students enrolled in a full-time course load; therefore, Oversight assumes it is possible the cost or savings could exceed \$250,000.

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 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>Costs</u> - DESE/OA-ITSD - modifications to the foundation formula §161.670	(\$116,964)	(\$23,978)	(\$24,577)
<u>Costs/Savings</u> - DESE - changes to the foundation formula call §161.670	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	More or less than (<u>\$116,964</u>)	More or less than (<u>\$23,978</u>)	More or less than (<u>\$24,577</u>)

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
PUBLIC SCHOOLS			
<u>Costs/Savings</u> - changes to the foundation formula call §161.670	Unknown to <u>(Unknown)</u>	Unknown to <u>(Unknown)</u>	Unknown to <u>(Unknown)</u>
ESTIMATED NET EFFECT ON PUBLIC SCHOOLS	Unknown to <u>(Unknown)</u>	Unknown to <u>(Unknown)</u>	Unknown to <u>(Unknown)</u>

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, the average daily attendance of a student who is enrolled full-time in the Missouri Course Access and Virtual School Program shall be calculated as if such attendance equaled the host district's or charter school's average attendance percentage for the previous year. Host districts that enroll one or more full-time virtual school students shall receive an amount of state aid specified in the act for such students on a monthly basis.

A student who is a resident of Missouri may enroll in a Missouri Course Access and Virtual School Program of his or her choice, provided that the host school district shall adopt, operate, and implement an enrollment policy that includes information specified in the act. Such enrollment in a full-time virtual program shall not be subject to current provisions of law regarding district policies for determining whether students shall be approved to enroll in virtual programs or regarding the provision of payments from school districts to virtual school content providers. The student, the student's parent or guardian, the virtual program, the host district, and the resident district shall collaborate in good faith to implement the host district's enrollment policy. Such collaboration shall include a consideration of whether the resident district shall offer or continue to offer any services for the student under an education services plan that includes financial terms for reimbursement by the host school district for the necessary costs of the resident school district providing such services.

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

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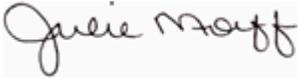
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SOURCES OF INFORMATION

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