

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3622S.05F
 Bill No.: SS for HB 2287
 Subject: Education, Elementary and Secondary; State Treasurer; Department of Elementary and Secondary Education; Tax Credits; Appropriations; Elections;
 Type: Original
 Date: April 17, 2024

Bill Summary: This proposal establishes provisions relating to elementary and secondary education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
*General Revenue	More or Less than (\$845,993)	More or Less than (\$745,125)	More or Less than (\$748,837)
Total Estimated Net Effect on General Revenue	More or Less than (\$845,993)	More or Less than (\$745,125)	More or Less than (\$748,837)

*Oversight assumes there could be a cost that exceeds \$250,000 to the foundation formula depending on the school districts involved, virtual school programs' attendance rate and local contributions. Oversight notes the net effect to General Revenue is based on the current host districts in FY 2023 but can vary greatly year to year.

**Section 168.021 would require DESE to develop an 18-credit hour program for the certification of individuals with bachelor's degrees. Oversight notes costs include ITSD development and 2 FTE.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 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 2025	FY 2026	FY 2027
Local Government	\$0 to More or Less than \$505,229	\$0 to More or Less than \$534,003	\$0 to More or Less than \$534,003

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints, **Oversight** was unable to receive most agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). Upon the receipt of agency 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.

Section 135.713 – MO Empowerment Tax Credit Program

Officials from the **Department of Revenue (DOR)** assume this proposal makes grammar changes to the Missouri Empowerment Scholarship Program and tax credit. The program and credit were created in 2021. For informational purposes, DOR is providing the authorizations, issuances, and redemptions since it began.

Year	Authorized	Issued	Total Redeemed
FY 2023	\$10,249,109.00	\$8,446,888.00	\$2,026,624.68
FY 2022	\$0.00	\$0.00	\$0.00
FY 2021	\$0.00	\$0.00	\$0.00
TOTALS	10,249,109.00	8,446,888.00	2,026,624.68

These changes will not have a fiscal impact on DOR.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Section 161.670 - Virtual School Program

In response to a previous version, officials from **Department of Elementary and Secondary Education (DESE)** assumed the proposed legislation changes the calculation for average daily attendance (ADA) from the host district's prior year average attendance percentage to the attendance provided by the virtual provider to the host district based on dividing the total number of hours attended in a term by enrolled virtual pupils by the actual number of hours the virtual program was in session. Because of this change, DESE anticipates an increase in ADA to be used in calculating payments and has calculated a cost with 2%, 4% and 6% increase and showed no increase for comparative purposes.

DESE also updated the statewide adequacy target (SAT) from \$6,375 in FY23 and FY24 to \$6,760 in FY25 and \$7,145 in FY26. FY27's SAT may increase from \$7,145 when it is recalculated in two years; however, DESE is unable to estimate that amount and is using \$7,145 for FY27 as well. These SAT's should have been used in DESE's estimate for HB 2287 as it was originally filed. The original estimate was calculated by DESE's virtual school subject matter expert who was unaware of the increase in SAT as it had remained flat for the last five years. DESE also updated the estimates to use weighted ADA instead of calculated ADA as weighted ADA is the basis of the host school payment.

The host districts' prior-year average attendance percentages for 2022-2023:

District	Sum of Regular Hours Attended	Sum of Attendance Plus Absent Hours	Attendance % for in-person students
Sturgeon R-V	406,004.50	435,859.73	93%
Springfield R-XII	21,848,959.55	24,107,605.95	91%
Lee's Summit R-VII	17,470,097.81	18,645,832.25	94%
Grandview R-II	545,260.12	584,744.18	93%
Laquey R-V	580,434.75	637,941.08	91%
Mehlville R-IX	9,527,122.59	10,269,205.41	93%

Below is the amount each Host School received in FY 2023:

2023 Host District Payments for MOCAP Student Attendance	
District	Annualized Payment Amount
Sturgeon R-V	\$7,003,355.06
Springfield R-XII	\$2,550,000.00
Lee's Summit R-VII	\$44,625.00
Grandview R-II	\$12,794,625.00
Laquey R-V	\$1,542,750.00
Mehlville R-IX	\$573,750.00

The below table demonstrates FY25 Difference Cost based on WADA and updated SAT of \$6,760:

Name	Calculated WADA	Difference From Recalculated Host School Payment Using WADA	2%	Difference From Recalculated Host School Payment Using 2% increase in Calculated WADA	4%	Difference From Recalculated Host School Payment Using 4% increase in Calculated WADA	6%	Difference From Recalculated Host School Payment Using 6% increase in Calculated WADA
STURGEON R-V	1,112.66	\$0	1,134.92	\$150,432.07	1,134.92	\$300,864.13	1,179.42	\$ 451,296.20
SPRINGFIELD R-XII	474.11	\$0	483.59	\$64,099.67	483.59	\$128,199.34	502.56	\$ 192,299.02
LEE'S SUMMIT R-VII	12.371774	\$0	12.62	\$1,672.66	12.62	\$3,345.33	13.11	\$ 5,017.99
GRANDVIEW R-II	1,873.77	\$0	1,911.25	\$253,334.32	1,911.25	\$506,668.65	1,986.20	\$ 760,002.97
LAQUEY R-V	190.50878	\$0	194.32	\$25,756.79	194.32	\$51,513.57	201.94	\$ 77,270.36
MEHLVILLE R-IX	73.47	\$0	74.94	\$9,933.14	74.94	\$19,866.29	77.88	\$ 29,799.43
Total		\$0		505,228.66		1,010,457.31		1,515,685.97

The below table demonstrates FY26 and FY 27 Difference Cost based on WADA and updated SAT of \$7,145:

Name	Calculated WADA	Difference From Recalculated Host School Payment Using WADA	2%	Difference From Recalculated Host School Payment Using 2% increase in Calculated WADA	4%	Difference From Recalculated Host School Payment Using 4% increase in Calculated WADA	6%	Difference From Recalculated Host School Payment Using 6% increase in Calculated WADA
STURGEON R-V	1,112.66	\$0	1,134.92	\$58,999.57	1,134.92	\$317,999.15	1,179.42	\$476,998.72
SPRINGFIELD R-XII	474.11	\$0	483.59	\$67,750.32	483.59	\$135,500.64	502.56	\$203,250.96
LEE'S SUMMIT R-VII	12.371774	\$0	12.62	\$1,767.93	12.62	\$3,535.85	13.11	\$5,303.78
GRANDVIEW R-II	1,873.77	\$0	1,911.25	\$267,762.39	1,911.25	\$535,524.78	1,986.20	\$803,287.17
LAQUEY R-V	190.50878	\$0	194.32	\$27,223.70	194.32	\$54,447.41	201.94	\$81,671.11
MEHLVILLE R-IX	73.47	\$0	74.94	\$10,498.86	74.94	\$20,997.73	77.88	\$31,496.59
Total		\$0		534,002.77		1,068,005.55		1,602,008.32

DESE assumes changes to the Missouri Course Access Program (MOCAP) program may result in increased ADA claimed as part of the Foundation Formula dependent upon the provider and attendance.

In response to a previous version, officials from the **Office of Administration – Information Technology (ITSD)** stated it is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity. This proposal discusses the calculation of the average daily attendance for full-time virtual students, as calculated in the host district or charter school. The foundation formula is where this calculation is made. It's assumed host and charter school funding calculations in the Foundation Formula are in operable state and can withstand the addition or modifications in this proposal. It's assumed the language of resident and host school reimbursement are also factors that that need considered/estimated. It's also assumed the language about MSIP and DESE cyclic data reporting requirements present no changes to the MSIP or data collection DESE/ITSD do currently. 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 \$105 for a total cost of **\$129,276** in FY 2025 with on-going support costs of **\$26,502** in FY 2026, and **\$27,165** in FY 2027.

Oversight notes, currently, the attendance of a student enrolled in virtual course shall equal ninety-four percent of the hours of attendance possible (§162.1250.3). Oversight assumes this proposal would change the attendance calculation to the quotient or the sum of the quotients obtained by dividing the total number of hours attended in a term by enrolled pupils between the ages of five and twenty-one by the actual number of hours that the program was in session in that term, and the provisions of section 162.1250 shall not apply to such funding calculation. According to the 2023 Annual Report – Missouri Course Access and Virtual School Program there were [3,831 virtual students](#).

Oversight notes the calculation shall be generated by the virtual provider and provided to the host district for submission to DESE. Virtual providers may differ in policy on how attendance is calculated. Oversight assumes the impact to the foundation formula (if fully funded) would depend on the school districts involved, virtual school programs' attendance rate and local contributions. Therefore, Oversight will show an impact of \$0 (no change in attendance) to more or less than cost as estimated by DESE at a 2% increase in attendance with corresponding gains or losses to the school districts.

Section 167.012 Home School

In response to a similar proposal, HB 1672 (2024), officials from **Department of Elementary and Secondary Education** assumed these provisions would 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 above section in the fiscal note.

Section 167.013 Family Paced Education

In response to a similar proposal, SS for SCS for SB 727, officials from **Department of Elementary and Secondary Education** assumed these provisions would 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 above section in the fiscal note.

Section 168.021 Teacher Certification

In response to the similar proposal, SS#2 for SCS for SB 727 (2024), officials from the **Department of Elementary and Secondary Education (DESE)** stated Section 168.021 would require DESE to develop an 18-credit hour program for the certification of individuals with bachelor's degrees. In order to oversee this program; operation of the online program, process

transcripts and certificate applications, and provide technical assistance to interested individuals and program participants DESE would require two FTE staff, one supervisor and one administrative assistant along with associated benefits, equipment and expenses.

Oversight will reflect the DESE (2) FTE, as provided by DESE in above statement, to properly administer the program, in the fiscal note.

In addition, **DESE** assumed the new online application would require ITSD development for approximately \$50,000. DESE also assumes the candidates would receive funding for the programs at the cost of \$416 (avg. cost/grad credit hour in MO public IHE) X 18 hours credit hours = \$7,488 per candidate. DESE also assumes a program cost of **\$10,083,840** per year.

Upon further inquiry with **DESE** regarding the \$10,083,840 program cost estimated for the Teacher Certification Program, DESE stated it is not lined out in the language of the bill, if the state (DESE) would be responsible for paying for the classes/credits. Once the program is developed a vendor/contractor would have to offer the classes and the cost is associated with those classes. The program cost (\$10,083,840) estimate was based on the average cost per credit at public universities and DESE paying for the candidates to take the classes.

Oversight assumes the \$10.083 million would NOT be a DESE liability, but rather would be paid for by each candidate. Therefore, Oversight will not reflect the \$10.083 million program cost estimated by DESE.

Lastly, **Oversight** will note the DESE - ITSD costs in the fiscal note.

Section 571.010 Weapons Offenses in Schools

Officials from the **Department of Public Safety - Missouri Highway Patrol** assume the proposal will have no fiscal impact on their organization.

Oversight notes that this Section adds a definition of "school" to provisions of law relating to weapons offenses. The definition specifies that for these provisions of law, "school" shall mean a charter school, a private school, or a public school, as such terms are defined in current law.

Oversight assumes by adding the definition of "school" to provisions of law relating to weapons offenses there will be no fiscal impact. Due to time constraints, Oversight was unable to receive agency responses in a timely manner and performed limited analysis. Upon the receipt of agency 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.

Section 1 – Four-Day School Week Exemption

Oversight assumes this provision will have no fiscal impact. Therefore, Oversight will reflect a zero impact in the 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 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 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE			
<u>Costs – DESE/OA-ITSD – Teacher Licensure §168.021</u>	(\$50,000)	\$0	\$0
<u>Costs – DESE - §168.021</u>			
Personnel Service	(\$83,500)	(\$102,204)	(\$104,204)
Fringe Benefits	(\$57,396)	(\$69,652)	(\$70,445)
Equipment and Expense	(\$20,592)	(\$12,764)	(\$13,020)
<u>Total Costs – DESE</u>	(\$161,488)	(\$184,620)	(\$187,669)
FTE Change	2 FTE	2 FTE	2 FTE
<u>Costs - DESE/OA-ITSD - modifications to the foundation formula §161.670</u>	(\$129,276)	(\$26,502)	(\$27,165)
<u>Costs - DESE - changes to the foundation formula call §161.670</u>	\$0 to More or Less than (\$505,229)	\$0 to More or Less than (\$534,003)	\$0 to More or Less than (\$534,003)
ESTIMATED NET EFFECT ON GENERAL REVENUE	More or Less than (\$845,993)	More or Less than (\$745,125)	More or Less than (\$748,837)
Estimated Net FTE Change to the General Revenue Fund	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
PUBLIC SCHOOLS			
<u>Income</u> - changes to the foundation formula call §161.670	\$0 to More or Less than <u>\$505,229</u>	\$0 to More or Less than <u>\$534,003</u>	\$0 to More or Less than <u>\$534,003</u>
ESTIMATED NET EFFECT ON PUBLIC SCHOOLS	\$0 to More or Less than <u>\$505,229</u>	\$0 to More or Less than <u>\$534,003</u>	\$0 to More or Less than <u>\$534,003</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

MISSOURI EMPOWERMENT SCHOLARSHIP ACCOUNTS PROGRAM (Section 135.713)

The act makes technical modifications to provisions of law relating to the tax credits allocated under the Missouri Empowerment Scholarship Accounts Program.

MISSOURI COURSE ACCESS AND VIRTUAL SCHOOL PROGRAM (Section 161.670)

As specified in bill, 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 the quotient or the sum of the quotients obtained by dividing the total number of hours attended in a term by enrolled pupils between the ages of five and twenty-one by the actual number of hours that the program was in session in that term, and the provisions of section 162.1250 shall not apply to such funding calculation. The bill provides that students who reside in Missouri may enroll in the virtual program of their choice. Provisions of current law regarding a school district's approval of a student's request to enroll in a virtual program shall not apply to full-time virtual program enrollment.

The bill requires host districts to adopt student enrollment policies for full-time virtual students and allows virtual schools to mutually agree with resident and host districts on the services that the resident district might offer, including possible financial reimbursements for those services. For students with disabilities, the enrollment policy shall ensure the development of an individualized education program and related services agreement, as necessary. The bill also specifies that student progress reports are necessary only for part-time virtual school program enrollees. The bill requires a student's parent or guardian, if the student is not considered homeless, to apply for enrollment directly with the full-time virtual program.

The bill specifies that a host district may contract with a provider to perform any required services involved with delivering a full-time virtual education.

FAMILY PACED EDUCATION (FPE) SCHOOLS and HOME SCHOOL (Section 167.012 & 167.013)

The act defines a "Family Paced Education school" or "FPE school" as a school that enrolls any student who participates in the Missouri Empowerment Scholarship Accounts Program and that satisfies certain other criteria relating to instruction. The current definition of "home school" is modified by specifying that a home school shall not enroll any student who participates in such Program, and a home school is not an FPE school.

TEACHER CERTIFICATION (Section 168.021)

Current law requires candidates for a teaching license to satisfy certain criteria, including obtaining the recommendation of a state-approved, baccalaureate-level teacher preparation program.

Under this act, the Department of Elementary and Secondary Education shall develop an eighteen hour (1,080 minutes) online teacher preparation program related to subjects appropriate for teachers in different content areas determined by the Department. The Department may contract with an entity skilled in developing online teacher preparation programs or a charitable organization registered in Missouri to develop and maintain the online teacher preparation program. Such an entity or charitable organization shall be certified to develop and maintain the program by the Department. An individual with a bachelor's degree may complete the online training program and receive a certificate of license to teach. Such certificate shall not be accepted by Missouri public schools, and non-public schools shall not be required to accept the certificate.

WEAPONS OFFENSES IN SCHOOLS (Section 571.010)

The act adds a definition of "school" to provisions of law relating to weapons offenses. The definition specifies that for these provisions of law, "school" shall mean any charter school, as such term is defined in section 160.400, any private school, as such term is defined in section 166.700, or any public school, as such term is defined in section 160.011.

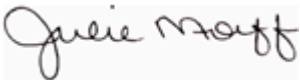
(SECTION 1)

Any provision of state law that requires a school district to conduct an election of the voters of the school district in order to adopt a four-day school week shall not apply to any school district that had a four-day school week in the 2023-24 school year and that contains all of a city with more than two thousand one hundred fifty but fewer than two thousand four hundred inhabitants and is located in a county with more than nineteen thousand but fewer than twenty-two thousand inhabitants and with a county seat with more than two thousand two hundred twenty but fewer than two thousand five hundred inhabitants. (Clinton County R-3 School District)

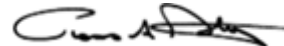
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Revenue
Department of Public Safety - Missouri Highway Patrol



Julie Morff
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April 17, 2024



Ross Strobe
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April 17, 2024