

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3859S.01I
 Bill No.: SB 1080
 Subject: Department of Elementary and Secondary Education; Education, Elementary and Secondary
 Type: Original
 Date: February 2, 2024

Bill Summary: This proposal modifies terms used in the elementary and secondary school funding formula.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	(\$232,262,923)	(\$356,810,591)	(\$356,810,687)
Total Estimated Net Effect on General Revenue	(\$232,262,923)	(\$356,810,591)	(\$356,810,687)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 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
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 2025	FY 2026	FY 2027
Local Government	\$232,244,099	\$356,806,732	\$356,806,732

FISCAL ANALYSIS

ASSUMPTION

Officials from **Department of Elementary and Secondary Education (DESE)** assume modifications to Section 163.011, RSMo, would result in an increased Weighted Average Daily Attendance (WADA) and State Adequacy Target (SAT). The estimated total increase in the foundation formula call would be \$232,244,099 for FY 2025 and \$356,806,732 for FY 2026. (Note: The FY 25 core for the foundation formula is \$3,664,831,194. DESE is requesting an additional \$120,599,628 related to increasing the SAT to \$6,760. The cost estimate here is on top of the FY 25 core and NDI ask.) This additional cost is a result of the SAT increasing from \$6,375 (FY 24 SAT) to \$7,420 and the increase weighting for Free-Reduced Lunch (FRL) in the Weighted Average Daily Attendance calculations.

There would also be a need to modify DESE's calculation system to perform this calculation and pay these additional funds. This will result in ITSD cost associated with implementation of these changes.

Officials from the **Office of Administration – Information Technology (ITSD)** 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 the new graduated calculation from twenty five hundredths to fifty hundredths every five years would be best managed through the use of a new maintenance screen. ITSD estimates the project would take 179.28 hours at a contract rate of \$105 for a total cost of \$18,824 with on-going support costs.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a estimated impact from DESE 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</u> - DESE - increase in the foundation formula call - §163.011	(\$232,244,099)	(\$356,806,732)	(\$356,806,732)
<u>Costs</u> - DESE/ITSD - changes to the foundation formula calculation - §163.011	(\$18,824)	(\$3,859)	(\$3,955)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$232,262,923)</u>	<u>(\$356,810,591)</u>	<u>(\$356,810,687)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
SCHOOL DISTRICTS & CHARTER SCHOOLS			
<u>Revenue Gain</u> - increase in the foundation formula call - §163.011	\$232,244,099	\$356,806,732	\$356,806,732
ESTIMATED NET EFFECT ON SCHOOL DISTRICT & CHARTER SCHOOLS	<u>\$232,244,099</u>	<u>\$356,806,732</u>	<u>\$356,806,732</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

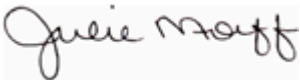
Currently, in calculating the current operating expenditures of a public school district, the calculated amount is annually recalculated by adding certain increases in funding from the school funding formula but not to exceed five percent per recalculation. This act increases such percentage to ten percent. Further, current law requires the Department of Elementary and Secondary Education to recalculate the state adequacy target for certain school districts as used in the school funding formula every two years using the most current available data. This act states that any increases in average daily attendance over ten percent, per recalculation, shall not be included in the calculation of the state adequacy target.

This act also modifies the definition of "weighted average daily attendance" as used in the public school funding formula by multiplying .25 by the higher of the current law definition of free and reduced price lunch pupil count that exceeds the free and reduced price lunch threshold or the Census Bureau poverty pupil count, as defined in the act.

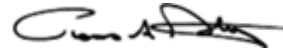
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education



Julie Morff
Director
February 2, 2024



Ross Strobe
Assistant Director
February 2, 2024