

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2296-03
BILL NO.: SB 729
SUBJECT: Education, Elementary and Secondary: Charter Schools
TYPE: Original
DATE: January 25, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$258,423 to \$658,423)	(\$203,055 to \$603,055)	(\$205,527 to \$605,527)
Total Estimated Net Effect on <u>All</u> State Funds	(\$258,423 to \$658,423)	(\$203,055 to \$603,055)	(\$205,527 to \$605,527)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services - Division of Family Services** assume they could conduct the background checks for members of the boards of directors with existing resources.

Officials from the **University of Missouri** assume they would incur no additional costs as a result of the proposal.

Officials from **Truman State University** and **Department of Public Safety - Highway Patrol** assume the proposal would result in no fiscal impact to the agencies.

Officials from the **Public School Retirement System and Non-Teacher School Employee Retirement System** stated that due to the unclear language in the proposal, they are uncertain if the proposal would amount to a substantial change as defined in Section 105.660, RSMo.

Officials from the **Joint Committee on Public Employee Retirement** stated the legislation is not a "substantial proposed change" in future plan benefits as defined in Section 105.660(5). Therefore, no actuarial cost statement would be required for this legislation.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume grant distributions would be mandated to not be less than \$100,000 and not to exceed \$500,000 for any school year. DESE assumes the maximum amount of \$500,000 would be disbursed. The **Oversight Division** has ranged the grant distributions in the fiscal impact from the minimum of \$100,000 to the maximum of \$500,000.

DESE would require a Supervisor (1.00 FTE) and a Program Specialist II (1.00 FTE). DESE expects expenses for printing, manual development, travel, informational meetings, visitations, etc. to be significant. The **Oversight Division** assumes the grant program could be administered by the Program Specialist II, with the assistance of existing DESE grant personnel.

DESE officials predict 25 new Charter Schools under this legislation. Board member training is estimated to cost \$316 per board member for 16 hours of training:

$$7 \text{ members} \times \$316 \times 25 \text{ new schools} = \$55,300 \text{ with 25\% turnover each year thereafter}$$

The Information Technology impact is estimated by DESE to be \$25,000 for developing software.

DESE officials assume no fiscal impact would result to local public school districts.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
GENERAL REVENUE FUND			
<u>Cost-Department of Elementary and Secondary Education (DESE)</u>			
Personal Service (1 FTE)	(\$25,666)	(\$31,582)	(\$32,372)
Fringe Benefits	(\$7,892)	(\$9,711)	(\$9,954)
Expense and Equipment	(\$69,565)	(\$47,937)	\$49,376
Board Member Training	(\$55,300)	(\$13,825)	(\$13,825)
Grants to Higher Education Institutions	(\$100,000 to <u>\$500,000</u>)	(\$100,000 to <u>\$500,000</u>)	(\$100,000 to <u>\$500,000</u>)
Total <u>Cost-DESE</u>	(\$258,423 to \$658,423)	(\$203,055 to \$603,055)	(\$205,527 to \$605,527)
<u>Income-Higher Education Institutions</u>			
Grants from DESE	\$100,000 to \$500,000	\$100,000 to \$500,000	\$100,000 to \$500,000
<u>Cost-Higher Education Institutions</u>			
Charter School Costs	(\$100,000 to \$500,000)	(\$100,000 to \$500,000)	(\$100,000 to \$500,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	(\$258,423 to <u>\$658,423</u>)	(\$203,055 to <u>\$603,055</u>)	(\$205,527 to <u>\$605,527</u>)
<u>FISCAL IMPACT - Local Government</u>			
	FY 2001 (10 Mo.)	FY 2002	FY 2003
COMMUNITY COLLEGES			
<u>Income-Community Colleges</u>			
Grants from DESE	\$100,000 to \$500,000	\$100,000 to \$500,000	\$100,000 to \$500,000
<u>Cost-Community Colleges</u>			
Charter School Costs	(\$100,000 to \$500,000)	(\$100,000 to \$500,000)	(\$100,000 to \$500,000)
ESTIMATED NET EFFECT ON COMMUNITY COLLEGES	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

The proposal would allow any school district in which charter schools could be established to allow retired teachers to teach in the district.

The proposal would allow charter schools to be operated in any school district containing territory formerly contained in any school district in which charter schools were authorized to be established.

The percentage of school buildings which may be converted to charter schools would be increased from five percent to twenty percent.

A charter school's affiliated institution would be required to provide classroom experience to students attending the affiliated institution.

The proposal would require DESE to administer a grant-based funding program for reimbursing costs of higher education institutions affiliated with charter schools. The program would be funded from the increase in total higher education state appropriations from the 1999-2000 school year to the current school year. An amount would be transferred annually from the appropriations to fund the program equal to one percent of the total amount of operating revenues provided to charter schools for the preceding school year, no less than \$100,000 and no greater than \$500,000 for any school year. Any available funding in excess of the total of eligible, fundable grant applications would be transferred to the General Revenue Fund on June 30 of the school year.

No sponsor would grant or renew a charter without ensuring that a criminal background check and child abuse registry check are conducted for members of the board of directors of the charter schools or the incorporators of the charter schools.

DESE would provide board member training for new members of charter school boards of directors.

Charter school personnel would no longer be required to participate in the school district's retirement system, but could participate at the employee's option.

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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SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Social Services
Department of Public Safety - Highway Patrol
University of Missouri
Public School Retirement System
Non-Teacher School Employee Retirement System
Joint Committee on Public Employee Retirement
Truman State University

NOT RESPONDING: Coordinating Board For Higher Education



Jeanne Jarrett, CPA
Director
January 25, 2000