

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3580-01  
Bill No.: SB 874  
Subject: Education, Elementary and Secondary; Disabilities  
Type: Original  
Date: February 6, 2002

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$4,600,000)	(\$4,600,000)	(\$4,600,000)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$4,600,000)</b>	<b>(\$4,600,000)</b>	<b>(\$4,600,000)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>School Districts</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

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## FISCAL ANALYSIS

### ASSUMPTION

The **Department of Elementary and Secondary Education (DESE)** states that this proposed legislation would involve the possibility of every First Steps beneficiary, upon turning three years of age, to remain in his/her First Steps vendor location versus going into the public school's program.

DESE Assumptions:

#### First Steps Beneficiaries:

1. The average cost per child in FY02 for First Steps beneficiaries is \$6,439 (\$19.6 mil / 3,309).
2. First Steps beneficiaries receive a range of time per week in services. For this purpose the average amount of service per day is estimated at 75 minutes.
3. First Steps beneficiaries are estimated to receive 48 weeks of service per year.

#### Early Childhood Special Education (ECSE):

1. The average cost per student for FY02 for ECSE beneficiaries is estimated to be \$10,051.
2. ECSE beneficiaries receive a range of time per week in services. For this purpose the average amount of service per day is estimated at 180 minutes.
3. ECSE beneficiaries are estimated to receive 36 weeks of service per year.

These assumptions render an \$107.32 average cost per hour of service for First Steps beneficiaries and \$93.06 for ECSE.

#### General Assumptions:

1. All First Steps beneficiaries would proceed into ECSE but need to remain in their First Steps placements.
2. All ECSE students who had not participated in First Steps would be educated in the public school.
3. Approximately 30 percent of ECSE students had been served in First Steps.

For this purpose, 30 percent of ECSE students (3,039 in FY02) would remain in their placement prior to entering ECSE. The annualized per student cost differential between First Steps and ECSE students is estimated to be 15 percent. Assuming this differential and that 3,039 students will remain with their prior First Steps providers, the cost increase would be \$4.6 million.

ASSUMPTION (continued)

Officials from the **Springfield Public Schools** indicate that although there would not be costs to their school district as a result of this proposal, there would be increased costs for those three-year old students who would continue with First Steps services

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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**GENERAL REVENUE**

<u>Cost</u> - Increased costs for students remaining in First Steps Program	<u>(\$4,600,000)</u>	<u>(\$4,600,000)</u>	<u>(\$4,600,000)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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<b>SCHOOL DISTRICTS</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposed legislation requires that when a child (who is currently receiving instruction from a Department of Elementary and Secondary Education approved program not run by the school district) reaches the age of three, the team preparing the child's individualized education program shall give preference to keeping the child in the existing program for the remainder of that school term. This retention is predicated on the team concluding that the child would not be better served in the school district's program.

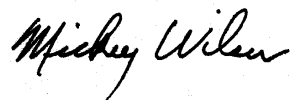
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Springfield Public School District

**Not responding**

Columbia Public Schools  
Jefferson City Public Schools

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large initial "M".

Mickey Wilson, CPA  
Acting Director  
February 6, 2002