

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5828-02  
Bill No.: HB 1780  
Subject: Education, Elementary and Secondary; Elementary and Secondary Education Department; Higher Education Department  
Type: Original  
Date: March 25, 2014

Bill Summary: This proposal adds virtual schools to the postsecondary courses that can be offered to high school students participating in dual enrollment classes and creates provisions relating to a comprehensive learning portal.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Unknown - Could exceed \$121,020)	(Unknown - Could exceed \$125,476)	(Unknown - Could exceed \$125,731)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown - Could exceed \$121,020)</b>	<b>(Unknown - Could exceed \$125,476)</b>	<b>(Unknown - Could exceed \$125,731)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<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 FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
General Revenue	.5 FTE	.5 FTE	.5 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>.5 FTE</b>	<b>.5 FTE</b>	<b>.5 FTE</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Joint Committee on Administrative Rules (JCAR)** stated this proposed legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Department of Economic Development - Division of Workplace Development** and the **Missouri House of Representatives** assume no fiscal impact to their respective agencies.

Officials from the **Missouri Senate** state the proposed legislation has no fiscal impact beyond existing appropriations.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume that costs for DESE to implement provisions of the following sections is unknown, but will be significant.

§167.361.1(2) requires the establishment of standards for performance-based learning.

§167.361.2 requires development of a communication plan regarding existing options for earning credit. This section also requires the development of a statewide standard transcript to

ASSUMPTION (continued)

accommodate performance-based learning.

§167.361.3 requires each student in seventh grade to develop a personal plan of study to be reviewed by school personnel and updated annually.

§167.363 creates the performance-based learning coordinating council (submitting reports and completing specific responsibilities).

§167.367.1 requires the council to certify multi-district comprehensive performance-based learning programs.

§167.367.3 requires DESE to publish ratings received by each approved provider on its internet website.

**Oversight**, for fiscal note purposes only, assumes costs to be (Unknown - Could exceed \$100,000).

Officials from the **Department of Higher Education (DHE)** state that §167.363 establishes the performance-based learning coordinating council, with staff support provided by the DHE. The council has broad representation and is responsible for a wide range of education related tasks particularly those focused on meeting the needs of student at all education levels. It is assumed considerable staff time will be required to organize meetings of the council, conducting information gathering and research/analysis to inform the work of the council, and ensure actions taken by the council are implemented by education providers at all levels.

§167.367 tasks the council with certifying multi-district comprehensive performance based learning programs. Certification would require the review of substantial information about such programs and would also require considerable staff time for support.

§173.005 removes the current 25 FTE limit on DHE staffing

Based on the staff work that will be necessary to support the coordinating council it is estimated that an additional .5 FTE staff will be required.

Officials from **Northwest Missouri State University, University of Central Missouri, Missouri State University**, and the **University of Missouri System** state this proposal will have no direct fiscal impact on their respective institutions.

ASSUMPTION (continued)

Officials from **Linn State Technical College** assume an unknown fiscal impact.

Officials from the following colleges and universities: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Kansas City Metro Community College, Lincoln University, Moberly Area Community College, Missouri Southern State University, Missouri Western State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College, and Truman State University did not respond to **Oversight's** request for fiscal impact.

Officials from the **Fulton School District** assume the proposed legislation appears to have minimal fiscal impact as long as the students can continue to be counted in the district for state aid purposes.

Officials from the following school districts: Blue Springs, Branson, Caruthersville, Charleston R-I, Cole R-I, Columbia, Fair Grove, Francis Howell, Harrison R-IX, Independence, Jefferson City, Johnson County R-7, Kansas City, Kirksville, Kirbyville R-V, Lee's Summit, Malden R-I, Malta Bend, Mexico, Monroe City R-I, Nixa, Parkway, Pattonville, Raymore-Peculiar R-III, Raytown, Riverview Gardens, Sedalia, Sikeston, Silex, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, St. Charles, Sullivan, Warren County R-III, and Waynesville did not respond to **Oversight's** request for fiscal impact.

Officials from the **Allen Village** (charter school) indicated there could be fiscal impact to their school.

Officials from the Carondelet Leadership Academy (charter school) did not respond to **Oversight's** request for fiscal impact.

Officials from the following charter school sponsors: University of Central Missouri, University of Missouri System, Lindenwood University, Saint Louis University, Washington University, and the St. Louis Public School District did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>GENERAL REVENUE</b>			
<u>Costs</u> - Department of Elementary and Secondary Education - Implementation costs of §§167.361, 167.363, & 167.367	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
<u>Costs</u> - Department of Higher Education (DHE) - Duties associated with §§167.363 & 167.367			
Personal Services (.5 FTE)	(\$13,920)	(\$16,871)	(\$17,040)
Fringe Benefits	(\$7,100)	(\$8,605)	(\$8,691)
	<u>(\$21,020)</u>	<u>(\$25,476)</u>	<u>(\$25,731)</u>
FTE Change DHE	.5 FTE	.5 FTE	.5 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(Unknown - Could exceed \$121,020)</u></b>	<b><u>(Unknown - Could exceed \$125,476)</u></b>	<b><u>(Unknown - Could exceed \$125,731)</u></b>
Estimated Net FTE Change for General Revenue	.5 FTE	.5 FTE	.5 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

§167.223 - Allows public high schools that offer postsecondary course options to their students to include virtual courses and requires, beginning with school year 2015-2016, public high schools that provide dual enrollment to give preference to a provider that lists the offered course on the transfer bank established under §173.005.

FISCAL DESCRIPTION (continued)

§167.361.1(2) - Establishes standards for performance-based learning.

§167.361.2 - Requires the Department of Elementary and Secondary Education (DESE) to develop a plan to communicate options for earning credit, no later than August 1, 2015, which must include a list of high schools whose policies permit early high school graduation. DESE is also required to complete development of a statewide standard transcript that accommodates performance-based learning by August 1, 2016.

§167.361.3 - Requires the development of a personal plan of study for students, beginning with seventh grade, to include graduation requirements, career or post-secondary goals, related course work and opportunities, which might be offered outside the student's school, career-related experiences, and assessments relevant to developing the plan.

§167.363 - Creates the performance-based learning council, composed of 12 members, in addition to its ex-officio members the commissioners of Education and Higher Education and the Director of the Department of Economic Development in consultation with the Director of the Workforce Development Division. The council must meet at least twice each year and must provide an annual report on its progress and an annual public hearing to receive comments. The council's duties include developing a recommendation for a state-coordinated policy for meeting student needs that addresses all levels of learning; identifying obstacles to providing services across institutional or jurisdictional boundaries; recommending solutions for problems at specified critical transition points and for the alignment of exit and entry levels and sectors; and developing recommendations for funding to be delivered no later than October 1, 2015.

§167.365 - Requires, beginning with school year 2015-16, each public high school with a combined remediation rate of 35% or more to implement a process to use its assessment results for proficiency in reading, writing, and mathematics in conjunction with a post-secondary institution during the high school course. Beginning with school year 2016-17, community colleges must accept a statewide assessment rating of proficient or above as a passing score on a placement test, unless the community college has adopted its own placement test.

§167.367 - Requires, by school year 2015-16, the performance-based learning coordinating council to certify multi-district comprehensive performance-based learning programs, based on elements specified in the bill; to post school grade or improvement ratings of each approved provider; and to develop an evaluation method for providers of part-time programs. Any savings must be expended on instructional improvement or tools for electronic and digital instructional methods.

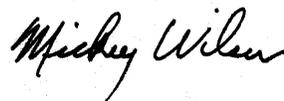
FISCAL DESCRIPTION (continued)

§173.005.2 - Repeals the 25-person limit on the staff of the Coordinating Board for Higher Education.

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 Higher Education  
Department of Elementary and Secondary Education  
Department of Economic Development  
    Division of Workplace Development  
Office of Secretary of State  
    Administrative Rules Division  
Missouri House of Representatives  
Joint Committee on Administrative Rules  
Missouri Senate  
Colleges and Universities  
    Northwest Missouri State University  
    University of Central Missouri  
    Linn State Technical College  
    Missouri State University  
    University of Missouri System  
School Districts  
    Fulton  
Charter Schools  
    Allen Village School



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