

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2228-02  
Bill No.: HB 1132  
Subject: Education, Elementary and Secondary  
Type: Original  
Date: April 4, 2017

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Bill Summary: This proposal modifies provisions relating to funding for elementary and secondary education.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	\$23,138,422	\$23,138,422	\$23,138,422
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$23,138,422</b>	<b>\$23,138,422</b>	<b>\$23,138,422</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<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 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Local Government</b>	<b>(\$23,138,422)</b>	<b>(\$23,138,422)</b>	<b>(\$23,138,422)</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials at the **Department of Elementary and Secondary Education (DESE)** assume to calculate the impact, the February 2017 formula calculation was modified to make the adjustment to the dollar-value modifier (DVM), the hold harmless adjustment, and the weighting multiplier for Free and Reduced Lunch (FRL) and Special Education pupil count. The overall change to the foundation formula when all of these components are included is a savings to the state of \$8,138,422. There is also the reduction due to the removal of the Small Schools Grant which would be a savings of \$15,000,000 to the state. The total savings to the state for all components is \$23,138,422.

Officials at the **Kansas City Public Schools (KCPS)** assume increasing the weight for FRL and special education would increase basic funding by approximately \$1.2 million based on the FY 2017 current information. KCPS cannot estimate a fiscal impact to changing the dollar-value modifier (purchasing power of the dollar), which is based on regional wage ratio. DESE provides this information for districts to use in the formula and this number changes every year.

Officials at the **Milan C-2 School District** assume this could impact the district.

Officials at the **Kirksville R-III School District** stated they are unable to determine if this would be a positive or negative impact.

Officials at the **Carrollton R-VII School District** assume a negative unknown impact.

Officials at the **Shell Knob School District** assume a negative impact.

Officials at the **Orrick School District** assume this would cost the equivalent of three teachers at \$134,000.

Officials at the **West Plains School District** assume there is no fiscal impact from this proposal.

Officials at the following school districts: Arcadia Valley R-2, Avilla R-13, Bakersfield, Belton, Benton County R-2, Bismark R-5, Bloomfield R-14, Blue Springs, Bolivar R-I, Bowling Green R-1, Branson, Brentwood, Bronaugh R-7, Campbell R-2, Caruthersville, Central R-III, Chilhowee R-4, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Concordia R-2, Crawford County R-1, Crocker R-II, Delta C-7, East Carter R-2, Eldon R-I, Everton R-III, Fair Play, Fayette R-3, Forsyth R-3, Fox C-6, Fredericktown R-I, Fulton, Grain Valley, Hancock Place,

ASSUMPTION (continued)

Hannibal, Harrisonburg R-8, Harrisonville, Hillsboro R-3, Hollister R-5, Humansville R-4, Hurley R-1, Independence, Jefferson City, Kearney R-1, Kennett #39, King City R-1, Kingston 42, Kirbyville R-VI, Lee Summit, Leeton R-10, Lewis County C-1, Lincoln R-II, Lindbergh, Lonedell R-14, Macon County R-1, Malta Bend, Mehville, Meramec Valley R-3, Mexico, Middle Grove C-1, Midway R-1, Moberly, Monroe City R-I, Morgan County R-2, New Haven, Nixa, North Kansas City, North St. Francois Co. R-1, Northeast Nodaway R-5, Odessa R-VII, Oregon-Howell R-III, Osborn R-0, Parkway, Pattonville, Pettis County R-12, Pierce City, Plato R-5, Princeton R-5, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, Republic R-III, Richards R-V, Richland R-1, Richmond R-XVI, Riverview Gardens, Salisbury R-4, Sarcosie R-2, Scotland County R-I, Sedalia, Seymour R-2, Sikeston, Silex, Smithville R-2, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, St. Charles, St. Elizabeth R-4, Sullivan, Valley R-6, Verona R-7, Warren County R-3, Warrensburg R-6, Waynesville, Webster Groves, Wentzville, Westview C-6 and the Wright City R-2 school districts did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
<b>GENERAL REVENUE FUND</b>			
<u>Savings</u> - change in foundation formula calculation	<u>\$23,138,422</u>	<u>\$23,138,422</u>	<u>\$23,138,422</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$23,138,422</u></b>	<b><u>\$23,138,422</u></b>	<b><u>\$23,138,422</u></b>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2018 (10 Mo.)	 FY 2019	 FY 2020
<b>LOCAL SCHOOL DISTRICTS FUND</b>			
<u>Loss</u> - Schools - change in foundation formula calculation	<u>(\$23,138,422)</u>	<u>(\$23,138,422)</u>	<u>(\$23,138,422)</u>
<b>ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUND</b>	<b><u>(\$23,138,422)</u></b>	<b><u>(\$23,138,422)</u></b>	<b><u>(\$23,138,422)</u></b>

### FISCAL IMPACT - Small Business

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

### FISCAL DESCRIPTION

This bill changes the foundation formula for elementary and secondary education.

Definitions - The definition of "dollar-value modifier (DVM)" is changed from one plus 15% of the difference of the regional wage ratio minus one to 10% and the multipliers used for the calculation of the weighted average daily attendance is changed, as specified in the bill (§163.011).

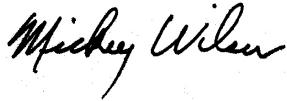
State Aid - Currently, the Department of Elementary and Secondary Education (DESE) uses two formulas for determining the state aid for qualified public schools based on the average daily attendance rate. This bill removes the formula for districts with an average daily attendance of 350 or less and requires DESE to use the same formula for all qualifying districts (§163.031).

General Assembly Appropriations - The bill repeals §163.044, which appropriates \$15 million annually to school districts with an average daily attendance of 350 or less students, for specified uses (§163.044).

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

Carrollton R-VII School District  
Department of Elementary and Secondary Education  
Kansas City Public Schools  
Kirksville R-III School District  
Milan C-2 School District  
Orrick School District  
Shell Knob School District  
West Plains School District



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