

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2110-01  
Bill No.: HB 994  
Subject: Education, Elementary and Secondary; Elementary and Secondary Education Department  
Type: Original  
Date: April 12, 2011

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Bill Summary: This proposal relates to school accreditation and transfer opportunities.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(\$1,233,362)	(\$1,298,269)	(\$1,302,360)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$1,233,362)</b>	<b>(\$1,298,269)</b>	<b>(\$1,302,360)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<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 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</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 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
General Revenue	6 FTE	6 FTE	6 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>6 FTE</b>	<b>6 FTE</b>	<b>6 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 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>
<b>Local Government</b>	<b>(Unknown - Could exceed \$100,000)</b>	<b>Unknown - Could exceed \$100,000</b>	<b>Unknown - Could exceed \$100,000</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Joint Committee on Education (JCED)** state there will be no costs to their committee. The proposal requires a report to be submitted to JCED.

Officials from the **Department of Elementary and Secondary Education (DESE)** provided the following assumption regarding this proposed legislation:

\$160,080

At the present time there are 2,361 individual buildings, 522 school districts, and 35 charter LEA's.

- DESE currently reviews on average 25 districts per year @ approximately \$1,500 per review (does not include cost of DESE staff on each review).
- Assume DESE reviews 479 buildings in each year during a five year period.
- Assume 10% of buildings (48) qualify for on-site review.
- The total number of review days in traditional reviews is 204.
- The total number of review days for individual building review is 816.
- The average cost for staff on each review includes lodging, meals, and travel/mileage: \$160.
- DESE estimates 5 staff per review (could potentially be significantly larger depending on the size of the individual district or building).
  
- 25 district level reviews @ \$1,500 = \$ 37,500
- 5 staff cost for traditional review (204 x \$160 per day) = \$163,200
- 48 building level reviews @ \$1,500 = \$ 72,000
- 5 staff cost for building review (816 x \$160 per day) = \$652,800  
\$925,500

DESE will require 3.0 FTE supervisors and 1.0 FTE administrative assistant to oversee the implementation of the classification and review of individual buildings as called for in the proposal. DESE will require 3.0 FTE accounting specialists to provide technical assistance to the

ASSUMPTION (continued)

school buildings and districts being classified and for the creation of the annual performance review.

**Oversight** confirmed with DESE that the review process for individual buildings within a district would be more comprehensive than the current review process which may only involve random sampling within individual buildings.

**Oversight** has, for fiscal note purposes only, adjusted the salary and benefits of the supervisors and administrative assistants to correspond with the range for the starting salary posted by DESE for a similar position.

§167.132

DESE assumes there is no provision in this proposal for the students receiving vouchers to be counted for state aid by the resident district. Therefore, there appears to be no increased cost to the state but there would significant cost to the resident district.

Officials from **St Louis University** anticipate neither positive nor negative fiscal impact as a result of this proposed legislation.

According to officials from the **Parkway School District**, no direct cost to Parkway is anticipated, however they assume there is potential cost to the state for students in unaccredited districts who don't currently attend the district but who transfer to accredited districts or who might attend charter schools. Any additional state costs could result in reduced funding available for traditional public schools.

Officials from the **Special School District of St Louis County (SSD)** assume this proposal does not address tuition for special education which could cost the SSD a significant amount of money. If only 100 students with IEPs transfer to St. Louis County districts and such students require resource level services, the potential cost would be \$500,000. If any self-contained services are required, the cost would be much higher- assuming 10% require more intensive services, the overall cost would be about \$700,000.

**Oversight** assumes the number of students exercising the options allowed in this proposed legislation is speculative and cannot be estimated. For fiscal note purposes only, Oversight will show a cost to local school districts as (Unknown - Could exceed \$100,000)

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
<b>GENERAL REVENUE</b>			
<u>Cost</u> - Department of Elementary and Secondary Education (§160.080)			
Personal Services (6 FTE)	(\$202,089)	(\$244,932)	(\$247,381)
Fringe Benefits	(\$105,773)	(\$128,197)	(\$120,479)
District and building level reviews	<u>(\$925,500)</u>	<u>(\$9,255,000)</u>	<u>(\$925,500)</u>
TOTAL DESE COST	(\$1,233,362)	(\$1,298,269)	(\$1,302,360)
Total FTE Change - DESE	6 FTE	6 FTE	6 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$1,233,362)</u></b>	<b><u>(\$1,298,269)</u></b>	<b><u>(\$1,302,360)</u></b>
<b>ESTIMATED NET FTE EFFECT ON GENERAL REVENUE</b>	<b>6 FTE</b>	<b>6 FTE</b>	<b>6 FTE</b>
<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Cost</u> - School Districts - Education costs not covered by vouchers			
	(Unknown - Could exceed <u>\$100,000</u> )	(Unknown - Could exceed <u>\$100,000</u> )	(Unknown - Could exceed <u>\$100,000</u> )
<b>ESTIMATED EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>(Unknown - Could exceed \$100,000)</u></b>	<b><u>(Unknown - Could exceed \$100,000)</u></b>	<b><u>(Unknown - Could exceed \$100,000)</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 proposed legislation changes the laws regarding school accreditation. In its main provisions, the proposal:

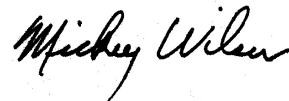
- (1) Requires the State Board of Education within the Department of Elementary and Secondary Education to adopt a system that accredits districts and individual schools separately and to submit a report periodically to the Joint Committee on Education beginning December 1, 2011, on its progress;
- (2) Allows an accredited district or a cooperative association of accredited districts to sponsor or operate a charter school in an unaccredited district. The unaccredited district with unused facilities must give a charter school the opportunity of first refusal for the lease or purchase of the building. If the school district regains accreditation and the district or cooperative wishes to discontinue the school, it must solicit continuation proposals which will be presented to a vote of the parents and guardians of the district's students in the year during which the district undergoes its next accreditation review;
- (3) Allows the Metropolitan Schools Achieving Value in Transfer Corporation, upon an affirmative vote of its board, to coordinate transfers undertaken by students in unaccredited districts and requires it to act as a central repository for student transfer applications, establish an open-enrollment period and publicize the procedure for transfer applications in advance of the period, and make student assignments based on availability of seats in accredited districts. A district must annually inform the corporation of its anticipated open seats at each attendance center. Officers of a district who do not report may be prosecuted for a violation of school law under Section 162.091, RSMo; and
- (4) Allows a student in an unaccredited district to accept a voucher for educational expenses, not to exceed the amount of the state adequacy target, in lieu of transferring to a charter school and specifies the conditions under which a school accepting vouchers must operate.

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  
Joint Committee on Education  
Charter Sponsors  
    St Louis University  
School Districts  
    Parkway  
    Special School District of St Louis County



Mickey Wilson, CPA  
Director  
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