

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0658-01  
Bill No.: HB 565  
Subject: Education, Elementary and Secondary  
Type: Original  
Date: March 9, 2015

Bill Summary: This proposal establishes the Missouri Course Access Program.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(Unknown greater than \$6,057,637)	(Unknown greater than \$6,166,623)	(Unknown greater than \$6,175,177)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Unknown greater than \$6,057,637)</b>	<b>(Unknown greater than \$6,166,623)</b>	<b>(Unknown greater than \$6,175,177)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<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 2016</b>	<b>FY 2017</b>	<b>FY 2018</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 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
General Revenue	12 FTE	12 FTE	12 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>12 FTE</b>	<b>12 FTE</b>	<b>12 FTE</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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>(Unknown greater than \$100,000)</b>	<b>(Unknown greater than \$100,000)</b>	<b>(Unknown greater than \$100,000)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Department of Elementary and Secondary Education (DESE)** assume the following.

#### Funding Concerns

§161.1010.2 (1) Course providers could provide individual courses in person, online or a combination of the two. This involves more than just online education.

§161.1010.2 (4) Open to all K-12 students who reside in the state. A student from a private school or home school could enroll part time in the district to take classes within this program.

§161.1011.1 Allows high school students to take 2 courses per semester. If the student is already full time in their local high school, these classes would be an additional financial cost for the state.

Significant costs are projected, but the exact amount is unknown since the proposed legislation is unclear as to whether these courses are extra or just to replace classes within a regular school day in their resident district. The potential cost is estimated using the assumption that the courses would be additional classes. Each semester course would cost over \$300 and some over \$400. Current enrollment in Missouri is 887,370 students. **If 1% of the current Missouri students took a full year course (2 semesters) the costs to the state for this appropriation would be 8,873 students \* \$600 = \$5,323,800.**

If a private school student or a home school student enrolls part-time in the program, this would be additional costs for the state. This estimate does not include any private and home school students who might enroll part-time as permitted by the law.

In order to accomplish the numerous tasks as outlined in the proposal, DESE estimates 10 FTE supervisors and 2 FTE administrative assistants based on the current projected \$5 million impact. An additional 2 FTE supervisors will be required for each additional \$1 million appropriated for the program.

Evaluation of courseware would require practitioners from the field to be involved in the process. Since the authorization process is done multiple times throughout the year as specified by 161.1012.1(1), this would be in excess of \$100,000 each year. Courses can be added yearly along with a renewal every three years keeping the \$100,000 as a constant in the annual budget.

ASSUMPTION (continued)

**Oversight** will show the impact as Unknown greater than the estimate provided by DESE.

**Oversight** has, for fiscal note purposes only, adjusted the salary and benefits of the positions to correspond with the salaries posted by DESE for a current job vacancies for a similar positions. Oversight assumes DESE has a core budget for travel expenses, so those costs have also not been included in the estimate of expenses.

**Oversight** notes this proposal requires school districts to actively participate in this program by notifying students and parents of the availability of these courses, reviewing courses taken by the students to ensure they meet the requirements for the student to graduate and recording the courses on the student's transcript. Due to the information required to be administered by schools and the monitoring required, Oversight will show an impact to school districts of Unknown greater than \$100,000.

Officials at the **Kansas City Public Schools** assume they are unable to assess the fiscal impact.

Officials at the **Special School District of St. Louis** assume this would have a negative fiscal impact on the district; however, there is not enough information to estimate the cost of the program. The North Technical High School may have to pay for online courses taken by the school's student under this program.

Officials at the **Carondelet Leadership Academy, Department of Social Services, Joint Committee on Administrative Rules** and the **Office of the State Courts Administrator** each assume there is no fiscal impact to their respective organizations from this proposal.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the 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 the office can sustain with the core budget. Therefore, the 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.

ASSUMPTION (continued)

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. 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 at the following schools: Blue Springs Public Schools, Branson Public Schools, Caruthersville School District, Cole R-I Schools, Columbia Public Schools, Everton R-III School District, Fair Grove Schools, Fulton Public School, Harrisonville School District, Independence Public Schools, Jefferson City Public Schools, Kirksville Public Schools, Kirbyville R-VI Schools, Lee Summit Public Schools, Macon School, Malta Bend Schools, Mexico Public Schools, Monroe City R-I Schools, Nixa Public Schools, Parkway Public Schools, Pattonville Schools, Raymore-Peculiar R-III Schools, Raytown School District, Riverview Gardens School District, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Spickard School District, Springfield School District, St Joseph School District, St Louis Public Schools, St. Charles Public Schools, Sullivan Public Schools, Warren County R-III School District and Waynesville Public School did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>GENERAL REVENUE</b>			
	(Unknown greater than	(Unknown greater than	(Unknown greater than
<u>Costs - DESE - tuition payments</u>	\$5,323,800)	\$5,323,800)	\$5,323,800)
<u>Costs - DESE</u>			
Personal Service	(\$362,500)	(\$439,350)	(\$443,744)
Fringe Benefits	(\$188,518)	(\$228,484)	(\$230,769)
Equipment and Expenses	(\$82,819)	(\$74,989)	(\$76,864)
<u>Total Costs - DESE</u>	(\$633,837)	(\$742,823)	(\$751,377)
FTE Change - DESE	12 FTE	12 FTE	12 FTE
<u>Costs - DESE - contract review</u>	(\$100,000)	(\$100,000)	(\$100,000)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>(Unknown greater than <u>\$6,057,637</u>)</b>	<b>(Unknown greater than <u>\$6,166,623</u>)</b>	<b>(Unknown greater than <u>\$6,175,177</u>)</b>
Estimated Net FTE Change on General Revenue	12 FTE	12 FTE	12 FTE
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>LOCAL SCHOOL DISTRICT FUNDS</b>			
	(Unknown greater than	(Unknown greater than	(Unknown greater than
<u>Costs - School Districts - administration of this program</u>	\$100,000)	\$100,000)	\$100,000)
<b>ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS</b>	<b>(Unknown greater than <u>\$100,000</u>)</b>	<b>(Unknown greater than <u>\$100,000</u>)</b>	<b>(Unknown greater than <u>\$100,000</u>)</b>

FISCAL IMPACT - Small Business

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

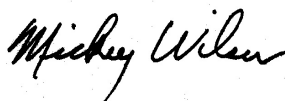
FISCAL DESCRIPTION

This legislation establishes the Missouri Course Access 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

Carondelet Leadership Academy  
Department of Elementary and Secondary Education  
Department of Social Services  
Joint Committee on Administrative Rules  
Kansas City Public Schools  
Office of the State Courts Administrator  
Office of the Secretary of State  
Special School District of St. Louis



Mickey Wilson, CPA  
Director  
March 9, 2015

Ross Strobe  
Assistant Director  
March 9, 2015