

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0658-02
Bill No.: HCS for HB 565
Subject: Education, Elementary and Secondary
Type: Original
Date: April 27, 2015

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(Unknown greater than \$32,764,411)	(Unknown greater than \$32,782,780)	(Unknown greater than \$32,684,157)
Total Estimated Net Effect on General Revenue	(Unknown greater than \$32,764,411)	(Unknown greater than \$32,782,780)	(Unknown greater than \$32,684,157)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 FTE

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 2016	FY 2017	FY 2018
Local Government	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)

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 The interpretation of the original bill was that a certain amount would be appropriated for the program. It clearly stated “courses that are funded by the program.” It had certain number of courses for sophomore and juniors and different numbers for seniors. The current version supports the concept that all students who enroll in public schools in Missouri have access to the program.

Costs Analysis: Census data for Missouri shows that 1,099,136 students from ages 5 to 18 live within the state. Students enrolled in public schools in Missouri for this same age range of 5 to 18 is 887,368. This leaves 211,766 students that are either attending private schools or are home schooled. The bill does not include a clause that would require a student to have previous enrollment in the school district. For that reason there is a potential increase to the state when the formula is fully funded and if there are a number of students who start taking virtual courses who haven't been enrolled in public schools previously. Below are estimates of potential costs:

10% of these students 21,176 x \$6,131 (state adequacy target) = \$129,830,056

5% of these students 10,588 x \$6,131 (state adequacy target) = \$64,915,028

2.5% of these students 5,294 x \$6,131 (state adequacy target) = \$32,457,514

161.1011.1 requires approval of the student's guidance counselor for students to take the courses. Subsection 3 goes into greater detail about how the guidance counselor will approve or disapprove a student's request. This has the potential of increased costs for local school districts.

Funding for additional tasks:

In order to accomplish the numerous tasks as outlined in the proposal, DESE estimates 1 FTE Director and 1 FTE administrative assistant.

ASSUMPTION (continued)

Initial evaluation of courseware (first two years) will require \$200,000 per year to secure contract work for course authorization (requires practitioners from the field to be involved in the process). Courses can be added yearly along with a renewal every three years keeping the \$100,000 as a constant in the annual budget in years three through rest of program.

Oversight will show the impact as the 2.5% of students enrolling in the program and therefore the impact is Unknown greater than the estimate provided by DESE of \$32,457,514. Additionally, Oversight will show the FTE costs provided by DESE. Should the program expenses exceed what DESE projects, then DESE could request additional FTE through the appropriation process.

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 but believe it could be a negative impact.

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

In response to the previous version of 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

ASSUMPTION (continued)

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.

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
GENERAL REVENUE			
	(Unknown greater than \$32,457,514)	(Unknown greater than \$32,457,514)	(Unknown greater than \$32,457,514)
<u>Costs - DESE - tuition payments</u>			
<u>Costs - DESE</u>			
Personal Service	(\$63,510)	(\$76,974)	(\$77,744)
Fringe Benefits	(\$33,028)	(\$40,030)	(\$40,431)
Equipment and Expenses	<u>(\$10,359)</u>	<u>(\$8,262)</u>	<u>(\$8,468)</u>
<u>Total Costs - DESE</u>	(\$106,897)	(\$125,266)	(\$126,643)
FTE Change - DESE	2 FTE	2 FTE	2 FTE
<u>Costs - DESE - contract review</u>	<u>(\$200,000)</u>	<u>(\$200,000)</u>	<u>(\$100,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Unknown greater than <u>\$32,764,411</u>)	(Unknown greater than <u>\$32,782,780</u>)	(Unknown greater than <u>\$32,684,157</u>)
Estimated Net FTE Change on General Revenue	2 FTE	2 FTE	2 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
LOCAL SCHOOL DISTRICT FUNDS			
	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)
<u>Costs - School Districts - administration of this program</u>			
ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS	(Unknown greater than <u>\$100,000</u>)	(Unknown greater than <u>\$100,000</u>)	(Unknown greater than <u>\$100,000</u>)

FISCAL IMPACT - Small Business

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

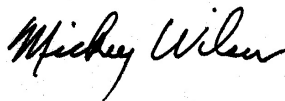
FISCAL DESCRIPTION

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



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April 27, 2015

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