

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1488-03
Bill No.: Perfected HCS for HB 637
Subject: Education, Elementary and Secondary
Type: Original
Date: April 8, 2015

Bill Summary: This proposal changes the laws regarding gifted education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue*	\$0	\$3,408,160	\$3,408,160
Total Estimated Net Effect on General Revenue	\$0*	\$3,408,160*	\$3,408,160*

***Oversight notes that DESE and the Office of Administration's Division of Budget and Planning were not able to provide Oversight with a projection of when the foundation formula may be fully funded. This proposal has a provision that may not have a fiscal impact until such time as the formula is fully funded. Oversight, for fiscal note purposes, is showing the impact of that provision.**

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

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 6 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
Total Estimated Net Effect on FTE	0	0	0

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	\$0	(\$3,408,160)	(\$3,408,160)

FISCAL ANALYSIS

ASSUMPTION

Oversight prepared the fiscal note for the original bill and reflected a “zero” savings to the General Revenue Fund for this program due to the assumption that the foundation formula would not be fully funded during the fiscal note period. Oversight has since been asked to reflect all savings and costs of any educational proposals regardless of the foundation formula’s funding level. Oversight is modifying this fiscal note to reflect this new policy as well as the changes in the proposal.

Officials at the **Department of Elementary and Secondary Education (DESE)** assume based on their most recent complete data, school districts that have a gifted program would have a penalty of \$3,408,160 for not maintaining at least 80% of their gifted enrollment for the previous year. This would be a loss to the local districts that had the penalty levied against them. These penalties would be redistributed to all other school districts due to the foundation formula not being fully funded.

In response to the previous version of this proposal, officials at the **Kansas City Public Schools** assumed this proposal would have a minimal fiscal impact. It is impossible to determine at this time.

Officials at the **Columbia Public Schools** assume this would not have a fiscal impact as it mirrors their current practice.

In response to the previous version of this proposal, officials at the **Malta Bend Schools** and the **Special School District of St. Louis** each assumed there was no fiscal impact to their respective school district from this proposal.

Oversight notes that DESE and the Office of Administration's Division of Budget and Planning were not able to provide Oversight with a projection of when the foundation formula may be fully funded. This proposal contains a provision that will require DESE to levy penalties against school districts that do not maintain their gifted programs. Since the foundation formula is not fully funded the penalty money may be redistributed to other school districts. Oversight, for the purpose of the fiscal note only, is showing the impact to the State as if the foundation formula were fully funded.

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

ASSUMPTION (continued)

Public Schools, Jefferson City Public Schools, Kirksville Public Schools, Kirbyville R-VI Schools, Lee Summit Public Schools, Macon School, 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	FY 2017	FY 2018
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GENERAL REVENUE

<u>Savings</u> - DESE - penalties levied against schools not maintaining their gifted programs	\$0	\$3,408,160	\$3,408,160
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ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>\$3,408,160</u>	<u>\$3,408,160</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2016	FY 2017	FY 2018
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LOCAL SCHOOL DISTRICT FUNDS

<u>Loss</u> - School Districts - penalties from not maintaining a gifted program	\$0	(\$3,408,160)	(\$3,408,160)
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ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS	<u>\$0</u>	<u>(\$3,408,160)</u>	<u>(\$3,408,160)</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill modifies provisions relating to gifted education.

The bill prohibits school districts from determining whether a child is gifted based on the child's participation in an advanced placement course or international baccalaureate course. Whether a child is gifted must be determined using the statutory definition of "gifted children" (§162.720).

Beginning in the 2016-2017 school year, a school district will incur a reduction in funding if it experiences a decrease in its gifted program enrollment of more than 20%. If a school district experiences a decrease of 20% or more in its gifted program enrollment, an amount equal to the product of the difference between the number of students enrolled in the gifted program in the current school year and the number of students enrolled in the previous school year multiplied by \$680 must be subtracted from the school district's current year payment amount (§163.031).

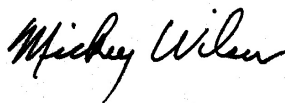
The bill repeals a similar obsolete reduction in funding for districts with reductions in gifted program enrollment. This reduction in funding provision expired at the end of the 2011-2012 school year (§163.031).

The reduction in funding provision and repeal of the obsolete reduction in funding provision will become effective on July 1, 2016.

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

Columbia Public Schools
Department of Elementary and Secondary Education
Kansas City Public Schools
Malta Bend Schools
Special School District of St. Louis



Mickey Wilson, CPA
Director

Ross Strope
Assistant Director

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