

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4407-01
Bill No.: HB 1419
Subject: Education, Elementary and Secondary
Type: Original
Date: December 18, 2015

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue*	\$0	\$1,241,680	\$1,241,680
Total Estimated Net Effect on General Revenue	\$0	\$1,241,680	\$1,241,680

***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 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Local Government	\$0	(\$1,241,680)	(\$1,241,680)

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Elementary and Secondary Education (DESE)** assume that based on the most recent complete data, school districts that have a gifted program would have a penalty of \$1,241,680 for not maintaining at least 80% of their gifted enrollment for the previous year. This would result in a loss to the local school districts that had the penalty levied against them. These penalties would be redistributed to all other school districts.

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 **St. Charles School District** assume a potential significant impact if the number of qualified students drops.

Officials at the **Grain Valley School District** do not anticipate their number of gifted students dropping by 20% in any given year. However, if it would then the impact would be \$680 per student for a minimum of \$11,560.

Officials at the **Bloomfield R-14 School District** assume that as a small district a fluctuation in one or two students would make a large percentage change and deduction in formula money.

Officials at the **Smithville** and the **Webster Groves School Districts** each assume this would not result in a loss of funds unless enrollment dropped. Neither district foresee that happening.

Officials at the **Chilhowee School District** assume the actual cost is unknown as it will require testing to determine if a student is gifted based on definition. The testing costs are unknown and would have to be contracted out as the district does not have a staff member who is certified to perform test.

Officials at the **Sarcoxie R-II School District** assume this could have an impact if the students are required to take an IQ test to place them in the gifted program. The tests are expensive.

Officials at the **East Newton School District** assume a potential loss of funding.

ASSUMPTION (continued)

Officials at the **Kirbyville School District** assume the impact cannot be determined at this time.

Officials at the **Campbell R-II** and **Salisbury R-IV School Districts** each assume a minimal impact on their respective districts.

Officials at the **Cassville School District** assume an impact of \$8,500.

Officials at the **Lonedell R-14 School District** assume this could result in a loss of state funding for a teacher's salary and benefits.

Officials at the **Wright City School District** assume no impact unless they are required to have gifted classes then it would cost \$55,000 for additional staff.

Officials at the **Chillicothe R-II** indicated they have a gifted program but did not indicate any potential impact.

Officials at the **Bronaugh School District** assume this would have an unknown impact on the district.

Officials at the **Bowling Green, Brentwood, Concordia R-II, Eldon, Everton R-III, Forsyth R-III, Kearney, Lewis County C-1, New Haven, Parkway, Pettis County R-XII, Shelby County R-IV, Shell Knob** and the **Warren County R-III School District** each assume there is no fiscal impact from this proposal to their respective districts.

Officials at the **Hawthorne Leadership School** assume this could have a positive impact if this increases funding to support a gifted program.

Officials at the **Fair Play, Fredericktown** and **Tipton School Districts** each responded to Oversight's request for impact but did not indicate an impact on their district.

Officials at the following school districts: Arcadia Valley R-2, Aurora R-8, Avilla R-13, Bakersfield, Belton, Benton County R-2, Bismark R-5, Blue Springs, Bolivar R-I, Branson, Carrollton R-7, Caruthersville, Central R-III, Clarkton C-4, Cole R-I, Columbia, Crawford County R-1, Crocker R-II, Delta C-7, East Carter R-2, Fair Grove, Fayette R-3, Fox C-6, Fulton, Hancock Place, Hannibal, Harrisonburg R-8, Harrisonville, Hillsboro R-3, Hollister R-5, Humansville R-4, Hurley R-1, Independence, Jefferson City, Kansas City, Kennett #39, King City R-1, Kingston 42, Kirksville, Laclede County R-1, Laredo R-7, Lee Summit, Leeton R-10, Lindbergh, Macon County R-1, Macon County R-4, Malta Bend, Mehville, Mexico,

ASSUMPTION (continued)

Middle Grove C-1, Midway R-1, Milan C-2, Moberly, Monroe City R-I, Morgan County R-2, Nixa, North St. Francois Co. R-1, Northeast Nodaway R-5, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osage County R-II, Osborn R-O, Pattonville, Pierce City, Plato R-5, Princeton R-5, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, Richland R-1, Riverview Gardens, Scotland County R-I, Sedalia, Seymour R-2, Sikeston, Silex, Slater, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, St. Elizabeth R-4, Sullivan, Valley R-6, Verona R-7, Warrensburg R-6, West Plains R-VII and the Westview C-6 School District did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
<u>Savings</u> - DESE - penalties levied against schools not maintaining their gifted programs	<u>\$0</u>	<u>\$1,241,680</u>	<u>\$1,241,680</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>\$1,241,680</u>	<u>\$1,241,680</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
LOCAL SCHOOL DISTRICT FUNDS			
<u>Loss</u> - School Districts - penalties from not maintaining a gifted program	<u>\$0</u>	<u>(\$1,241,680)</u>	<u>(\$1,241,680)</u>
ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS	<u>\$0</u>	<u>(\$1,241,680)</u>	<u>(\$1,241,680)</u>

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 2017-2018 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).

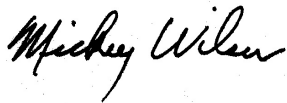
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Bloomfield School District
Bowling Green School District
Brentwood School District
Bronaugh School District
Campbell R-II School District
Cassville School District
Chilhowee R-IV School District
Chillicothe School District
Concordia R-II School District
Department of Elementary and Secondary Education
East Newton School District
Eldon School District
Everton R-III School District
Forsyth R-III School District
Fair Play School District
Fredericktown School District
Grain Valley R-V School District
Hawthorne Leadership School
Kearney School District
Kirbyville School District

SOURCES OF INFORMATION (continued)

Lewis County C-1 School District
Lonedell R-14 School District
New Haven School District
Parkway School District
Pettis County R-XII School District
Salisbury R-VI School District
Sarcoxie R-II School District
Shelby County R-IV School District
Shell Knob School District
Smithville School District
St. Charles School District
Tipton School District
Warren County R-III School District
Webster Groves School District
Wright City R-II School District



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