

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4407-02  
Bill No.: Perfected HCS for HB 1419  
Subject: Education, Elementary and Secondary  
Type: Original  
Date: February 23, 2016

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue*	\$0	\$1,231,480	\$1,231,480
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$1,231,480</b>	<b>\$1,231,480</b>

**\*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.**

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<b>Total Estimated Net Effect on <u>Other State Funds</u></b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</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 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</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 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government</b>	<b>\$0</b>	<b>(\$1,231,480)</b>	<b>(\$1,231,480)</b>

## 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 \$1,231,480 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.

**Oversight** notes this proposal would exempt from this gifted penalty any school with less than 300 enrolled students.

In response to the previous version, officials at the **St. Charles School District** assumed a potential significant impact if the number of qualified students drops.

In response to the previous version, 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.

In response to the previous version, officials at the **Bloomfield R-14 School District** assumed that as a small district a fluctuation in one or two students would make a large percentage change and deduction in formula money.

In response to the previous version, officials at the **Smithville School District** assumed this would not result in a loss of funds unless enrollment dropped.

In response to the previous version, officials at the **Chilhowee School District** assumed 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.

ASSUMPTION (continued)

In response to the previous version, officials at the **Sarcoxie R-II School District** assumed 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.

In response to the previous version, officials at the **Kirbyville School District** assumed the impact cannot be determined at this time.

In response to the previous version, officials at the **Campbell R-II** and **Salisbury R-IV School Districts** each assumed a minimal impact on their respective districts.

In response to the previous version, officials at the **Cassville School District** assumed an impact of \$8,500.

In response to the previous version, officials at the **Lonedell R-14 School District** assumed this could result in a loss of state funding for a teacher's salary and benefits.

Officials at the **Wright City School District** assume it could potentially cost \$6,800 -\$13,600 depending on fluctuations in the number of students.

In response to the previous version, officials at the **Chillicothe R-II** indicated they have a gifted program but did not indicate any potential impact.

In response to the previous version, officials at the **Bronaugh School District** assumed this would have an unknown impact on the district.

Officials at the **East Newton School District**, **Macon County R-IV School District** and the **Pettis County R-XII School District** each assume this version of the proposal no longer would fiscally impact them as their enrollment is below 300.

Officials at the **Concordia**, **Forsyth R-III**, **Kingston 42**, **New Haven**, **Webster Groves** and the **West Plains** school districts each assume there is no fiscal impact from this proposal.

In response to the previous version, officials at the **Bowling Green**, **Brentwood**, **Eldon**, **Everton R-III**, **Kearney**, **Lewis County C-1**, **Parkway**, **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.

ASSUMPTION (continued)

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, Kirksville, Laclede County R-1, Laredo R-7, Lee Summit, Leeton R-10, Lindbergh, Macon County R-1, Malta Bend, Mehville, Mexico, 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, 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
<b>GENERAL REVENUE</b>			
<u>Savings</u> - DESE - penalties levied against schools not maintaining their gifted programs	<u>\$0</u>	<u>\$1,231,480</u>	<u>\$1,231,480</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0</u></b>	<b><u>\$1,231,480</u></b>	<b><u>\$1,231,480</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
<b>LOCAL SCHOOL DISTRICT FUNDS</b>			
<u>Loss - School Districts - penalties from not maintaining a gifted program</u>	<u>\$0</u>	<u>(\$1,231,480)</u>	<u>(\$1,231,480)</u>
<b>ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS</b>	<b><u>\$0</u></b>	<b><u>(\$1,231,480)</u></b>	<b><u>(\$1,231,480)</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 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).

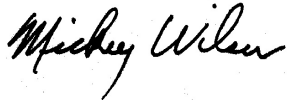
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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  
Kingston 42 School District  
Kirbyville School District  
Lewis County C-1 School District  
Lonedell R-14 School District  
Macon County R-IV 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

SOURCES OF INFORMATION (continued)

Warren County R-III School District  
Webster Groves School District  
West Plains School District  
Wright City R-II School District



Mickey Wilson, CPA  
Director  
February 23, 2016

Ross Strobe  
Assistant Director  
February 23, 2016