

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0039-01  
Bill No.: HB 118  
Subject: Education, Elementary and Secondary; Elementary and Secondary Education Department  
Type: Original  
Date: February 27, 2017

---

Bill Summary: This proposal changes the laws regarding elementary and secondary education.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	(\$150,012)	(\$30,752)	(\$31,521)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$150,012)</b>	<b>(\$30,752)</b>	<b>(\$31,521)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<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 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</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 2018</b>	<b>FY 2019</b>	<b>FY 2020</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 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Local Government</b>	<b>(Could exceed \$700,000)</b>	<b>(Could exceed \$700,000)</b>	<b>(Could exceed \$700,000)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §162.081 Schools and Financial Difficulty

Officials at the **Department of Elementary and Secondary Education (DESE)** assume this will result in programming costs to make necessary changes to the foundation formula calculation. We defer to Office of Administration's Information Technology Services Division (ITSD).

Officials at the **ITSD** assume modifications to the existing Foundation Formula Application would need to be made to allow for this functionality. This would require one new screen and modifications to eight existing calculations. Estimations include project management and development of the new application. It is estimated to cost \$150,012 in FY 2018, \$30,752 in FY 2019 and \$31,521 in FY 2020.

#### §162.1310 Attendance Centers

Officials at the **DESE** assume this could result in costs for school districts.

**Oversight** notes this portion of the proposal requires a school district to notify the parents of students, if the attendance center their child is attending has an annual performance report score consistent with unaccredited. Additionally, any school district receiving an unaccredited score would need to notify their student's parents. Also, signs need to be displayed indicating a schools or attendance center's unaccredited status. Oversight assumes this will have an impact on schools and will show the impact as (Could exceed \$100,000).

#### §167.132 Transfer Student Tuition

Officials at the **DESE** assume this will result in no increased costs for tuition.

#### §167.241 Transfer Students and Transportation

Officials at the **DESE** assume the transportation costs are unknown. In 2015-2016, there were two unaccredited school districts in the state. Using those numbers as a specific example, the cost of transporting students to accredited districts was approximately \$1.2 million.

**Oversight** notes that in the 2015-2016 school year Normandy and Riverview Gardens were the two unaccredited school districts. Currently, only Normandy is unaccredited. However, under this proposal a student is eligible to transfer if their attendance center is located within an unaccredited district and has an annual performance report score consistent with a classification of unaccredited. This portion of the proposal would require the transfer student's sending district to pay for transportation costs to at least one designated receiving district. Oversight is unable to

ASSUMPTION (continued)

determine how many students would apply to transfer. Oversight for fiscal note purposes, will show the cost as could exceed half the 2015-2016 transportation figure for Normandy only.

Bill as a Whole

Officials at the **Concordia R-II School District** assume they receive \$2,155.7531 per student in ADA. This the amount the district would lose per student who opted to go to a charter school.

Officials at the **Wentzville R-IV School District** does not have schools that are in danger of losing accreditation. If that would change, the district estimates \$10,000 in administrative costs to manage the policies, student placement and finances involved in school choice.

Officials at the **Everton R-III, Carondelet Leadership Academy** and the **West Plains School District** each assume there is no fiscal impact from this proposal.

Officials at the **Kirksville R-III School District** responded to Oversight's request but did not indicate a fiscal impact.

Officials at the **Joint Committee on Administrative Rules** assume there is no fiscal impact 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.

**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.

ASSUMPTION (continued)

Officials at the following school districts: Arcadia Valley R-2, Avilla R-13, Bakersfield, Belton, Benton County R-2, Bismark R-5, Bloomfield R-14, Blue Springs, Bolivar R-I, Bowling Green R-1, Branson, Brentwood, Bronaugh R-7, Campbell R-2, Carrollton R-7, Caruthersville, Central R-III, Chilhowee R-4, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Crawford County R-1, Crocker R-II, Delta C-7, East Carter R-2, Eldon R-I, Fair Play, Fayette R-3, Forsyth R-3, Fox C-6, Fredericktown R-I, Fulton, Grain Valley, Hancock Place, Hannibal, Harrisonburg R-8, Harrisonville, Hillsboro R-3, Hollister R-5, Humansville R-4, Hurley R-1, Independence, Jefferson City, Kansas City, Kearney R-1, Kennett #39, King City R-1, Kingston 42, Kirbyville R-VI, Lee Summit, Leeton R-10, Lewis County C-1, Lincoln R-II, Lindbergh, Lonedell R-14, Macon County R-1, Malta Bend, Mehville, Meramec Valley R-3, Mexico, Middle Grove C-1, Midway R-1, Milan C-2, Moberly, Monroe City R-I, Morgan County R-2, New Haven, Nixa, North Kansas City, North St. Francois Co. R-1, Northeast Nodaway R-5, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osborn R-0, Parkway, Pattonville, Pettis County R-12, Pierce City, Plato R-5, Princeton R-5, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, Republic R-III, Richards R-V, Richland R-1, Richmond R-XVI, Riverview Gardens, Salisbury R-4, Sarcoxie R-2, Scotland County R-I, Sedalia, Seymour R-2, Shell Knob #78, Sikeston, Silex, Smithville R-2, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, St. Charles, St. Elizabeth R-4, Sullivan, Valley R-6, Verona R-7, Warren County R-3, Warrensburg R-6, Waynesville, Webster Groves, Westview C-6 and the Wright City R-2 school districts did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2018	FY 2019	FY 2020
<b>GENERAL REVENUE FUND</b>			
Cost - ITSD computer upgrades §162.081	<u>(\$150,012)</u>	<u>(\$30,752)</u>	<u>(\$31,521)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$150,012)</u></b>	<b><u>(\$30,752)</u></b>	<b><u>(\$31,521)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2018	FY 2019	FY 2020
<b>LOCAL SCHOOL DISTRICT FUNDS</b>			
<u>Cost</u> - notification of parents about unaccredited status and placement of signage §162.1310	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Cost</u> - transportation of transfer students §167.241	(Could exceed \$600,000)	(Could exceed \$600,000)	(Could exceed \$600,000)
<b>ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS</b>	<b>(Could exceed \$700,000)</b>	<b>(Could exceed \$700,000)</b>	<b>(Could exceed \$700,000)</b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

State Board of Education Intervention Powers (§162.081) - The bill allows the State Board of Education to lapse the corporate organization of all or part of an unaccredited school district. If the state board appoints a special administrative board for the operation of a part of an unaccredited school district, it must determine an equitable apportionment of state and federal aid for the part of the district. In addition, the school district must provide local revenue in proportion to the weighted average daily attendance of the part governed by the special administrative board.

Parent Notification of Unaccredited Status (§162.1310) - When the State Board of Education classifies any district as unaccredited, or when an attendance center receives two or more consecutive annual performance scores consistent with a classification of unaccredited, the district must notify the parent or guardian of students enrolled in the district or center of the loss of accreditation within 14 business days. The notice must also include an explanation of which students may be able to transfer, the transfer process, and any services students may be entitled to receive. This notice must be posted in a conspicuous and accessible place in each district attendance center and must be sent to each municipality located in the boundaries of the school district.

FISCAL DESCRIPTION (continued)

Transportation of Pupils to Another District (§167.241) - This section changes the dynamics of when a district of residence provides transportation of pupils to another district. Currently, a district of residence must provide transportation for pupils whose tuition is paid by the district due to the requirements of Section 167.131 and for students who are assigned as provided in Section 167.121. However, the district currently only must provide transportation for students falling under Section 167.131 when the students are being transported to approved charter schools, as defined in Section 167.131, school districts accredited by the State Board of Education, or those school districts designated by the board of education of the district of residence.

As described in the bill, districts of residence will still be responsible for providing transportation for students falling under the immediately above descriptions in regards to Sections 167.131 and 167.121. Those transportation requirements will now be applied for pupils whose tuition the district of residence is required to pay by Section 167.826. Schools will not have to provide transportation to approved charter schools for pupils covered by Section 167.131.

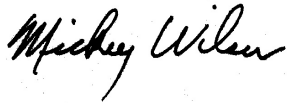
For pupils covered by §167.826, the district of residence will be required to provide transportation only to school districts or approved charter schools designated by the DESE. For students covered under §167.826, DESE or its designee must designate at least one accredited district or approved charter school to which the district of residence will provide transportation, as described within the bill.

The bill contains an emergency clause.

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  
Concordia R-II School District  
Department of Elementary and Secondary Education  
Everton R-III School District  
Joint Committee on Administrative Rules  
Kirksville R-III School District  
Office of Administration  
Information Technology Services Division  
Office of the Secretary of State  
Wentzville R-IV School District  
West Plains School District



Mickey Wilson, CPA  
Director  
February 27, 2017

Ross Strobe  
Assistant Director  
February 27, 2017