

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0039-02  
Bill No.: Perfected HCS for HB 118  
Subject: Education, Elementary and Secondary; Elementary and Secondary Education Department  
Type: Original  
Date: April 13, 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	(Could exceed \$150,012)	(Could exceed \$30,752)	(Could exceed \$31,521)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Could exceed \$150,012)</b>	<b>(Could exceed \$30,752)</b>	<b>(Could exceed \$31,521)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
State School Moneys Fund*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Transfer in and out net to zero.

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 15 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 \$900,000)</b>	<b>(Could exceed \$900,000)</b>	<b>(Could exceed \$900,000)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### **STUDENT TRANSFER**

##### §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

ASSUMPTION (continued)

to pay for transportation costs to at least one designated receiving district. Oversight is unable to 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.

Student Transfer as a Whole

Officials at the **Kansas City Public Schools** assume they can not determine the impact until such time as DESE promulgates rules of implementation.

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

In response to the previous version, officials at the **Wentzville R-IV School District** noted that the 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.

In response to the previous version, officials at the **Everton R-III, Carondelet Leadership Academy** and the **West Plains School District** each assumed there was no fiscal impact from this proposal.

Officials at the **Kirksville R-III School District** assume a negative 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.

ASSUMPTION (continued)

**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.

§167.121 Travel Hardship (HA 1)

**Oversight** assumes this proposal would allow the appeal of travel hardships to a board of arbitration. Oversight assumes this would not have a fiscal impact.

§168.133 and §304.060 School Bus Contracts (HA 2)

Officials at the **DESE** assume there is no fiscal impact from this proposal to the Department.

Officials at the **Missouri Highway Patrol** assume there is no fiscal impact from this proposal.

In response to similar legislation filed this year, HB 888, officials at the **Fair Play School District** assumed this would cost \$98 per driver for a total cost of \$1,500.

In response to similar legislation filed this year, HB 888, officials at the **Everton, Kansas City, Kirksville R-III** and the **West Plains** school districts assumed there was no fiscal impact from this proposal to their respective districts.

**Oversight** notes that school bus drivers are required to undergo a criminal background check before being allowed to operate a school bus. Some school districts may contract with municipalities or other entities to provide school buses. This proposal clarifies that any person who drives a school bus, whether the bus is operated by the school district, a transportation company, a municipality or any other entity must all undergo that criminal background check.

**Oversight** is unable to determine if any school districts currently contact for school bus drivers that have not undergone the criminal background check. Oversight notes the criminal background check is performed by the Missouri Highway Patrol and they charge a fee for the background check. Oversight assumes the Missouri Highway Patrol may have to complete additional background checks but the expenses of the background check will be offset by the fee charged for the performance of the background check. Oversight will not show an fiscal impact for this proposal.

§163.018 Charter Schools (HA 3)

Officials at the **DESE** assume there will be a fiscal impact; however, that impact is unknown. DESE does not know how many children districts or charter schools are currently serving in this age group. The new language would imply all of the services could be contracted out to another

ASSUMPTION (continued)

entity. Based on experiences with Missouri Preschool Program grants, few districts choose to work with other entities. Of those that did choose to work with another entity the partnership did not always last the duration of the grant.

In response to similar legislation filed this year, HB 457, officials at the **West Plains School District** assumed this could result in increased ADA funding, estimated at \$250,000-\$500,000.

In response to similar legislation filed this year, HB 457, officials at the **Kirkville R-III School District** assumed a positive fiscal impact.

In response to similar legislation filed this year, HB 457, officials at the **Kearney School District** assumed a positive impact on districts receiving ADA reimbursement for free and reduced lunch students.

In response to similar legislation filed this year, HB 457, officials at the **Wright City R-II School District** assumed due to the unknown volume, they are unable to determine the cost. It could result in less revenue based on existing weighted average daily attendance.

In response to similar legislation filed this year, HB 457, officials at the **Forsyth R-III School District** assumed a negative impact.

In response to similar legislation filed this year, HB 457, officials at the **Carondelet Leadership Academy** and the **Kansas City Public Schools** assumed there was no fiscal impact from this proposal.

**Oversight** notes that if school districts chose to participate, then this could result in additional students being covered under the average daily attendance and school districts receiving more state adequacy target funding. This proposal has the potential to increase the call to the foundation formula.

**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 this provision under the current funding of the formula (\$0) as well as if it were fully funded (Unknown).

ASSUMPTION (continued)

§167.266 Academic and Career Counseling Program (HA 3)

Officials at the **DESE** assume there is no fiscal impact on the Department from this proposal.

In response to similar legislation filed this year, HB 187, officials at the **Everton R-III School District** assumed \$55,000 in additional personnel and training.

In response to similar legislation filed this year, HB 187, officials at the **West Plains School District** assumed they would be required to hire an additional one to two FTE. This would cost \$50,000 to \$100,000 annually.

In response to similar legislation filed this year, HB 187, officials at the **Chillicothe R-II School District** assumed no impact as they already meet the requirements of this proposal.

In response to similar legislation filed this year, HB 187, officials at the **Kirksville R-III School District** assumed the cost was the manpower to keep track of all the information.

In response to similar legislation filed this year, HB 187, officials at the **Kansas City, Pettis County R-XII, Special School District of St. Louis County** and the **Wright City R-II** school districts each assumed there was no fiscal impact from this proposal to their respective district.

**Oversight** notes this proposal allows a school district to establish an academic and career counseling program. DESE shall develop a process for recognition of a school district's academic and career counseling program. Oversight assumes that the creation of the process of recognition would not have a fiscal impact. Oversight will show an impact to the school districts of \$0 or (Unknown over \$100,000) for the implementation and maintenance of the academic and career counseling program.

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

Officials from the **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

ASSUMPTION (continued)

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.

§160.011, §160.041, §163.021, §163.073, §171.031 and §171.033 Hours of Attendance (HA 4)  
Officials at the **DESE, Department of Social Services and Office of the State Courts Administrator** each assume there is no fiscal impact from this proposal.

In response to similar legislation filed this year, HB 677, officials at the **Brentwood, Lewis County C-1, Malta Bend** and the **West Plains** school districts each assumed there was no fiscal impact from this proposal to their respective district.

In response to similar legislation filed this year, HB 677, officials at the **Kearney School District** assumed this could potentially have some savings depending if school districts wanted to limit the number of days attending.

In response to similar legislation filed this year, HB 677, officials at the **Milan C-2 School District** assumed this could have a positive impact on the district by allowing the district to organize the calendar to address individual needs within the hourly tabulations.

In response to similar legislation filed this year, HB 677, officials at the **Bakersfield R-IV, Everton, Kansas City, Kirksville R-III, Pettis County R-XII** and the **Seymour R-II** school districts each assumed there was no fiscal impact from this proposal to their respective districts.

**Oversight** notes this proposal would require 1,044 hours of actual pupil attendance with no minimum number of school days required. Since the state adequacy target payments are currently based on hours of attendance, this would not have a fiscal impact on the school districts.

§171.031 School Calendar (HA 5)

Officials at the **DESE** assume there is no fiscal impact to the Department from this proposal.

In response to similar legislation filed this year, HB 280, officials at the **Brentwood School District** assumed the cost would be \$500 per day for a total of \$2,000 to \$3,500 since the district



ASSUMPTION (continued)

would forgo the state funding to keep its calendar.

In response to similar legislation filed this year, HB 280, officials at the **West Plains School District** assumed potential loss to a reduction in Average Daily Attendance (ADA). The district is mostly farming and pushing back the start date would result in going longer in May. Many students are needed on the farm in May so lower attendance would be expected and therefore, loss of ADA.

In response to similar legislation filed this year, HB 280, officials at the **Wright City R-II School District** set its current calendar to end summer school prior to the county fair. Pushing back start date would shorten summer school. This would result in a loss of state funding of approximately \$70,000.

In response to similar legislation filed this year, HB 280, officials at the **Forsyth R-III, Kirksville R-III, Special School District of St. Louis** and the **Pettis R-XII** school districts each assumed there is no fiscal impact from this proposal.

**Oversight** notes this proposal would set the opening day of school districts at no earlier than ten calendar days prior to the first Monday in September. Oversight assumes school districts that currently start prior to ten calendar days prior to the first Monday in September would be required to delay their start date. Oversight assumes that this proposal does not change the length of the school day or the number of days in the school year so this proposal should not have a direct fiscal impact.

**Oversight** notes that since the foundation formula is not fully funded; losses, if any, to one district would be redistributed to other districts.

§167.225 Braille Instruction (HA 6)

Officials at the **DESE** assume there is no fiscal impact to the Department from this proposal.

In response to similar legislation filed this year, SB 362, officials at the **West Plains School District** assumed a cost of \$50,000 annually for staffing and materials.

In response to similar legislation filed this year, SB 362, officials at the **Kirksville R-III School District** assumed a negative impact. The cost would be finding a teacher certified to teach Braille.

ASSUMPTION (continued)

In response to similar legislation filed this year, SB 362, officials at the **Forsyth R-III School District** assumed a negative impact to the district.

In response to similar legislation filed this year, SB 362, officials at the **Kearney School District** assumed no impact as this is already done.

In response to similar legislation filed this year, SB 362, officials at the **Kansas City Public Schools** assumed there was no fiscal impact from this proposal.

**Oversight** notes that last year DESE estimated the salary for a Braille instructor at \$60,000 plus \$34,200 [57% (school district benefit percentage)] for a total of \$94,200.

**Oversight** notes there are 518 school districts in the state that may be impacted by this proposal. DESE was unable to provide Oversight with the number of Braille instructors currently working in the school districts. However, they were able to say that in the 2016-2017 school year 42 school districts provided a course for visual instruction. Oversight will show the impact of this proposal as (Unknown, \$100,000 per district that needs a Braille instructor).

<u>FISCAL IMPACT - State Government</u>	FY 2018	FY 2019	FY 2020
<b>GENERAL REVENUE FUND</b>			
<u>Transfer Out</u> - to the State School Moneys Fund §163.018 (HA 3)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost</u> - 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>(Could exceed <u>\$150,012</u>)</b>	<b>(Could exceed <u>\$30,752</u>)</b>	<b>(Could exceed <u>\$31,521</u>)</b>

**STATE SCHOOL MONEYS FUND**

<u>Transfer In</u> - from General Revenue Fund §163.018 (HA 3)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer Out</u> - distribution to school districts §163.018 (HA 3)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<b>ESTIMATED NET EFFECT ON STATE SCHOOL MONEY FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></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 (§163.018). Oversight, for fiscal note purposes, is showing the impact of this provision under the current funding of the formula as well as if it were fully funded.**

<u>FISCAL IMPACT - Local Government</u>	FY 2018	FY 2019	FY 2020
<b>LOCAL SCHOOL DISTRICT FUNDS</b>			
<u>Transfer In</u> - from State School Moneys Fund §163.018 (HA 3)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> - School District - 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> - School District - transportation of transfer students §167.241	(Could exceed \$600,000)	(Could exceed \$600,000)	(Could exceed \$600,000)
<u>Costs</u> - School District - hiring a Braille instructor §167.225 (HA 6)	(Unknown, \$100,000 per district that needs a Braille instructor)	(Unknown, \$100,000 per district that needs a Braille instructor)	(Unknown, \$100,000 per district that needs a Braille instructor)
<u>Cost</u> - School District - “may” create and maintain an academic and career counseling program §167.266 (HA 3)	\$0 or (Unknown over <u>\$100,000</u> )	\$0 or (Unknown over <u>\$100,000</u> )	\$0 or (Unknown over <u>\$100,000</u> )
<b>ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS</b>	<b>(Could exceed <u>\$900,000</u>)</b>	<b>(Could exceed <u>\$900,000</u>)</b>	<b>(Could exceed <u>\$900,000</u>)</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

FISCAL DESCRIPTION (continued)

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.

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.

This act requires a student to receive instruction in Braille reading and writing as part of his or her individualized education plan (IEP) unless, as a result of an assessment, instruction in Braille or the use of Braille is determined not appropriate for the child. This act creates a definition of "assessment" and modifies the definition of a "student". (§167.225)

FISCAL DESCRIPTION (continued)

Beginning with the 2017-18 school year, this bill permits a school board or local education agency of a charter school to establish an academic and career counseling program in cooperation with parents and the local community that is in the best interest of and meets the needs of the students in the community. School districts and local education agencies may use the Missouri Comprehensive Guidance and Counseling Program as a resource for the development of a district or LEA program.

The bill requires the Department of Elementary and Secondary Education to develop a process for recognition of a school district's academic and career counseling program established with parents and the local community, no later than January 1, 2018. (§167.266)

The bill contains an emergency clause.

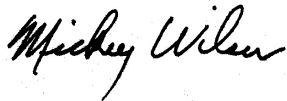
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Bakersfield R-IV School District  
Brentwood School District  
Carondelet Leadership Academy  
Chillicothe R-II School District  
Columbia Public Schools  
Concordia R-II School District  
Department of Elementary and Secondary Education  
Department of Social Services  
Everton R-III School District  
Fair Play School District  
Forsyth R-III School District  
Joint Committee on Administrative Rules  
Kansas City Public Schools  
Kearney School District  
Kirksville R-III School District  
Lewis County C-1 School District  
Malta Bend School District  
Milan C- 2 School District  
Missouri Highway Patrol

SOURCES OF INFORMATION (continued)

Office of Administration  
Information Technology Services Division  
Office of the State Courts Administrator  
Office of the Secretary of State  
Pettis County R-XII School District  
Seymour R-II School District  
Special School District of St. Louis County  
Wentzville R-IV School District  
West Plains School District  
Wright City R-II School District



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