

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0240-04
Bill No.: Perfected HCS for HB 138
Subject: Education, Elementary and Secondary
Type: Original
Date: February 21, 2017

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>Other</u> 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 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
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 2018	FY 2019	FY 2020
Local Government	(Expected to exceed \$200,000)	(Expected to exceed \$200,000)	(Expected to exceed \$200,000)

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Elementary and Secondary Education (DESE)** assume the number of potential new vendors and courses is unknown; therefore, the cost is unknown. For every 10 additional vendors, one FTE at the assistant director level would be needed to continue to provide the current level of service to families and vendors. As the number of vendors increases the staffing ratio may shift to accommodate more than 10 vendors for each additional FTE. In addition, contractual costs for review of course content are estimated at \$200 per course based on current contracts.

Officials at the **Lewis County C-1 School District** assume the removal of the 15% of the MoVIP enrollment fee to the resident districts will cause a loss of money for school districts currently receiving these funds. At the present time, I do not believe Lewis County C-1 has any students enrolled in MoVIP courses, so we would not currently lose any of these funds.

If a school district is going to be responsible for paying the fees for the virtual courses, then the students should be required to be in attendance at the Local Education Authority's discretion to ensure that the district is receiving the ADA. Additionally, as schools begin to realize an increase in student enrollment in the virtual program, they will not only face the increased expense to cover MoVIP fees, but there may be other costs such as additional staff to monitor classes where students work on different MoVIP classes during the day.

Officials at the **East Carter School District** assume this could financially impact the district if we are required to pay tuition rates for virtual education regardless of local offerings or the sincerity of the student to successfully complete the course.

Officials at the **Milan C-2 School District** responded to Oversight's request for fiscal impact but did not indicate a fiscal impact.

Oversight notes that SB 912 in 2006 created Missouri's virtual school known as MoVIP. The program allowed students from a variety of educational settings and those that are medically fragile to enroll in courses. Those courses were paid for by the parents and in the case of the medically fragile, the state.

Oversight notes that currently seven vendors provide the 1,042 courses that are offered by Missouri's virtual school. Those courses include 782 high school semester courses, 186 middle school semester courses and 74 elementary school semester courses. According to budget

ASSUMPTION (continued)

documents submitted by DESE, no FTE are solely dedicated to this program; however, DESE indicates that 2 FTE administer this program.

Oversight notes that a portion of this proposal changes Missouri's virtual school name to the "Missouri Course Access Program." Oversight assumes this change would not have a fiscal impact on the program.

Oversight notes this proposal allows any K-12 student to take courses through the Missouri Course Access Program and the school district must pay for it. These courses can be in addition to regular course work. Oversight notes this proposal no longer restricts the number of courses a student can take.

Oversight is unable to determine how many additional students would switch from a traditional classroom setting course to an online course. Oversight assumes that if the student takes no more than the seven courses that a traditional student is taking, then there would be no additional impact to the school districts. However, should a student be allowed to take more than seven courses in a day then school districts could be negatively impacted.

Oversight notes this proposal restricts the cost the school districts must pay for the courses to no more than 14% of the state adequacy target (\$161,670.3(4)). The current state adequacy target is \$6,241, meaning the course could not cost more than \$874 (\$6,241 x 14%). The current high school courses offered by MoVIP have an average cost of \$356 per course. For each 281 students taking one course it would cost \$100,000. Oversight will show the impact to the school districts as expected to exceed \$100,000.

Oversight notes this proposal allows home schooled students and private school students to enroll in the Missouri Course Access Program. However, it requires these students to pay their own tuition for the courses. Therefore, this portion of the proposal would not have a fiscal impact to the state or school districts.

Oversight notes this proposal does not require school districts to provide computers, equipment or internet access to any student. Oversight assumes this portion of the proposal would not have a fiscal impact on the state or school districts.

Oversight notes that this proposal would allow any person, organization or entity to submit courses for approval. Currently there are 7 vendors providing the courses. In response to this legislation, DESE has stated they would need one Director to run the program should 10 additional vendors be added. In response to legislation requesting a Director FTE, DESE has

ASSUMPTION (continued)

shown costs that include a salary of \$48,552, \$7,997 in equipment and expenses as well as \$20,459 in fringe benefits. Total estimated cost for one Director FTE has been \$68,916 in FY 2018, \$81,086 in FY 2019 and \$81,904 in FY 2020.

Oversight is unable to determine if additional vendors will submit courses for review. Oversight assumes the current FTE could handle the program. Should a sufficient number of new vendors and courses be submitted to justify additional FTE, DESE could request the FTE through the appropriation process.

Oversight notes this proposal requires the school districts to provide information to students and parents about the availability of the Missouri Course Access Program in class registration materials and in student and parent handbooks. Oversight will show the impact to the school districts of could exceed \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
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LOCAL SCHOOL DISTRICTS

<u>Cost</u> - students taking additional courses through the MO Course Access program, paid for by district	(Expected to exceed \$100,000)	(Expected to exceed \$100,000)	(Expected to exceed \$100,000)
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<u>Cost</u> - distribution of MO Course Access program materials in registration materials and handbooks	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)
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ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS	(Expected to exceed <u>\$200,000</u>)	(Expected to exceed <u>\$200,000</u>)	(Expected to exceed <u>\$200,000</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

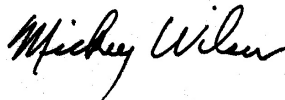
This bill changes the Missouri Virtual Instruction Program (MOVIP) to "The Missouri Course Access Program" (MCAP) and allows any K-12 student to enroll in MCAP courses per year, to be paid by the school district, if the student is a public school student and the course is approved by a school counselor.

The bill requires the State Board of Education to provide an easily accessible link for course vendors on the MCAP website, allows anyone to submit courses for approval, and requires vendors to accept monthly payments for students enrolled in their courses.

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

Department of Elementary and Secondary Education
East Carter School District
Lewis County C-1 School District
Milan C-2 School District



Mickey Wilson, CPA
Director
February 21, 2017

Ross Strobe
Assistant Director
February 21, 2017