

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0240-07  
Bill No.: SCS for HCS for HB 138  
Subject: Education, Elementary and Secondary  
Type: Original  
Date: April 18, 2017

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Bill Summary: This proposal modifies provisions relating to course access in education.

**FISCAL SUMMARY**

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
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 7 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>\$0</b>	<b>(Expected to exceed \$200,000)</b>	<b>(Expected to exceed \$200,000)</b>

## **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.

In response to the previous version, officials at the **Lewis County C-1 School District** assumed 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.

In response to the previous version, officials at the **East Carter School District** assumed 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 **Kirksville R-III School District** assume it appears this bill would have a 14% negative impact on the district budget per child enrolled in virtual education. This would negatively impact the district.

Officials at the **Shell Knob School District** assume an unknown negative 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.

ASSUMPTION (continued)

**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 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 and Virtual School 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. Those courses must be part of the student's annual course load and be approved by the school district. Oversight is unable to determine how many additional students would switch from a traditional classroom setting course to an online course.

**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(3)) for a year long course and 7% for a semester course. The current state adequacy target is \$6,241, meaning the course could not cost more than \$874 ( $\$6,241 \times 14\%$ ) for a year long course. 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** 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 there are currently 885,204 students in public school. If 5% of those students (44,260) choose to take one course online at the average payment rate of \$356 it would cost the school districts \$15,756,560 ( $44,260 \times \$356$ ). If the schools were required to pay the \$874 (14% of adequacy rate) for each course, it would cost \$36,683,240 ( $44,260 \times \$874$ ).

**Oversight** notes this proposal does not require school districts to provide computers, equipment or internet access to any student. However, since these courses would be offered during the regular school day, districts may need to provide work space for the students, internet access, and teachers to oversee the virtual students. Additionally, the school districts will need to pay the online course fee for each student taking the courses. Oversight assumes the administration

ASSUMPTION (continued)

of this proposal could exceed \$100,000 in costs to the 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 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** notes this proposal allows DESE to charge a fee to organizations submitting courses for review if there is not funding for DESE to complete the review. Oversight notes this proposal sets the fee at no more than what is necessary to pay for the review of the courses. Oversight assumes that if DESE must impose this fee, it will cover all costs.

**Oversight** is unable to determine if additional organizations will submit courses for review. Oversight assumes the current FTE could handle the program. Should a sufficient number of new organizations and courses be submitted to justify additional FTE, DESE would impose the fee and cover all expenses.

**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.

**Oversight** notes this proposal would become effective July 1, 2018 and therefore there is no fiscal impact in FY 2018.

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

FISCAL IMPACT - Local Government

FY 2018  
 (10 Mo.)

FY 2019

FY 2020

**LOCAL SCHOOL DISTRICTS**

Cost - administration of these online courses including payment of the course fees, supervision of students and other supplies needed

\$0	(Could exceed \$100,000)	(Could exceed \$100,000)
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Cost - distribution of MO Course Access program materials in registration materials and handbooks

\$0	(Could exceed \$100,000)	(Could exceed \$100,000)
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**ESTIMATED NET EFFECT ON  
 LOCAL SCHOOL DISTRICT FUNDS**

<b><u>\$0</u></b>	<b>(Expected to exceed \$200,000)</b>	<b>(Expected to exceed \$200,000)</b>
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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

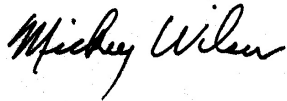
This bill changes the Missouri Virtual Instruction Program (MOVIP) to "The Missouri Course Access Program" (MCAP) and allows any K-12 student to enroll in MCAP courses per year, to be paid by the school district, if the student is a public school student and the course is approved by a school counselor.

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  
Kirksville R-III School District  
Lewis County C-1 School District  
Milan C-2 School District  
Shell Knob School District



Mickey Wilson, CPA  
Director  
April 18, 2017

Ross Strobe  
Assistant Director  
April 18, 2017