

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6770-01
Bill No.: HB 2705
Subject: Elementary and Secondary Education; Disabilities
Type: Original
Date: April 27, 2018

Bill Summary: Enacts certain provisions relating to alternative special needs services for elementary and secondary education students

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on General Revenue	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Local Government	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this proposal will have minimal fiscal impact for DESE. To prescribe how cost savings estimations are to be made, the department would advise following the federal regulations and completing the bid process. This can be accomplished with minimal cost by including the reporting piece as part of the High Need fund application.

Officials from the **Kirkville R-III School District** state it is hard to determine the fiscal impact of this proposal on the district.

Officials from **KIPP St. Louis** state the full fiscal impact of this measure is hard to estimate. This could run counter to federal requirements, which could make such a proposal incredibly expensive (e.g. losing federal special education dollars for the district).

Officials from **Wellsville-Middletown R-1 School District** assume an unknown impact.

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.

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

ASSUMPTION (continued)

Oversight assumes this proposal is permissive and only permits districts to enter into agreements that would result in the reduction of expenditures by the school district and reimbursement costs by DESE. Additionally, Oversight assumes school districts would not enter into agreements that would run counter to federal requirements. Oversight will show a fiscal impact of \$0 (no agreements) or an unknown cost avoidance to general revenue and an impact of \$0 to an unknown savings to school districts.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
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GENERAL REVENUE

Cost Avoidance - decreased call to the foundation formula from an agreement for the provision of alternative special needs services

<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE

<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
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LOCAL SCHOOL DISTRICT FUNDS

Savings - from an agreement for the provision of alternative special needs services

<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS

<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</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 establishes the "Alternative Special Needs Services Act." The Act allows a school district or charter school to enter into an alternative special needs services agreement with the parent of a child with disabilities enrolled in a public school whose education is estimated to cost more than three times the current expenditure per average daily attendance of the school. Such an agreement shall allow an independent provider to provide alternative special needs services that results in financial savings for the school or the Department of Elementary and Secondary Education.

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
Office of the Secretary of State
Joint Committee on Administrative Rules
Kirksville R-III School District
Wellsville-Middletown R-1 School District
KIPP St. Louis

Ross Strobe



Acting Director
April 27, 2018