

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0888H.01P
 Bill No.: Perfected HB 151
 Subject: Education, Elementary and Secondary
 Type: #Updated
 Date: March 24, 2021

#Updated with agency responses and new information from the Department of Elementary and Secondary Education FY 2022 Budget Book.

Bill Summary: This proposal allows school districts that share superintendents to receive additional state aid.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
#General Revenue	\$0 or (Unknown, Up to \$1,000,000)	(Unknown, \$60,000 to could exceed \$180,000)	(Unknown, \$60,000 to could exceed \$180,000)
#Total Estimated Net Effect on General Revenue	\$0 or (Unknown, Up to \$1,000,000)	(Unknown, \$60,000 to could exceed \$180,000)	(Unknown, \$60,000 to could exceed \$180,000)

Currently there are only two school districts sharing a superintendent (Malta Bend R-V & Hardeman R-X). Therefore, if each receives an additional \$30,000 starting in FY 2022, this would be an additional \$60,000 from the state. Oversight has ranged the fiscal note from this one example to an additional two arrangements.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

- #Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
#Local Government	\$0 or (Unknown)	(Unknown) to \$60,000 to could exceed \$180,000	(Unknown) to \$60,000 to could exceed \$180,000

FISCAL ANALYSIS

ASSUMPTION

Section 160.2700 and 160.2705 Adult High Schools - House Amendment 2

#Officials from the **Department of Elementary and Secondary Education, Department of Higher Education and Workforce Development** and the **Department of Health and Senior Services** each assume the provision will have no fiscal impact on their respective organizations.

#**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this provision.

Section 161.214 School Innovation Waiver - House Amendment 2

Officials from the **Department of Elementary and Secondary Education (DESE), Department of Higher Education and Workforce Development** and the **Department of Health and Senior Services** each assume the provision will have no fiscal impact on their respective organizations.

#**Oversight** notes DESE's FY 2022 Budget Book includes a \$1,000,000 Governor's Recommendation from General Revenue to "support school innovation teams in implementing their waivers approved by the State Board of Education".

#**Oversight** assumes there could be a cost to implement this program. School districts may have costs related to improving student readiness and job training, increasing teacher compensation, or improving teacher recruitment and development. Oversight will show a range of impact of \$0 (no school districts participate or no additional cost) to an unknown cost to implement the waiver. Oversight assumes the net impact on school districts would be \$0 if distributions cover all costs or negative net impact if implementation costs exceed state distributions.

#**Oversight** will show a range of impact to General Revenue of \$0 (no additional cost or not appropriated) to an unknown cost up to \$1,000,000 for FY 22 and an unknown cost in the remaining years to support school innovation teams.

Section 168.205 Sharing Superintendents

#Officials at the **Department of Elementary and Secondary Education (DESE)** state because DESE is unsure of how many school districts will participate, DESE will provide a range for the estimated impact of \$1,350,000 to \$8,340,000. Shown below are the estimated impacts based on different levels of participation.

- Assuming only districts under 600 ADA participate, it would cost an additional \$8,340,000 (278).
- Assuming only districts under 350 ADA participate, it would cost an additional \$5,910,000 (197).
- Assuming only districts under 200 ADA participate, it would cost an additional \$3,450,000 (115).
- Assuming only districts under 100 ADA participate, it would cost an additional \$1,350,000 (45).

Oversight received no responses from school districts estimating the fiscal impact of this proposal, and presents this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Oversight assumes that districts who share superintendents could end up paying less overall for a superintendent, but that superintendent candidates would likely demand more money to perform superintendent duties for more than one district.

Oversight assumes the number of school districts that agree to share a superintendent will not reach the levels in DESE's response above. Oversight notes Section 168.205 (allowing the sharing of superintendents by multiple school districts) was enacted in 2014 (SB 701).

According to a DESE report, currently there is only one superintendent that is shared between school districts. The Malta Bend R-V School District and the Hardeman R-X School District have such an agreement (Paul Vaillencourt). Therefore, Oversight assumes, with this proposal, that each of those two school districts will receive an additional \$30,000 in state funding. Therefore, Oversight will present a range of \$60,000 to possibly an additional four new districts (for a total of $3 \times \$60,000 = \$180,000$) making such an arrangement.

Section 168.212 Compensation from a District Benefit Plan - House Amendment 3

Oversight does not anticipate a fiscal impact from this provision.

Oversight did not receive any responses related to the fiscal impact of this provision. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Rule Promulgation

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

#Officials from the **Office of the Secretary of State** notes many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE			
#Transfer Out - DESE - to support school districts implementing School Innovation Waivers §161.214	\$0 or (Unknown, Up to \$1,000,000)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Transfer Out</u> – GR transfer to schools that share a superintendent - §168.205	<u>\$0</u>	(\$60,000) to could exceed <u>(\$180,000)</u>	(\$60,000) to could exceed <u>(\$180,000)</u>
#ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (Unknown, Up to \$1,000,000)	(Unknown, \$60,000 to could exceed \$180,000)	(Unknown, \$60,000 to could exceed \$180,000)

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
SCHOOL DISTRICTS			
<u>#Costs</u> - to implement School Innovation Waivers (improve student readiness and job training, increase teacher compensation, improve teacher recruitment and development) - §161.214	\$0 or (Unknown, Could exceed \$1,000,000)	\$0 or (Unknown)	\$0 or (Unknown)
<u>#Transfer In</u> - State GR transfer to support school districts implementing School Innovation Waivers - §161.214	\$0 or Unknown, Up to \$1,000,000	\$0 or Unknown	\$0 or Unknown
<u>Transfer In</u> – State GR transfer to school districts - §168.205	<u>\$0</u>	\$60,000 to could exceed <u>\$180,000</u>	\$60,000 to could exceed <u>\$180,000</u>
#ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	\$0 or (Unknown)	(Unknown) to \$60,000 to could exceed <u>\$180,000</u>	(Unknown) to \$60,000 to could exceed <u>\$180,000</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Section 160.2700 to 160.2725 - These sections make changes to adult high school provisions.

Section 161.214 - Under this act, any school intervention team, which shall mean a group of persons representing certain schools as set forth in the act, may submit a state innovation waiver plan to the State Board of Education for certain purposes, including improving student readiness for employment, higher education, vocational training, technical training, or any other form of career and job training, increasing the compensation of teachers, or improving the recruitment, retention, training, preparation, or professional development of teachers.

A school innovation waiver shall mean a waiver granted by the State Board to certain schools, set forth in the act, in which such schools are exempt from a specific requirement imposed by current law, or any regulations promulgated by the State Board or the Department of Elementary and Secondary Education. Any school innovation waiver granted to a school district or group of school districts shall be applicable to every elementary and secondary school within the school district or group of school districts unless the plan specifically provides otherwise.

Any plan for a school innovation waiver shall include certain information, including the specific provision of law for which a waiver is being requested, and an explanation for why such provision of law inhibits the ability of the school or school district to accomplish the goal stated in the plan. The plan shall also demonstrate that the intent of the law can be addressed in a more effective, efficient, or economical manner and that the waiver or modification is necessary to implement the plan.

In evaluating a plan submitted by a school innovation team, the State Board shall consider whether the plan meets certain criteria set forth in the act. The State Board may propose modifications to the plan in cooperation with the school innovation team.

Any waiver granted under this act shall be effective for no longer than three school years, but school innovation waivers may be renewed. No more than one school innovation waiver shall be in effect with respect to any one elementary or secondary school at one time.

The State Board shall not authorize the waiver of any statutory requirements relating to teacher certification, teacher tenure, or any requirement imposed by federal law.

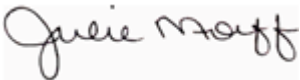
Section 168.205 - Beginning July, 1 2022, this bill allows a school district that enters into an agreement with another district to share a superintendent to receive an additional \$30,000 per year in state aid for up to five years. The bill directs districts to spend the additional compensation and half of the savings from sharing a superintendent on teacher salaries or counseling services.

Section 168.212 - The bill prohibits any individual employed by a school board to exercise supervisory duties within the school district, in the course of such individual's employment upon the termination of employment by the school board, perform any duties related to any contract that individual facilitated, negotiated, or approved in the individual's official capacity while employed by the school district.

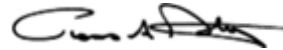
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Health and Senior Services
Office of the Secretary of State
Joint Committee on Administrative Rules



Julie Morff
Director
March 24, 2021



Ross Strobe
Assistant Director
March 24, 2021