

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2135-01
Bill No.: HB 842
Subject: Education, Proprietary: Teachers
Type: Original
Date: April 6, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
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 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education** indicated there would be no fiscal impact on their agency or on local school districts.

Officials from the **Department of Insurance, Department of Public Safety - Office of the Director**, and the **Missouri Ethics Commission** stated that there would be no fiscal impact to their respective agencies.

Officials from the **Joint Committee on Public Employee Retirement**, after having reviewed the proposed legislation, indicate that such legislation will not affect retirement plan benefits as defined in Section 105.660 (5)

Officials from the **Coordinating Board for Higher Education** state this proposal will have no fiscal impact on their agency; however, it may have a fiscal impact on higher education institutions that currently sponsor charter schools or those that choose to do so in the future due to broadening the scope of possible sponsors.

Officials from **Truman State University** stated there would be no fiscal impact to their institution.

ASSUMPTION (continued)

Officials from the **Office of Secretary of State (SOS)** assumed the rules, regulations and forms issued by the Department of Elementary and Secondary Education could require as many as 18 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27. The actual costs could be more or less the SOS's estimated cost of \$1,107 for FY 2006. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

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. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

According to officials from the **Public School Retirement System of the School District of Kansas City** and the **Public School Retirement System of Saint Louis**, the proposed legislation could have no actuarial cost or a significant actuarial cost, depending on how certain sections are interpreted.

In response to similar legislation from this session (SB 455), the **Public School Retirement System** did not indicate a fiscal impact resulting from this proposal.

Officials from the **University of Missouri System** were unable to determine costs of the proposal to the University of Missouri System as currently written.

Officials from the **Kansas City and Saint Louis Public School Districts** did not respond to a request for fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2006
(10 Mo.)

FY 2007

FY 2008

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposed legislation allows any four-year college with an approved teacher preparation program to sponsor a charter school if approved by the State Board of Education. Charter school governing board members are considered to be decision-making public servants for financial disclosure purposes and must live in the metropolitan area in which the charter school is located. Companies managing charter schools are to be considered quasi-public governmental bodies subject to the Sunshine Law. Nonprofit corporations managing charter schools must maintain a surety bond in an amount no less than the total school aid funds to be received during the year.

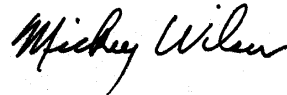
The proposal clarifies what items must be submitted in the charter application process and on what timetable. The sponsor must provide a monitoring plan for evaluating the school's academic performance. The state board may deny a charter based on the sponsor's prior failure to exercise its responsibilities, and charters may be reviewed when the operation or management is transferred to another entity. Charter schools must publish financial reports and school report cards. The Department of Elementary and Secondary Education is given rule-making authority in order to administer the charter school law.

No charter school may employ a teacher whose certificate has been revoked or suspended. An employee of an entity providing service to a charter school may elect to participate in the retirement plan of the employer.

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
Coordinating Board for Higher Education
Department of Insurance
Department of Public Safety
 Office of the Director
Joint Committee on Public Employee Retirement
Public School Retirement System
Public School Retirement System of St Louis
Missouri Ethics Commission
Kansas City Public School Retirement System
Office of Secretary of State
 Administrative Rules Division
Colleges and Universities
 Truman State University



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