

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1378-02  
Bill No.: HB 690  
Subject: Education, Elementary and Secondary: Elementary and Secondary Education  
Department  
Type: Original  
Date: February 13, 2007

---

Bill Summary: Allows open enrollment in another school district when a student attends a school in a district that is unaccredited or provisionally accredited.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)	(Unknown - Expected to exceed \$100,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown - Expected to exceed \$100,000)</b>	<b>(Unknown - Expected to exceed \$100,000)</b>	<b>(Unknown - Expected to exceed \$100,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<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 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<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>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Local Government</b>	<b>Unknown - Expected to exceed \$100,000</b>	<b>Unknown - Expected to exceed \$100,000</b>	<b>Unknown - Expected to exceed \$100,000</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of Secretary of State (SOS)** assume 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 to the SOS office for Administrative Rules is less than \$2,500. The SOS recognizes this is a small amount and does not expect additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed in a given year and that collectively the costs may be in excess of what the SOS can sustain with their core budget. Any additional required funding would be handled through the budget process.

### §162.1031

According to officials from the **Department of Elementary and Secondary Education (DES)**, this proposal will result in an unknown increased cost to the state in the basic state aid formula because of the additional five-tenths weighting added to the student's average daily attendance as used in the basic state aid formula. Without knowing the district of residence, the host district, and the number of students that might participate in this enrollment option, DES cannot predict the cost.

The .5 additional count on ADA times the state adequacy target of \$6,117 is \$3,058. If there are 100 students that is \$305,800. If 1,000 students participate, then that amount is \$3,058,000. The proposal requires comparing the payment to the host district for the student with the average payment to the district of residence and pay the higher amount. Since the student is no longer counted in the district of residence, there might be savings in one district that offset the increased cost in the host district.

**Oversight** assumes that the cost of potential increased state aid requirements would exceed \$100,000 and therefore, will state the cost to General Revenue as (Unknown - Expected to exceed \$100,000).

Officials from the **Francis Howell School District** state that there is a concern that the funding provided under this proposal is not sufficient to cover the cost of education for these non-resident students. The cost of educating certain students may exceed 1.5 times the weighted ADA, and/or the sending district's per-pupil amount.

According to officials from the **Parkway School District**, they would not be sending students

ASSUMPTION (continued)

under the required "provisionally or non-accredited" criteria, so would not lose money on that side of the equation; however, as a potential receiving district, if receiving from a low-cost district, their district could stand to lose up to \$3,000 per student.

Officials from the **Independence School District** stated this proposal would not have a negative financial consequence for their district.

Officials from the **Platte County R III School District** responded, but did not give an estimate of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>GENERAL REVENUE</b>			
<u>Cost</u> - Department of Elementary and Secondary Education - Increased state aid to certain districts (§162.1031.4)	(Unknown - Expected to Exceed <u>\$100,000</u> )	(Unknown - Expected to Exceed <u>\$100,000</u> )	(Unknown - Expected to Exceed <u>\$100,000</u> )
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<u>(Unknown - Expected to exceed \$100,000)</u>	<u>(Unknown - Expected to exceed \$100,000)</u>	<u>(Unknown - Expected to exceed \$100,000)</u>

FISCAL IMPACT - Local Government

FY 2008  
(10 Mo.)

FY 2009

FY 2010

**POLITICAL SUBDIVISIONS**

Income - School Districts - Increased  
 state aid (§162.1031.4)

Unknown -  
 Expected to  
\$100,000

Unknown -  
 Expected to  
\$100,000

Unknown -  
 Expected to  
\$100,000

**ESTIMATED NET EFFECT ON  
 POLITICAL SUBDIVISIONS**

Unknown -  
Expected to  
\$100,000

Unknown -  
Expected to  
\$100,000

Unknown -  
Expected to  
\$100,000

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

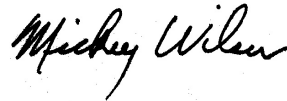
§162.1031

Beginning in the 2008-2009 school year, this proposal allows open enrollment of students from an unaccredited or provisionally accredited district. Host school districts will be accredited districts that border the sending district. Open enrollment will be available during the period of provisional or unaccredited status. Once a district returns to accreditation with no provisions, new students will not be accepted but those who are currently attending a host district will be allowed to finish the highest grade available. Open enrollment students carry an additional five-tenths as a pupil weight for average daily attendance or will be calculated at the per-pupil amount of the sending district, whichever is higher.

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 Secretary of State  
School Districts  
Francis Howell  
Platte County R III  
Independence

A handwritten signature in black ink, reading "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
February 13, 2007