

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1866-02
Bill No.: HB 807
Subject: Education, Elementary and Secondary: Elementary and Secondary Education
Department
Type: Original
Date: February 27, 2007

Bill Summary: Provides for open enrollment in schools.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

☐ 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).

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

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Coordinating Board for Higher Education** assume no fiscal impact to their agency.

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.

According to the officials from the **Department of Elementary and Secondary Education (DES)**, this proposal assigns new responsibilities to DES including the parent requested review of a district's approval of enrollment in the nonresident district. DES would require 1.0 FTE director and 1.0 FTE administrative assistant II to carry out the new responsibilities.

Oversight assumes the number of cases of parents requesting review of the open enrollment process are unknown. If the number of cases is significant, DES can request additional personnel through the budget process. It appears administrative duties resulting from this proposal would be most likely be the responsibility of the individual school districts.

DES assumes school districts will likely incur significant administrative costs to keep records of numbers of transfers requested, numbers accepted and denied, and the percentage of first-time enrollees who were continuously enrolled in a private school during the previous school year. School districts will also be required to make the records publicly available, include them in the annual report card, and post the records for the three most recent years on the web site, if the district has a web site.

Officials from the **University of St Louis**, a charter school sponsor, state the St Louis Charter School already has a waiting list. The proposal allows for an admission process and as long as the St Louis Charter School could use the same process, no fiscal impact from this proposal is noted.

ASSUMPTION (continued)

Officials from the **Special School District of St Louis County (SSD)** state it is difficult to determine the fiscal impact on SSD without knowing whether St. Louis Public Schools' students will be eligible for transfer. If special education costs are full reimbursed as currently contemplated by the proposal, the impact should be limited to the carrying cost of tuition assuming reimbursement is in arrears. SSD officials don't foresee much in the way of transfers out of St. Louis County as a result of this proposal, and transfers within St. Louis County shouldn't have much impact on SSD.

Officials from the **Springfield School District** identified three areas where they assume costs could be incurred:

§162.1030.5 (1) Since these requests are only submitted once, if the district is in a growing enrollment pattern, there would be a facilities impact (having to buy modulars, add classrooms, textbooks, teachers, aides, etc.) in future years since these students may create a shortage of space. Just because there is space when the student is enrolled does not mean that space would be available for that same student in future years.

§162.1030.6. It appears that the funds transmitted to the receiving district may be less than what the actual costs are for educating that student in the receiving district.

The other area of cost is the time and staff to do the paperwork and tracking of these students. This is also related to §162.1030.8.(3) (twice a year reporting and penalties).

Officials from the **Poplar Bluff School District** were unable to measure the fiscal impact, if any, this proposal would have on their school district.

According to officials from the **Parkway School District**, their district would lose approximately \$7,500 per student if they were to lose students to another district, or if they received students with a much lower cost per student. If Parkway lost even one-half of one percent (80) of their resident students to another district, the cost would be \$600,000 per year.

Officials from the **Francis Howell School District (FHSD)** assume their district would potentially transfer more money to the receiving district than they receive from the state for any student choosing to transfer and the receiving district taxpayers will be required to subsidize the sending school students if the funding calculation for FHSD is less than the per pupil expenditure in the receiving district.

There would be additional administrative costs for FHSD, as planning for the school year with regard to class size, number of teachers, instructional materials needed, transportation routes, and

ASSUMPTION (continued)

other matters becomes much more complex with an open enrollment law. Administrative duties and costs would also increase for receiving school districts related to attendance reporting of non-residence students; admission policies, procedures, and non-discrimination issues; as well as financial accounting. For example, a student participating in open enrollment is to be counted for state aid purposes by the student's district of residence. This means that whenever an Open Enrollment student would miss a day of school or portion of a day, the receiving school would have to report that information to the sending school.

The cost of educating special education students is, on the average, slightly more than twice that of the regular population of students. The costs for educating many special education students are much higher and fall into a special financing category entitled the "High Need" funds.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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POLITICAL SUBDIVISIONS

<u>Cost</u> - School Districts - Administrative costs (\$162.1030)	(Unknown - Expected to exceed <u>\$100,000</u>)	(Unknown - Expected to exceed <u>\$100,000</u>)	(Unknown - Expected to exceed <u>\$100,000</u>)
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ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	<u>(Unknown - Expected to exceed \$100,000)</u>	<u>(Unknown - Expected to exceed \$100,000)</u>	<u>(Unknown - Expected to exceed \$100,000)</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

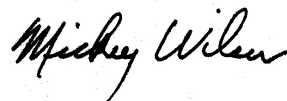
§162.1030

This proposal allows public school students to choose to attend a different school district from the one in which they live, under conditions specified in the proposal.

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
Office of Secretary of State
 Administrative Rules Division
Charter School Sponsors
 University of Missouri - St Louis
School Districts
 Poplar Bluff
 Parkway
 Francis Howell
 Special School District of St Louis County
 Springfield



Mickey Wilson, CPA
Director
February 27, 2007