

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1986-05
Bill No.: SCS for HCS for HB 827
Subject: Children and Minors; Nursing and Boarding Homes; Social Services Department;
Education, Elementary and Secondary
Type: Original
Date: May 7, 2007

Bill Summary: Creates requirements for the educational needs of children placed in residential care facilities.

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 5 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	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§167.128

Officials from the **Office of the State Courts Administrator, Office of Secretary of State - Administrative Rules Division**, and the **Department of Mental Health** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Missouri Senate** that this proposal either has no fiscal impact as it relates to their agency or minimal costs which can be absorbed by present appropriations.

Officials from the **Office of the Governor** state there should be no added cost to the Governor's Office as a result of this proposal.

According to officials from the **Department of Elementary and Secondary Education (DESE)**, this proposal appears to address the likely increase in state cost due to the higher costs of education statewide for non-school district entities by deleting the requirement for “full” reimbursement of educational services by the district to the treatment center using the phrase reimbursement for the “cost” of education services “as approved by DESE”.

The provision that “a school district shall not be required to provide more total reimbursement to a treatment facility than it receives from all sources” appears to neutralize the funding issue. If the two parties cannot agree on where and how the education process will occur, a new arbitration panel made up of DESE, Department of Social Services, and a Governor-appointed individual will make the final decision.

DESE officials made the following assumptions regarding this proposal:

1. The costs to provide educational services in the “contractor setting by the contractor” are significantly higher when provided on site in a private agency setting. This increase in costs conservatively exceeds 50% or more; however, this proposal appears to limit the amount a treatment facility may request in reimbursement from the local school district. This in effect would appear to nullify any cost increase due to educational services. It could mean that the treatment facility might incur costs which DESE determines are not appropriate or which exceed district-requested state reimbursement (effectively increasing out-of-pocket costs for the treatment facility).

ASSUMPTION (continued)

2. The proposal does appear to provide a potential increase in state cost due to the increase in state agency staff intervention, decision making, and arbitration adding an “unidentified” amount of staff cost to the process.

3. Costs incurred by the state agency arbitration board are to be paid equally by the treatment facility and the school district. It is unclear what mechanism would be used by the treatment facility and the school district to convey a payment to the state agency for arbitration costs. These funds certainly would not be available to the agencies involved but would most likely end up in state general revenue which does not help off-set the arbitration costs.

Oversight assumes arbitration costs will be minimal and can be absorbed with existing resources.

Oversight assumes through discussions with the Division of Youth Services (DYS) that educational costs are already occurring between DHS, residential care facilities and local school districts. Therefore, for fiscal note purposes only, **Oversight** assumes there would be no additional costs due to an increase in the ADA and weighted ADA of a district.

Officials from the **Department of Social Services - Division of Youth Services** assume that all existing contracts include provisions for full time education services provided by certificated teachers, thus no additional costs are anticipated.

Officials from the **Department of Social Services - Children’s Division** does not anticipate a fiscal or programmatic impact.

In response to the introduced version of this proposal, officials from the **Parkway Public Schools** assume the proposal would have no fiscal impact on their agency.

In response to the introduced version of this proposal, officials from the **Mexico Public Schools** assume the fiscal impact of this proposal is reasonable. The significance of the impact will vary for districts depending on the number of students effected but generally there should be no significant impact

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

FISCAL IMPACT - Local Government

FY 2008
(10 Mo.)

FY 2009

FY 2010

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

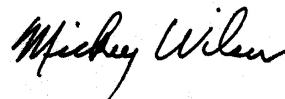
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

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 State Courts Administrator
Department of Mental Health
Department of Social Services
 Children's Division
 Division of Youth Services
Office of Secretary of State
 Administrative Rules Division
Office of the Senate
Office of the Governor



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Director
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