

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3867-01  
Bill No.: HB 1745  
Subject: Education, Elementary and Secondary: Elementary and Secondary Education Department  
Type: Original  
Date: March 11, 2008

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Bill Summary: Requires school districts to establish special programs or services for students who are identified as academically gifted.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
General Revenue	(Unknown - Could exceed \$24,800,000)	(Unknown - Could exceed \$24,800,000)	(Unknown - Could exceed \$24,800,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown - Could exceed \$24,800,000)</b>	<b>(Unknown - Could exceed \$24,800,000)</b>	<b>(Unknown - Could exceed \$24,800,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<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.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<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 for this proposal 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.

Officials from the **Department of Elementary and Secondary Education (DESE)** state that, without the answer to a couple of additional questions, it will be difficult to calculate a specific cost of every district establishing gifted programs if they have identified students. \$24.8 million was the amount spent on gifted education for over 300 school districts prior to the change in the foundation formula.

That amount was predicated upon criteria that:

- 1) Limited the number of students that could be served to no more than 5%;
- 2) Had a very specific set of criteria to determine the percentage of a teacher salary that could be claimed for reimbursement;
- 3) Had a specific dollar amount cap (\$50) for materials and supplies that could be claimed for each identified student; and,
- 4) Mandated that no more than 75% of the total cost could be reimbursed.

If these conditions would continue, then \$24.8 would be the minimum amount it would cost. Determining other costs would depend on any and all other "rules" that would apply to the reimbursement.

DESE assumes another way to make an estimate is to consider the last year of earmarked funding and divide the amount of money spent by the number of students served which provides an approximate figure of \$762 per student. Assuming 5% (44,879) of the current student population k-12 (897,571) fit criteria to be identified as gifted, then \$34,197,798 is the potential cost of the proposal.

Officials from the **Francis Howell School District (FHSD)** state they are unable to determine ASSUMPTION (continued)

the fiscal impact to their district based on the proposed legislation as written. FHSD currently provides a gifted program for its students. However, the proposed legislation stipulates that DESE would prescribe rules for identification of students for the gifted programs and stipulate the standards and services provided in said programs. Absent a clearer definition of what DESE would establish as the standards and services, FHSD could not estimate the potential fiscal impact.

**Oversight** assumes there would be costs to school districts resulting from unreimbursed expenses for gifted student programs. The amount is unknown, therefore Oversight will show the impact as (Unknown - Expected to exceed \$100,000).

**This proposal was sent to several other school districts, none of which responded to a request for fiscal impact.**

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
<b>GENERAL REVENUE</b>			
<u>Cost</u> - Department of Elementary and Secondary Education - Special Programs/Services for Gifted Children	(Unknown - Could exceed <u>\$24,800,000</u> )	(Unknown - Could exceed <u>\$24,800,000</u> )	(Unknown - Could exceed <u>\$24,800,000</u> )
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<u>(Unknown - Could exceed \$24,800,000)</u>	<u>(Unknown - Could exceed \$24,800,000)</u>	<u>(Unknown - Could exceed \$24,800,000)</u>

FISCAL IMPACT - Local Government

FY 2009  
(10 Mo.)

FY 2010

FY 2011

**LOCAL POLITICAL SUBDIVISIONS**

Cost - School Districts - Program costs  
 for Special Programs/Services for Gifted  
 Children

(Unknown -  
 Expected to  
 exceed  
\$100,000)

(Unknown -  
 Expected to  
 exceed  
\$100,000)

(Unknown -  
 Expected to  
 exceed  
\$100,000)

**ESTIMATED NET EFFECT ON  
 LOCAL POLITICAL SUBDIVISIONS**

(Unknown -  
Expected to  
exceed  
\$100,000)

(Unknown -  
Expected to  
exceed  
\$100,000)

(Unknown -  
Expected to  
exceed  
\$100,000)

FISCAL IMPACT - Small Business

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

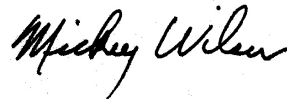
FISCAL DESCRIPTION

Currently, school districts are allowed to establish special programs for gifted students. This proposed legislation requires the identification of gifted students and the establishment of programs for them. Each school district must annually submit its program and services to the Department of Elementary and Secondary Education for approval.

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  
Administrative Rules Division  
Francis Howell School District

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

Mickey Wilson, CPA  
Director  
March 11, 2008