

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3915-02
Bill No.: HB 2111
Subject: Education, Proprietary: Teachers
Type: Original
Date: March 11, 2008

Bill Summary: Amends the law relating to charter schools.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Local Government	Unknown - Up to \$125,000 to (Unknown - Could exceed \$100,000)	Unknown - Up to \$125,000 to (Unknown - Could exceed \$100,000)	Unknown - Up to \$125,000 to (Unknown - Could exceed \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** provided the following assumptions regarding this proposal:

§160.400.2

Based on enrollment of 2,000 during the 07-08 enrollment period for provisionally accredited school districts for any period of three consecutive years since July 1, 1999, the following school districts are subject to the terms of this language:

Kansas City
Center
McDonald County R-I
Jennings
Normandy
Riverview Gardens
Special School District of St Louis County
St Louis City

There is an unknown impact to those school districts because DESE cannot know how many children would move to charter schools from those districts.

§160.400.2(3)

This would allow an additional 24 institutions to be eligible to sponsor charters, which would require oversight by DESE staff.

§160.400.9

The proposed deletion of wording would mean that St. Louis City Public School District could get additional funds, not to exceed \$125,000.

Overall, as a result of the changes in §160.400, DESE will need a total of three FTEs (two supervisors and one accounting specialist) to process applications and provide sponsor oversight.

Oversight assumes that it is unknown how many of the 24 institutions, if any, that are eligible to sponsor charters would opt to do so. Oversight assumes existing resources can be used to

ASSUMPTION (continued)

process applications and provide sponsor oversight. If a significant number of eligible institutions would elect to sponsor charter schools, funding for personal services could be requested through the budget process.

Officials from **Missouri State University** stated this proposal would have no fiscal impact on their institution.

Officials from the **University of Missouri** state their system would incur no additional administrative costs as a result of the passage of this proposal, as currently written.

Officials from the **University of Missouri - St Louis**, a charter school sponsor, stated that their institution had no official response to this proposal.

Officials from the **University of Missouri - Kansas City**, a charter school sponsor, provided the following assumptions regarding this proposal:

- ◆ §160.400.2 – The study conducted by the Thomas Fordham Foundation found that the audited revenue received by charter schools was less than the revenue received by the district in which the charter school was located in all 40 states that currently have charter schools as well as the District of Columbia. While DESE has made an effort to lower the funding gap between Missouri charter schools and the districts in which they are located, there would be no additional cost and perhaps a cost savings, if charter schools are located in additional school districts.
- ◆ §160.400.9 – The proposed deletion has no additional cost to the State of Missouri, but allowing for the withholding of 1.5% of a charter schools funding to allow the Kansas City Missouri School District, the St. Louis School District or DESE to carryout sponsorship responsibilities. This provides the same funding to district's and DESE, as other sponsors currently receive, to provide proper oversight.
- ◆ §160.400.9 – This added wording has no additional cost to the State of Missouri. However, it would require sponsor to document that 90% of their sponsor funding was used for direct oversight or program assistance to the charter schools they sponsor.
- ◆ §160.405.6 – The proposed deletion does not necessarily require additional revenue from the State of Missouri, but does level the playing field, improving equity, by allowing charter school to compete for state funding on the same basis as other Missouri public schools.

ASSUMPTION (continued)

In response to similar legislation from this session (SB 1078 -- FN 4434-03), officials from the **Kansas City Metropolitan Community College** and **St Louis Community College** indicated this proposal would have no fiscal impact on their institutions.

This proposal was sent to numerous other colleges, universities, and charter school sponsors who did not respond to a request for fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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LOCAL POLITICAL SUBDIVISIONS

Income - St Louis City Public School

District - Remittance of withholding from charter school for expenses (\$160.400.9)

Unknown - Up to \$125,000	Unknown - Up to \$125,000	Unknown - Up to \$125,000
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Loss - Local School Districts - Loss of aid due to decrease in students (\$160.400.2)

(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
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**ESTIMATED NET EFFECT ON
LOCAL POLITICAL SUBDIVISIONS**

<u>Unknown - Up to \$125,000 to (Unknown - Could exceed \$100,000)</u>	<u>Unknown - Up to \$125,000 to (Unknown - Could exceed \$100,000)</u>	<u>Unknown - Up to \$125,000 to (Unknown - Could 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

§160.400

Current law provides that charter schools may only be operated in the Kansas City and St. Louis City school districts. This proposed legislation allows charter schools to be operated in any district that is not a K-8 district, has an enrollment of at least two thousand students, and has been provisionally accredited for any period of three consecutive years since July 1, 1999.

A community college whose service area includes any portion of a school district in which a charter school may be operated may sponsor a charter school. In addition, any private or public four-year college or university with an approved teacher preparation program with its primary campus located in Missouri may sponsor a charter school.

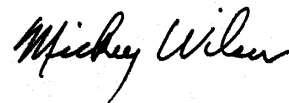
§160.400.9

This proposal removes a provision preventing the Department of Elementary and Secondary Education from withholding 1.5% of certain state and local funding when the sponsor is a school district or the state board of education. This withholding is then remitted to the charter school sponsor.

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
University of Missouri
Missouri State University
Kansas City Metropolitan Community College
St Louis Community College
Charter School Sponsors
 University of Missouri - Saint Louis
 University of Missouri - Kansas City



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