

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3964-03  
Bill No.: SCS for HCS for HBs 1876 & 1877  
Subject: Education, Elementary and Secondary; Boards, Commissions, Committees,  
Councils; Governor and Lt. Governor  
Type: Original  
Date: April 11, 2008

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Bill Summary: Provides for the authority of a local board of education to identify a designee to bind the school district in a settlement agreement reached during a special education resolution session; Revises §162.963 to comply with federal law (Individuals with Disabilities Education Act); Creates the P-20 Council to create a more efficient and effective education system; Provides for identification of academically gifted children in schools.

**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>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</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.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
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>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Local Government</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>

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## **FISCAL ANALYSIS**

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### 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.

#### *§160.800, 160.805, 160.815, 160.820 and Repeal of 160.730 - P-20 Council*

Officials from the following agencies stated this proposal would have no fiscal impact on their respective agencies: **Office of Administration - Division of Purchasing and Materials Management** and the **Administrative Hearing Commission; Department of Economic Development; Office of the Governor.**

Officials from the **Office of State Auditor (SAO)** assume that expenditures by the SAO for the required audit would be offset by payment from the corporation as provided in §160.805.8.

According to officials from the **Department of Higher Education (DHE)**, the Commissioner of Higher Education and the Chairperson of the Coordinating Board for Higher Education would serve on the board of directors of the P-20 Council corporation. The proposal would also permit the DHE to contract with the P-20 Council corporation for activities including employment of personnel, administrative services, and provision of office space. The DHE assumes that it could carry out the responsibilities associated with this bill with its existing budget and staffing levels.

Officials from the **Department of Elementary and Secondary Education (DESE)** state that this proposal appears to replace the current council established in §160.730, RSMo with a new council consisting of the current members in addition to the chairperson of the Coordinating Board of Early Childhood and seven members appointed by the governor. The new council would have the same duties as the current council; however, this proposal would allow the Department of Economic Development, the Department of Elementary and Secondary Education, and the Department of Higher Education to contract with the council to carry out those duties. In addition, the contracts will not be bound by the provisions of Chapter 34, RSMo.

ASSUMPTION (continued)

Depending upon the actions of the council and the resulting contracts entered into by the departments, this proposal could result in significant costs for duties that are currently being conducted by the current council.

**Oversight** assumes the duties of the private not-for-profit corporation created with this proposal are the same as those in the section being repealed (§160.730) and that any expenses incurred by board members representing state agencies can be absorbed with existing resources.

§162.961 and 162.963 - Special Education

Officials from the **Department of Elementary and Secondary Education** state this proposal will have no fiscal impact on their agency or on local school districts. This proposal would bring state statutes in alignment with federal IDEA and the regulation 34 CFR 300.512(a)(3).

The following school districts stated the proposed legislation would have no fiscal impact on their respective districts: **Marshfield, Special School District - St Louis, and Independence.**

§162.720 - Gifted Student Programs

Officials from the **Department of Elementary and Secondary Education (DESE)** assume 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.

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 (761.9) 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.

ASSUMPTION (continued)

DESE also noted that this proposal indicates school districts "may" establish appropriate programs; therefore, the fiscal impact will likely range between \$0 and unknown.

<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**

<u>Cost - School Districts - Programs for Gifted Students (§162.720)</u>	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
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<b>ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS</b>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</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

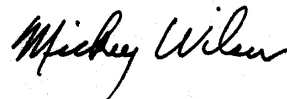
§162.720 - Gifted Students

This section makes provisions for identification of academically gifted students.

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 Administration  
    Division of Purchasing and Materials Management  
    Administrative Hearing Commission  
Office of the Governor  
Office of Secretary of State  
    Administrative Rules Division  
Department of Economic Development  
Department of Higher Education  
Office of State Auditor  
School Districts  
    Independence  
    Marshfield R-I  
    Special School District - St Louis



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Director  
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