

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4936-01  
Bill No.: HB 2482  
Subject: Education, Elementary and Secondary: Elementary and Secondary Education  
Department  
Type: Original  
Date: April 22, 2008

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Bill Summary: Allows public school students to chose to attend a public school district other than the school district of his or her residence

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<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>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<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 7 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>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

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## **FISCAL ANALYSIS**

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### **ASSUMPTION**

Officials from the **Department of Higher Education** state this proposal will have no fiscal impact on 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 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.

According to the officials from the **Department of Elementary and Secondary Education (DESE)**, this proposal assigns new responsibilities to DESE including the parent requested review of a district's approval of enrollment in the nonresident district. DESE 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, DESE 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.

DESE 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 **Special School District - St Louis County** assume the special education costs would be fully reimbursed and that this proposed legislation would not materially impact the costs of their district. This assumes the sending districts pay the tuition as required and also assumes indirect costs such as legal fees are not material.

ASSUMPTION (continued)

Officials from the **Poplar Bluff School District** assume an unknown fiscal impact to their district.

In response to identical proposed legislation from 2007 (HB 807), the following school districts provided the following responses:

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 modular buildings, 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).

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 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

ASSUMPTION (continued)

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.

In response to HB 807 from last session, 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.

<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
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Income</u> - School Districts - Increase in state aid for students transferring into districts	Unknown	Unknown	Unknown
<u>Savings</u> - School Districts - Decrease in education expenses for students transferring to other schools	Unknown	Unknown	Unknown
<u>Loss</u> - School Districts - State aid for students who transfer out of the district to other schools	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> - School Districts - Education costs for students transferring in	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> - School Districts - Administrative costs regarding transfer students	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>

FISCAL IMPACT - Small Business

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

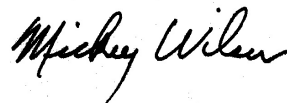
### FISCAL DESCRIPTION

Beginning in school year 2009-2010, this proposed legislation allows public school students to choose to attend a different school district from the one in which they live, under conditions specified in the bill. Students must declare their intent to use open enrollment by January 15 for the following school year, and the receiving district must accept the students if there is sufficient classroom space, as specified in the bill. If there is good cause for missing the deadline, such as a change in residence or health or safety concerns, the open enrollment request can still be acted on outside the official time window. The proposal contains provisions regarding school finance, transportation, suspended or expelled students, intra district choice, vocational-technical schools, and evaluation of credit and grade placement.

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



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Director  
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