

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4373-01  
Bill No.: SB 434  
Subject: Education, Elementary and Secondary Education; Elections; Elementary and Secondary Education Department; Boards, Commissions, Committees, Councils  
Type: Original  
Date: January 31, 2012

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Bill Summary: This proposal modifies procedures for changes in school district boundary lines.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
General Revenue	\$0 or Up to Unknown Savings to (Unknown Costs)	\$0 or Up to Unknown Savings to (Unknown Costs)	\$0 or Up to Unknown Savings to (Unknown Costs)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 or Up to Unknown Savings to (Unknown Costs)</b>	<b>\$0 or Up to Unknown Savings to (Unknown Costs)</b>	<b>\$0 or Up to Unknown Savings to (Unknown Costs)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
State School Moneys Fund*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Transfers In and Out could be \$0 or Up to Unknown to (Unknown)

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<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 2013	FY 2014	FY 2015
<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 2013	FY 2014	FY 2015
<b>Local Government</b>	<b>\$0 or Up to Unknown to (Unknown)</b>	<b>\$0 or Up to Unknown to (Unknown)</b>	<b>\$0 or Up to Unknown to (Unknown)</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

#### **§162.041 & 162.431.1**

Officials from the **Platte County Board of Elections** state there would be direct costs to the Board of Elections and costs for an election for any school board conducting an election. Costs per election would range from \$50,000 to \$60,000, depending upon the size of the school district (i.e., number of registered voters) and the number of other participants involved in any specific election, as costs would be pro-rated based upon the number of registered voters within each district.

**Oversight** assumes unknown election costs to school districts in the event elections are held.

#### **§162.431 & 163.087**

Officials from the **Department of Elementary and Secondary Education (DESE)** assume an unknown fiscal impact could develop if an annexation vote was held and students transferred from a hold-harmless Weighted Average Daily Attendance (WADA) to a formula WADA.

DESE assumes this provision carries both an unknown cost and an unknown savings. If an annexation vote was successful with an adjoining district in the Kansas City School District (KCSD) and if the vote resulted in only one student moving from KCSD to an adjoining district, the potential savings to the state could be \$10,123,445. That potential savings could be realized in both FY13 & FY14.

There is a potential saving of \$10,123,445 at the outset because the KCSD could no longer use the first or second preceding year WADA count in their numbers. That savings however would be consumed by the receiving districts which would be allowed to double count all students transferring due to the annexation. Whatever the additional unknown costs are under this provision, the impact would cease after two years.

If however, 1,950 students moved to adjacent districts, the cost would exceed the savings. If all the district was annexed to adjacent districts, the potential cost would be \$74,746,750 in FY 13 and in FY14 increase to \$97,658,589 due to the increase of the state adequacy target that goes into effect that fiscal year.

In addition, DESE assumes there is another potential significant fiscal impact due to this provision. Currently the KCSD receives \$4,059 per WADA because they are in a hold-harmless

ASSUMPTION (continued)

district. If these students shifted to formula districts, in FY13 the call per WADA would be \$6,949 per WADA and in FY14 it would be \$7,266 per WADA. The increase is due to two reasons: (1) the adequacy target will increase in both years; (2) Center is the only hold-harmless district that adjoins the KCSD and in FY13 Center would go on the formula if they picked up 151 additional WADA. In FY14 Center would go on the formula after they pick up only two students.

DESE assumes that overall, depending on elections, four school districts could be advantaged and 518 districts could be at a disadvantage without full funding of the formula.

**Oversight** assumes fiscal impact will be dependent on whether or not school districts hold elections as provided in this proposal. If no elections are held or the proposal is defeated by all parties, the fiscal impact would be \$0. If elections are held and students are affected by transfers there could be Unknown Savings to (Unknown Costs). It is unknown how many students would ultimately be affected. For fiscal note purposes only, **Oversight** will range fiscal impact as \$0 or Unknown Savings to (Unknown Costs).

Officials from the **Parkway School District** and the **Special School District of St Louis County** estimate no fiscal impact on their respective districts.

§162.431.9

Officials from the **University of Missouri - Kansas City** (Charter School Sponsor) responded, but did not give an estimate of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE			
<u>Savings/Cost</u> - Department of Elementary and Secondary Education - School Funding	\$0 or Up to Unknown Savings to (Unknown Costs)	\$0 or Up to Unknown Savings to (Unknown Costs)	\$0 or Up to Unknown Savings to (Unknown Costs)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0 or Up to Unknown Savings to (Unknown Costs)</u></b>	<b><u>\$0 or Up to Unknown Savings to (Unknown Costs)</u></b>	<b><u>\$0 or Up to Unknown Savings to (Unknown Costs)</u></b>
STATE SCHOOL MONEYS FUND			
<u>Transfer In</u> - General Revenue - School Funding	\$0 or Up to Unknown	\$0 or Up to Unknown	\$0 or Up to Unknown
<u>Transfer Out</u> - Distribution to Schools	\$0 or Up to (Unknown)	\$0 or Up to (Unknown)	\$0 or Up to (Unknown)
<b>ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Local Government

FY 2013  
(10 Mo.)

FY 2014

FY 2015

**LOCAL POLITICAL SUBDIVISIONS**

Transfer In - School Districts - Increased school funding \$0 or Unknown \$0 or Unknown \$0 or Unknown

Cost - School Districts - Election Costs \$0 or (Unknown) \$0 or (Unknown) \$0 or (Unknown)

Loss - School Districts - Decreased school funding \$0 or (Unknown) \$0 or (Unknown) \$0 or (Unknown)

**ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS** \$0 or Unknown to (Unknown) \$0 or Unknown to (Unknown) \$0 or Unknown to (Unknown)

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This act modifies provisions relating to changes in school district boundary lines.

§162.041 & 162.431 – ADJUSTMENT AND APPORTIONMENT OF SCHOOL PROPERTY

Current law requires the school boards of school districts for which a boundary line change occurs to make a just and proper adjustment and apportionment of all school property. When an election is to occur to decide whether to change school district boundary lines under §162.431, this proposal requires the affected school districts to make a preliminary adjustment and apportionment of the districts' property at least sixty days prior to the election. If the districts cannot agree on a preliminary adjustment and apportionment, the State Board of Education must appoint a three person board of arbitration to determine the preliminary apportionment and adjustment. If the boundary line change occurs and the districts cannot agree when making the apportionment and adjustment and a board of arbitration is appointed, the board must follow the preliminary apportionment and adjustment unless new and significant circumstances exist.

FISCAL DESCRIPTION (continued)

§162.431 – SCHOOL DISTRICT BOUNDARY LINE CHANGES

This section modifies the effective date of a boundary line change. Instead of the change being effective from the date of the election, the change would be effective at the beginning date of the next school year.

When one district votes in favor of the boundary line change and one district votes against the change and a board of arbitration is appointed by the State Board of Education to determine whether to make the change, the board of arbitration must base its decision on the current accreditation status of each affected district. The Board of Arbitration would determine the boundary line change in a manner that moves students out of unaccredited and provisionally accredited districts and into accredited districts. If each district is accredited, the Board of Arbitration must use the existing factors in the statute to make its decision.

After a boundary line change occurs, for the next three school years, the receiving district may, but will not be required to, include the statewide assessment scores for any students it receives in the district's scores.

If a boundary line change results in a charter school being located in a district other than Kansas City or St. Louis, the local school district and charter school's governing board may enter into an agreement to incorporate the charter school into the district and operate it as a regular school building of the district.

§162.431 – WEIGHTED AVERAGE DAILY ATTENDANCE FOR DISTRICTS AFFECTED BY A BOUNDARY LINE CHANGE

When a school district gains enrollment because of a boundary line change, during the two school years following the change, its weighted average daily attendance figure will be adjusted so that it receives twice the weighted average daily attendance for any students it received as a result of the boundary line change.

When a school district loses student enrollment because of a boundary line change, during the school year following the line change, it may only submit an estimate of the weighted average daily attendance for the current year. During the second year following the line change, it may submit an estimate of the weighted average daily attendance for the current year or the weighted average daily attendance for the immediately preceding year, whichever is greater. During the third year following the line change, it may submit an estimate of the weighted average daily attendance for the current year or the weighted average daily attendance for the immediately

FISCAL DESCRIPTION (continued)

preceding year, or the weighted average daily attendance for the second preceding school year, whichever is greater.

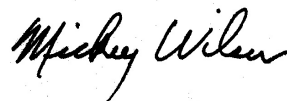
§163.087 – SCHOOL DISTRICT TRUST FUND (PROP C FUNDS)

When a change in school district boundary lines occurs under section §162.431, the Department of Elementary and Secondary Education must modify the school district trust fund payments to the affected school districts during the first academic year in which the boundaries are changed to reflect the current weighted average daily attendance count. In subsequent years, districts' payments will be determined by the first preceding weighted average daily attendance count.

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  
School Districts  
    Special School District of St Louis County  
    Parkway  
Platte County Board of Election Commissioners  
Charter School Sponsor  
    University of Missouri - Kansas City



Mickey Wilson, CPA  
Director  
January 31, 2012