

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4434-01
Bill No.: HB 1429
Subject: Education, Elementary and Secondary
Type: Original
Date: January 7, 2016

Bill Summary: This proposal changes the laws regarding the school funding formula by adding an additional weight for each gifted student to the calculation of the school district's weighted average daily attendance.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue*	(\$16,585,799)	(\$16,585,799)	(\$16,585,799)
Total Estimated Net Effect on General Revenue	(\$16,585,799)	(\$16,585,799)	(\$16,585,799)

***Oversight notes that DESE and the Office of Administration's Division of Budget and Planning were not able to provide Oversight with a projection of when the foundation formula may be fully funded. This proposal has a provision that may not have a fiscal impact until such time as the formula is fully funded (\$163.011). Oversight, for fiscal note purposes, is showing the impact of that provision as if the formula were fully funded.**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
State School Money*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* Transfer in from General Revenue and payments to school districts net to zero.

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government*	\$0	\$0	\$0

* Transfer in from State School Money Fund and costs to school districts net to zero.

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Elementary and Secondary Education (DESE)** assume considering the definition of "gifted threshold" and the additional weighting defined in 163.011(22), the additional impact to state aid totals \$16,585,799 per year. It is unlikely that the formula will be funded during the scope of the fiscal note. Until the formula is fully funded, this amount would decrease the share of funds for all other districts.

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<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
<u>Transfer Out - State School Money Fund</u> for gifted education additional funding	<u>(\$16,585,799)</u>	<u>(\$16,585,799)</u>	<u>(\$16,585,799)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$16,585,799)</u>	<u>(\$16,585,799)</u>	<u>(\$16,585,799)</u>

STATE SCHOOL MONEY FUND

<u>Transfer In - General Revenue</u>	\$16,585,799	\$16,585,799	\$16,585,799
<u>Transfer Out - Local School Districts</u>	<u>(\$16,585,799)</u>	<u>(\$16,585,799)</u>	<u>(\$16,585,799)</u>

ESTIMATED NET EFFECT ON STATE SCHOOL MONEY FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
LOCAL SCHOOL DISTRICT FUNDS			
<u>Transfer In</u> - State School Money Fund	\$16,585,799	\$16,585,799	\$16,585,799
<u>Costs</u> - School Districts for gifted programs	<u>(\$16,585,799)</u>	<u>(\$16,585,799)</u>	<u>(\$16,585,799)</u>
ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

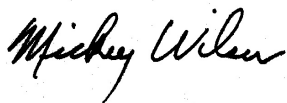
FISCAL DESCRIPTION

Beginning July 1, 2017, this bill adds a weight of six-tenths for each gifted student who exceeds the school district's gifted threshold to the calculation of its weighted average daily attendance in the school foundation funding formula. A school district that is found by audit to have spent gifted funds on matters not directly related to gifted education must repay the aid and a 100% penalty if it cannot resolve the audit finding.

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



Mickey Wilson, CPA
Director

Ross Strobe
Assistant Director

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