

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4305-01  
Bill No.: HB 1387  
Subject: Elementary and Secondary Education  
Type: Original  
Date: February 26, 2018

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Bill Summary: This proposal allows school districts to be excused from compliance with certain statutes in the event of withholding of funds by the governor.

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<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 2019	FY 2020	FY 2021
<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 2019	FY 2020	FY 2021
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Local Government*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Savings and expenditures net to zero.

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Department of Elementary and Secondary Education** and the **Office of the Governor** assume the proposal will have no fiscal impact on their organization.

Officials from the **Summersville R2 School District** assume that funds could be potentially saved if certain statutes were not enforced when districts are not fully funded.

Officials from the **Macon County R-IV School District** assume the proposal would reduce expenditures in the district from a required \$6,800 or less.

Officials from the **West Plains School District** assume the proposal will have no fiscal impact on their organization.

**Oversight** notes that current statute allows school districts to be excused from compliance with certain statutes when funding is withheld by the Governor in fiscal years 2011, 2012 and 2013. In the event of the Governor withholding funds, this proposal would extend to all future fiscal years the excuse from compliance with:

- Spending funds for professional development as required under subsection 1 of section 160.530; and
- The fund placement and expenditure requirements of section 160.031.

**Oversight** notes subsection 1 of section 160.530 states that a school district is required to allocate 1% of moneys received from the foundation formula (less categorical add-ons) to the local professional development committee of which 75% of such funds shall be spent in the same fiscal year.

**Oversight** requested an estimate of this amount from DESE; however, DESE did not respond to Oversight's request. Oversight estimated this amount based on information provided in DESE's FY 2019 budget request. Oversight assumes school districts would have the option of foregoing the professional development expenditure estimated at up to \$25,446,804  $((\$3,392,907,149 \text{ foundation formula} * .01) * .75)$  per year.

**Oversight** assumes this proposal is optional and would only occur in the event of the Governor withholding funds. Oversight also notes this proposal would allow school districts the ability to distribute and utilize state funds for purposes other than those outlined in Section 163.031.

ASSUMPTION (continued)

**Oversight** assumes that any funds generated from the foregone professional development expenditure would be used by the school districts for other purposes in the year in which the funds were received. Oversight will show a net fiscal impact of \$0 to local school districts.

Officials at the following school districts: Arcadia Valley R-2, Avilla R-13, Bakersfield, Belton, Benton County R-2, Bismark R-5, Bloomfield R-14, Blue Springs, Bolivar R-I, Bowling Green R-1, Branson, Brentwood, Bronaugh R-7, Campbell R-2, Carrollton R-7, Caruthersville, Central R-III, Chilhowee R-4, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Concordia R-2, Crawford County R-1, Crocker R-II, Delta C-7, East Carter R-2, Eldon R-I, Everton R-III, Fair Play, Fayette R-3, Forsyth R-3, Fox C-6, Fredericktown R-I, Fulton, Grain Valley, Hancock Place, Hannibal, Harrisonburg R-8, Harrisonville, Hillsboro R-3, Hollister R-5, Humansville R-4, Hurley R-1, Independence, Jefferson City, Kansas City Public Schools, Kearney R-1, Kennett #39, King City R-1, Kingston 42, Kirbyville R-VI, Kirksville R-III, Lee Summit, Leeton R-10, Lewis County C-1, Lincoln R-II, Lindbergh, Lonedell R-14, Malta Bend, Mehville, Meramec Valley R-3, Mexico, Middle Grove C-1, Midway R-1, Milan C-2, Moberly, Monroe City R-I, Morgan County R-2, New Haven, Nixa, North Kansas City, North St. Francois Co. R-1, Northeast Nodaway R-5, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osborn R-0, Parkway, Pattonville, Pettis County R-12, Pierce City, Plato R-5, Princeton R-5, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, Republic R-III, Richards R-V, Richland R-1, Richmond R-XVI, Riverview Gardens, Salisbury R-4, Sarcoxie R-2, Scotland County R-I, Sedalia, Seymour R-2, Shell Knob #78, Sikeston, Silex, Smithville R-2, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, St. Charles, St. Elizabeth R-4, Sullivan, Valley R-6, Verona R-7, Warren County R-3, Warrensburg R-6, Waynesville, Webster Groves, Wentzville, Westview C-6 and the Wright City R-2 school districts did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>LOCAL SCHOOL DISTRICTS FUNDS</b>			
<u>Savings</u> - exemption of certain expenditure requirements if the Governor withholds funds for the school funding formula basic apportionment under §163.410	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Expenditures</u> - flexibility of spending funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICTS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill allows school districts to be excused from compliance with certain statutes in the event of withholding of funds by the Governor.

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  
Macon County R-IV School District  
Summersville R2 School District  
West Plains School District

Ross Strobe

A handwritten signature in black ink, appearing to read "Ross Strobe", with a stylized flourish at the end.

Acting Director  
February 26, 2018