

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4329-01
Bill No.: HB 1408
Subject: Elementary and Secondary Education; Counseling
Type: Original
Date: January 8, 2018

Bill Summary: This proposal modifies provisions relating to virtual education.

FISCAL SUMMARY

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Local Government	(Could Exceed \$100,000)	(Could Exceed \$100,000)	(Could Exceed \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the number of potential new vendors and courses is unknown; therefore, the cost is unknown. For every 10 additional vendors, one FTE at the assistant director level would be needed to continue to provide the current level of service to families and vendors. As the number of vendors increases, the staffing ratio may shift to accommodate more than 10 vendors for each additional FTE. In addition, contractual costs for review of course content are estimated at \$200 per course based on current contracts. DESE defers to local school districts and charter schools.

Officials from the **West Plains School District** assume additional costs will be required of the school district without additional revenue if existing students opt for this route. Estimated costs range from \$10,000 to \$100,000 annually depending on the demand from students.

Officials from the **Forsyth R-III Schools** assume a negative impact of over \$10,000.

Officials from the **Summersville R2 School District** assume this proposal could result in increased spending.

Officials from the **Kirkville R-III School District** assume this proposal would have a slight negative impact on the district.

Officials from the **Macon County R-IV School District** assume any expenses to an outside educational agency will reduce funds available for local use. If the district pays \$900 for one virtual education course it is essentially reducing funds available to current staff who are being paid to teach. If students take 29 virtual courses, the district will pay an additional instructor's salary, meaning that it's additional cost in the budget that will have to be met with reallocation/reduction of budgetary expenses or a reduction in staff to offset the cost.

Oversight notes that SB 912 in 2006 created Missouri's virtual school known as MoVIP. In FY 2018 MoVIP is offering 1,038 semester courses in grades K-12:

- 757 higher school semester courses
- 166 middle school courses
- 115 elementary school semester courses
- 7 foreign language courses

ASSUMPTION (continued)

Oversight notes, per the code of state regulations (5 CSR 20-100), students are currently eligible to take up to 6 virtual credits per school year, subject to state appropriations. However, state-funded slots for virtual education are currently restricted to medically-fragile students. The number of students receiving state funded virtual education totaled 543 in FY 2015, 661 in FY 2016 and 405 in FY 2017. The projected number of students to receive state funding for virtual education in FY 2018 is 800.

Per the Department of Elementary and Secondary Education FY 2019 budget request, virtual education appropriations for FY 2018 totaled \$589,778. Actual expenditures for virtual education totaled \$438,027 in FY 2017 with \$358,724 funded from lottery proceeds and \$79,303 from general revenue. Oversight assumes the state will continue to fund virtual education for the medically fragile.

Oversight notes that a portion of this proposal changes Missouri's virtual school name to the "Missouri Course Access Program." Oversight assumes this name change would not have a fiscal impact on the program.

Oversight notes this proposal allows any K-12 student to take up to two virtual courses through the Missouri Course Access Program if the student has attended the district for at least one semester immediately prior to enrollment and has received approval from the school counselor.

Oversight assumes this proposal shifts the responsibility of paying the course providers from the Department of Elementary and Secondary Education to local school districts. Oversight assumes this proposal requires school districts to pay for the virtual courses.

Oversight notes this proposal restricts the cost the school districts must pay to no more than 14% of the state adequacy target per course (\$161,670.3(4)). The current state adequacy target is \$6,308, meaning each school district could reimburse a course a provider no more than \$883 ($\$6,308 \times 14\%$) per course. The current high school courses offered by MoVIP have an average cost of \$343 per semester course and range in price from \$100 to \$817.

Oversight notes the national average for virtual school enrollment was .4% of total enrollment according to the National Center for Education Statistics. Assuming .4% of students currently enrolled in Missouri public schools participated, program participation would equal 3,536 ($883,957 \times .004$). If 3,536 students each took two courses, it would cost \$2,425,696 ($3536 \times 2 \times \343) using the average cost per course.

ASSUMPTION (continued)

Oversight notes current statute (§161.670.3(3)) allows school districts to receive 15% of the state aid attributable to any student who is included in the district's enrollment and is taking virtual courses. Oversight assumes this proposal eliminates this distribution. Per DESE, school districts are not currently receiving this distribution. Oversight assumes this proposal would not have a fiscal impact on the state or school districts.

Oversight notes that students must receive approval from the school counselor before they are able to participate in the Missouri Course Access program. Oversight cannot determine how many students would switch from a traditional classroom setting to virtual courses. Oversight will show the cost to the school districts as could exceed \$100,000.

Oversight notes this proposal allows home schooled students and private school students to enroll in the Missouri Course Access Program. However, it requires these students to pay their own tuition for the courses. Therefore, this portion of the proposal would not have a fiscal impact on the state or school districts.

Oversight notes this proposal does not require school districts to provide computers, equipment or internet access to any student. Oversight assumes this portion of the proposal would not have a fiscal impact on the state or school districts.

Oversight notes that this proposal would allow any person, organization or entity to submit courses for approval. Currently there are 7 vendors providing the courses. In response to this legislation, DESE has stated they would need one Director to run the program should 10 additional vendors be added.

Oversight is unable to determine if additional vendors will submit courses for review. Oversight assumes the current FTE could handle the program. Should a sufficient number of new vendors and courses be submitted to justify additional FTE, DESE could request the FTE through the appropriation process.

ASSUMPTION (continued)

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, 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, 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, Sarcovie 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.

FISCAL IMPACT - State Government

FY 2019
(6 Mo.)

FY 2020

FY 2021

\$0

\$0

\$0

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (6 Mo.)	FY 2020	FY 2021
LOCAL SCHOOL DISTRICTS			
<u>Cost</u> - students taking courses through the MO Course Access Program, paid for by school districts	(Could Exceed <u>\$100,000</u>)	(Could Exceed <u>\$100,000</u>)	(Could Exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS	(Could Exceed <u>\$100,000</u>)	(Could Exceed <u>\$100,000</u>)	(Could Exceed <u>\$100,000</u>)

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill changes the Missouri Virtual Instruction Program (MOVIP) to "The Missouri Course Access Program" (MCAP) and allows any K-12 student to enroll in MCAP courses, to be paid by the school district or charter school that is a local educational agency, if the student is enrolled in a school district or charter school has attended such school for at least one semester immediately prior and has received approval from his or her school counselor or other designated person as described in the bill. The school district or charter school shall pay the course provider directly on a monthly basis until the student discontinues enrollment and shall not pay more than 14% of the state adequacy target.

The bill requires the State Board of Education to provide an easily accessible link for course vendors on the MCAP website, allows anyone to submit courses for approval, and requires vendors to accept monthly payments for students enrolled in their courses.

This bill requires the students' home district to pay the costs associated with MCAP courses up to the equivalent of a full time student, under specified conditions.

The bill has an effective date of January 1, 2019.

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
Forsyth R-III Schools
Kirksville R-III School District
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, cursive script.

Acting Director
January 8, 2018