

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4892-01  
Bill No.: HB 1664  
Subject: Elementary and Secondary Education; Children and Minors  
Type: Original  
Date: February 15, 2018

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Bill Summary: This proposal allows children who attend early childhood education programs that are under contracts with districts or charter schools to be included in the average daily attendance of the district or charter school.

**FISCAL SUMMARY**

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

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

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

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>

\*Transfers net to zero.

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Department of Elementary and Secondary Education (DESE)** assume there will be a fiscal impact; however, that impact is unknown. DESE does not know how many children districts or charter schools are currently serving in this age group. The new language would imply all of the services could be contracted out to another entity. Based on experiences with Missouri Preschool Program grants, few districts chose to work with other entities. Of those that did chose to work with another entity the partnership did not always last the duration of the grant.

Officials from the **Summersville R2 School District** assume a positive fiscal effect on school districts.

Officials from the **West Plains School District** assume the burden of funding early childhood would require additional funds to be allocated. Assuming no additional revenue is available, the result will be decreased funding from the state due to spreading out existing funds amongst early childhood programs. The district assumes a loss in revenue of up to \$150,000 annually.

Officials from the **Kirksville R-III School District** assume this proposal could be positive or negative in its impact to schools. It would have a positive fiscal impact if money was added to the education budget per number of ECLC students counted. It would have a negative fiscal impact if the students were counted and the original money was divided up by more students.

**Oversight** notes that if school districts chose to participate, then this could result in additional students being covered under the average daily attendance. This proposal has the potential to increase the call to the foundation formula.

**Oversight** notes this proposal has a provision that may not have a fiscal impact until such time as the formula is fully funded. Officials from DESE state the FY 2018 appropriation appears to be sufficient to fully fund the foundation formula which would trigger additional costs to the FY 2019 formula with the addition of some Pre-Kindergarten ADA.

**Oversight** assumes the provisions for funding for ages 3 to 5 under 163.018.1, becomes effective in the school year subsequent to the school year in which foundation formula is fully funded (FY 2019) and remains effective in all school years thereafter irrespective of appropriations in succeeding years.

ASSUMPTION (continued)

**Oversight**, for fiscal note purposes, is showing the impact of this provision under full funding of the foundation formula. Oversight assumes the fiscal impact is \$0 (no contracts with school districts) to an unknown cost (increased call to the foundation formula).

<u>FISCAL IMPACT - State Government</u>	FY 2019	FY 2020	FY 2021
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**GENERAL REVENUE**

<u>Transfer Out - to the State School Moneys Fund</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
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<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>
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**STATE SCHOOL MONEYS FUND**

<u>Transfer In - from General Revenue Fund</u>	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
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<u>Transfer Out - distribution to school districts</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
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<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>
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FISCAL IMPACT - Local Government

FY 2019

FY 2020

FY 2021

**SCHOOL DISTRICT FUNDS**

Transfer In - from State School Moneys  
Fund

\$0 or Unknown

\$0 or Unknown

\$0 or Unknown

Transfer Out - to early childhood  
education programs

\$0 or  
(Unknown)

\$0 or  
(Unknown)

\$0 or  
(Unknown)

**ESTIMATED NET EFFECT ON  
SCHOOL DISTRICT FUNDS**

**\$0**

**\$0**

**\$0**

FISCAL IMPACT - Small Business

Oversight notes this could impact small businesses such as daycare providers. DESE indicated daycare providers may lose business and face higher costs in caring for infants and toddlers without the offset of the relatively lower costs of caring for pre-school aged children.

FISCAL DESCRIPTION

This bill allows children who attend early childhood education programs that are under contract with districts or charter schools to be included in the average daily attendance of the district or charter school.

This bill is effective July 1, 2018.

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  
Kirksville R-III School District

SOURCES OF INFORMATION (continued)

West Plains School District  
Summersville R2 School District

Ross Strope

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

Acting Director  
February 15, 2018