

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1264-02  
Bill No.: SCS for HB 485  
Subject: Boards, Commissions, Committees, and Councils; Children and Minors;  
Elementary and Secondary Education; Department of Elementary and Secondary  
Education; Teachers  
Type: Original  
Date: April 24, 2019

---

Bill Summary: This proposal modifies provisions relating to elementary and secondary education.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
General Revenue	(Could exceed \$9,933,880)	(Could exceed \$10,015,287)	(Could exceed \$10,204,325)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Could exceed \$9,933,880)</b>	<b>(Could exceed \$10,015,287)</b>	<b>(Could exceed \$10,204,325)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
Criminal Records System Fund	\$71,145 to Could exceed \$241,384	\$71,145 to Could exceed \$241,384	\$71,145 to Could exceed \$241,384
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$71,145 to Could exceed \$241,384</b>	<b>\$71,145 to Could exceed \$241,384</b>	<b>\$71,145 to Could exceed \$241,384</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 28 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	Could exceed 2 FTE to 4 FTE	Could exceed 2 FTE to 4 FTE	Could exceed 2 FTE to 4 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>Could exceed 2 FTE to 4 FTE</b>	<b>Could exceed 2 FTE to 4 FTE</b>	<b>Could exceed 2 FTE to 4 FTE</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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Local Government</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### Charter School Expansion §160.400 to §160.415

Officials from the **Springfield Public Schools** assume this proposal will cost \$16,537,500 as the district will see a drop in enrollment while not realizing the same ability to reduce expenditures for staffing, facilities, etc.

**Oversight** notes that current statute (§160.400) restricts where charter schools can operate. Those areas include in the St. Louis City School District, Kansas City Public School District, and school districts with an unaccredited or provisionally accredited status. Oversight assumes this proposal expands provisions allowing a charter school to operate in any county with a charter form of government and in urban school districts.

Oversight notes the U.S. average charter school enrollment as a percentage of total fall enrollment in public schools is 5.7% according to the National Center for Education Statistics for the 2015-16 school year. If 5.7% of public school students transferred to charter schools, Oversight notes this could result in a transfer of approximately 20,807 in weighted average daily attendance (WADA) numbers from the school districts to charter schools which could result in a transfer of approximately \$141.9 million in funds from impacted school districts to charter schools based on the transfer of WADA times the current state adequacy target of \$6,308 and adjusted for the dollar value modifier.

Oversight notes this calculation does not include the amount of local revenues per WADA from the incidental and teachers' funds in excess of the performance levy. Also, these numbers do not include an impact to the Kansas City Public Schools and St. Louis City Public Schools as charter schools are already authorized. Additionally, Oversight excluded the Special School District of St. Louis County. Oversight will show an unknown cost to school districts and an unknown increase in revenue to charter schools.

Oversight notes if 20,807 WADA transfer from public school districts to charter schools, the savings to school districts is estimated \$241.2 million based on the average expenditure of affected school districts of \$11,590 per student (20,807 x \$11,590). However, Oversight notes some of the expenditures of the school district may be fixed costs (such as debt service payments and facility maintenance operations) and may not change as students transfer. Based on calculations from the National Public Education Financial Survey, Oversight estimated the fixed costs of school expenditures at 36% with the remaining 64% being variable costs. Of the \$11,590 in average expenditures per ADA, \$7,418 is estimated to be variable cost (\$11,590 \* .64). Assuming fixed costs, if 20,807 transfer out of public schools and into charter schools, then

ASSUMPTION (continued)

the savings to local districts is estimated at \$154.3 million (20,807 \* \$7,418).

Additionally schools may be subject to economies of scale suggesting that the savings generated per change in student may be less than the average cost per student. (For instance if one student transfers, the school may not be able to reduce fixed costs as noted above nor may it be able to reduce the instructional staff due to requirements such as limits on class size, etc.) Estimating the savings to the school districts would largely depend on circumstances of each individual school: the size of the school, the number of transferring students, presence of fixed costs and economies of scale. Oversight will show the savings to school districts as unknown.

Below is a list of potentially impacted school districts:

<b>School District</b>	<b>Qualifying County or City</b>	<b>Student Population</b>
Blue Springs R-IV	Jackson	14,576
Center 58	Jackson	2,630
Fort Osage R-I	Jackson	5,069
Grain Valley R-V	Jackson	4,410
Grandview C-4	Jackson	4,303
Hickman Mills C-1	Jackson	6,034
Independence 30	Jackson	15,243
Lee's Summit R-VII	Jackson	18,296
Lone Jack C-6	Jackson	657
Oak Grove R-VI	Jackson	2,010
Raytown C-2	Jackson	9,429
Crystal City 47	Jefferson	524
DeSoto 73	Jefferson	2,721
Dunklin R-V	Jefferson	1,588
Festus R-VI	Jefferson	2,985

Fox C-6	Jefferson	11,478
Grandview R-II	Jefferson	659
Hillsboro R-III	Jefferson	3,425
Jefferson Co. R-VII	Jefferson	1,027
Northwest R-I	Jefferson	6,271
Sunrise R-IX	Jefferson	308
Windsor C-1	Jefferson	3,016
Ft. Zumwalt R-II	St. Charles, O'Fallon	18,125
Francis Howell R-III	St. Charles, St. Peters	17,680
Orchard Farm R-V	St. Charles	2,055
St. Charles R-VI	St. Charles, St. Peters	4,987
Wentzville R-IV	St. Charles, O'Fallon	16,788
Affton 101	St. Louis	2,560
Bayless	St. Louis	1,723
Brentwood	St. Louis	753
Clayton	St. Louis	2,624
Ferguson-Florissant R-II	St. Louis	10,560
Hancock Place	St. Louis	1,520
Hazelwood	St. Louis	17,819
Jennings	St. Louis	2,557
Kirkwood R-VII	St. Louis	6,038
Ladue	St. Louis	4,148
Lindbergh Schools	St. Louis	6,934
Maplewood-Richmond Heights	St. Louis	1,476

Mehlville R-IX	St. Louis	10,432
Normandy Schools Collaborative	St. Louis	3,240
Parkway C-2	St. Louis, Ballwin, Chesterfield	17,902
Pattonville R-III	St. Louis	5,943
Ritenour	St. Louis	6,422
Riverview Gardens	St. Louis	5,557
Rockwood R-VI	St. Louis	21,201
Special School District	St. Louis	4,352
University City	St. Louis, University City	2,778
Valley Park	St. Louis	901
Webster Groves	St. Louis	4,619
Columbia 93 School District	Urban District	18,491
Springfield R-XII	Urban District	25,778
St. Joseph School District	Urban District	11,647

**Oversight** notes this is not comprehensive list of impacted districts. More districts could be impacted from the expansion of charter school operations depending on how the boundary lines of school districts lay relative to the county and whether the district includes more than half of the population or land area of any city to qualify as an urban district.

#### Property Transfers §160.422

**Oversight** did not receive a response from the City of St. Louis. Oversight will show a range of impact of \$0 to an unknown cost.

#### Dual Credit and Dual Enrollment §160.545

Officials from **Department of Higher Education** assume this bill proposes to revise the student eligibility requirements for the A+ scholarship and extend A+ eligibility to include dual credit and dual enrollment courses.

Paragraph (1) of Subsection 8 reduces the number of years from three to two that a student must

ASSUMPTION (continued)

attend a designed high school in order to be eligible for the postsecondary scholarship. In addition, the revised provision would no longer require the eligible student to graduate from an A+ designated high school. While these changes would have the effect of expanding the pool of eligible students, and thus the cost of the program, accurate data regarding the extent of that change is not available. Consequently, this cost estimate does not include these provisions. Paragraph (3) of Subsection 8 would potentially require schools to check student grade point average (GPA) before each semester. Currently some institutions only check student GPA once per academic year. As such, this change could impact eligibility, both positively and negatively, for some students. It is assumed the positive and negative impacts would offset and there would be no fiscal impact from this change.

Subsection 9 requires the MDHE to establish a procedure to reimburse students for costs associated with enrollment in dual credit and dual enrollment coursework offered by postsecondary education institutions currently authorized to participate in this program. Those institutions are Missouri public community colleges, public area vocational schools and Ranken Technical College. Dual credit coursework is defined by the MDHE as college-level coursework delivered within a high school classroom taught by a high school faculty member that results in both high school and college credit. Dual enrollment is coursework delivered by a college or university and taught by regular college faculty that results in both high school and college credit. Dual enrollment courses may be delivered within the high school or on the college campus.

The primary eligibility criteria for A+ reimbursement that would be applicable to dual credit and dual enrollment students is a 2.5 cumulative grade point average and an attendance rate of 95 percent. The other high school eligibility provisions (for example, tutoring/mentoring) may not be appropriate to apply and would be impossible to measure for this estimate. Since most high schools already require dual credit and dual enrollment students to meet at least a 2.5 GPA requirement, that provision would have no impact. It is assumed students taking these courses are higher achieving students and, as a consequence, the attendance requirement would have limited or no impact on eligibility.

The most recent year for which dual credit data are available is the 2015-2016 academic year. In that year, 14,114 students completed 77,254 credit hours from dual credit coursework offered by A+ eligible postsecondary institutions. Based on data collected by the MDHE, the average per credit hour cost of dual credit coursework is approximately \$75 per credit hour. Using that cost basis and assuming full funding for all eligible students, this component of the proposal would cost approximately \$5,794,050 (77,254 X \$75) in the first year of implementation.

ASSUMPTION (continued)

The following are the major assumptions underlying this estimate.

- Because the level of dual credit participation in coursework offered by A+ eligible postsecondary institutions used in this estimate already exists, it is assumed there would be no cost overlap with the current A+ program that would reduce this figure.
- While it would be expected that reimbursement of the costs for dual credit coursework would increase the number of credit hours produced, it is not possible to accurately estimate that cost increase. Some of this increase could represent a shift from taking coursework after high school graduation, where the A+ program already covers the tuition and fee costs, to taking the coursework as dual credit making a reliable estimate of the increase even more difficult. Consequently, this estimate does not project an increase in the number of dual credit hours over the period covered by this fiscal note.
- It is important to note that the data used in this calculation only include credit hours for completed coursework rather than all coursework for which high school students enrolled. Although some additional students may be eligible for reimbursement, depending on payment policies, no adjustment has been made to reflect this issue.
- Since the average credit hour rate has been relatively stable for the past several years, it is assumed this estimated cost per credit hour would not change substantially during the period covered by this fiscal note.

The most recent year for which dual enrollment data are available is the 2016-2017 academic year. In that year, 13,346 high school students completed 37,272 credit hours at A+ eligible postsecondary education institutions. As with the dual credit calculation, it is assumed the GPA and attendance requirements will have little to no effect on the eligibility of students taking dual enrollment coursework for the proposed program. Since we do not have the necessary data to calculate an average tuition cost for these courses, a \$100 credit hour rate is assumed for this calculation. This results in a cost of \$3,727,200 ( $\$100 \times 37,272$ ) for this component.

The following are the major assumptions underlying this estimate.

- Because this level of dual enrollment participation in coursework offered by A+ eligible postsecondary institutions already exists, it is assumed there would be no cost overlap with the current program that would reduce this figure.
- While it would be expected that reimbursement of the costs for dual enrollment coursework would increase the number of credit hours produced, it is not possible to accurately estimate that cost increase.
- It is important to note that the data used in this calculation only include credit hours for completed coursework rather than all coursework for which high school students



ASSUMPTION (continued)

- enrolled. Although some additional students may be eligible for reimbursement, depending on payment policies, no adjustment has been made to reflect this issue.
- Average tuition costs at community colleges, based on A+ reimbursement rates for the past two years, have increased by approximately five percent each year. The following table displays the related cost increments for dual enrollment coursework for the first three years of operation.

Fiscal Year	Adjusted Cost
FY 2020	\$3,727,200 (\$100 x 37,272)
FY 2021	\$3,913,560 (\$105 x 37,272)
FY 2022	\$4,099,920 (\$110 x 37,272)

Based on these assumptions, the total increased cost to the A+ program for the implementation of this proposal for the reimbursement of dual credit and dual enrollment costs would be as follows.

- FY 2020 - \$9,521,250 (\$5,794,050 + \$3,727,200)
- FY 2021 - \$9,707,610 (\$5,794,050 + \$3,913,560)
- FY 2022 - \$9,893,970 (\$5,794,050 + \$4,099,920)

**Oversight** notes the following anticipated total program distributions:

Fiscal Year	FY 2020	FY 2021	FY 2022
Dual Credit	\$5,794,050	\$5,794,050	\$5,794,050
Dual Enrollment	\$3,727,200	\$3,913,560	\$4,099,920
<b>Total</b>	<b>\$9,521,250</b>	<b>\$9,707,610</b>	<b>\$9,893,970</b>

**DHE** assumes, in addition to these direct costs for reimbursement, revisions to the current system for administering state student assistance programs (FAMOUS) would be necessary to incorporate this additional component into the A+ program. I did not ask for a separate cost estimate from ITSD but used the cost estimate for HB 221, which is sufficiently similar to assume the cost would be virtually identical. ITSD estimated the cost of those revisions to be \$257,580 in the year of implementation. It is assumed any ongoing costs would be within the current maintenance cost for the FAMOUS system.

ASSUMPTION (continued)

Given this proposal would substantially expand the program, including both additional scholarship recipients and the need for increased communication and data verification from the more than 600 A+ designated Missouri high schools, one additional staff FTE for a Research Associate I at \$35,000 annual salary along with the expense and equipment costs associated with such a position, would be required for the adequate implementation and operation of this program.

**Oversight** notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this proposal, ITSD assumes they will contract out the programming changes need to A+ FAMOUS system. ITSD estimates the project would take 3,434.40 hours at a contract rate of \$75 per hour for a total cost to the state of \$257,580. Oversight notes that an average salary for a current IT Specialist within ITSD is \$51,618, which totals roughly \$80,000 per year when fringe benefits are added. Assuming that all ITSD resources are at full capacity, Oversight assumes ITSD may (instead of contracting out the programming) hire an additional two IT Specialists to perform the work required from this bill. Therefore, Oversight will range the fiscal impact from the cost of hiring two additional FTE IT Specialists (roughly \$160,000 per year) to contracting out the work (\$257,580).

In response to a similar proposal, SB 205 (2019), officials from the **Department of Elementary and Secondary Education** assumed the proposal would have no fiscal impact on their organization. Since 2011, the Department of Higher Education has handled the payment portion of the A+ program.

In response to a similar proposal, SCS for SB 205 (2019), officials from **Missouri State University** assumed this proposal would have a negative fiscal impact of an undetermined amount on the university.

Officials from **State Technical College of Missouri** assume this could potentially have a negative fiscal impact if the result is a reduced amount of A+ available to full-time students.

In response to a similar proposal, SCS for SB 205 (2019), officials from the **University of Missouri System** stated the precise fiscal impact on the university system is unable to be determined but is expected to be in excess of \$100,000.

Special School Districts §161.089

In response to a previous version, Perfected HB 485 (2019), officials from the **DESE** assumed the proposal would result in no cost to the department.

ASSUMPTION (continued)

After further inquiry, **DESE** stated it does not currently modify accreditation standards for special school districts. Because those standards are part of state regulations, DESE believes the State Board of Education already has the authority to waive or modify if needed. The impact on the district would depend on the modifications.

**Oversight** assumes the state board can already modify or waive accreditation standards for special school districts and assumes the proposal will result in no additional fiscal impact to the state or special school districts.

**Oversight** notes the state's accountability system for reviewing and accrediting public school districts is the Missouri School Improvement Program, fifth edition (MSIP 5). This fifth cycle has been in use since the 2012-2013 school year.

Intervention Powers and Apportionment - §162.081

**Oversight** assumes section 162.081 requires the state board of education is to determine an equitable apportionment of state and federal funds for the special administrative board. Oversight assumes this would result in a transfer of funds from the school district to the special administrative board and would not result in a fiscal impact to the local school districts as a whole.

Attendance Centers - §162.1323

Officials from **DESE** assume the classification of buildings will require programming costs of approximately \$25,000.

**Oversight** will show a one time cost for programming in FY 2020 as estimated by DESE.

**Oversight** notes this provision requires an attendance center to notify parents or guardians of any student enrolled if the attendance center receives a score consistent with a classification of unaccredited. This proposal also requires school districts that lose their accreditation to notify parents or guardians of students who attend the district of the loss of accreditation. As of January 1, 2018, no school districts were listed as unaccredited; however, Oversight is unsure how many attendance centers might be classified as unaccredited. Oversight notes there are an estimated 2,306 school buildings, 518 school districts and 883,703 enrolled students. Oversight will show a range of impact of \$0 to an unknown cost to school districts for parent notification.

Student Transfers §167.125, §167.131 §167.132, §167.895, §167.898

Officials from **Department of Elementary and Secondary Education (DESE)** assume determining a cost for the transfer requests is difficult and is dependent upon an unknown

ASSUMPTION (continued)

number of potential requests. If the number of requests remains below 10,000 DESE will require 1.0 FTE supervisor to fulfill the required duties. Each increment of 10,000 requests (exceeding the initial 10,000 requests) will require an additional FTE and significant data support structure.

**Oversight** assumes the number of transfers are unknown but assumes there could be costs to DESE to track transfer requests. Oversight will show a cost that could exceed one FTE supervisor (\$47,952) beginning in FY 2020 depending on the transfers.

§167.895 Unaccredited District Transfers

**Oversight** assumes current statute requires districts that are not accredited to pay tuition and provide transportation for each resident pupil who attends an accredited school in another district in the same or adjoining county (section 167.131 RSMo.).

**Oversight** assumes this proposal would allow, if capacity exists, students to transfer within their district of residence if they are attending an attendance center that is located within an unaccredited district and the attendance center has a score consistent with a classification of unaccredited.

**Oversight** notes there are no districts currently classified as unaccredited; however, Oversight cannot predict the number of districts that maybe classified as unaccredited in the future.

§167.132 Tuition payments

**DESE** assumed there would be no increased costs for tuition.

**Oversight** assumes this proposal limits the tuition payments to the lesser of the receiving district's set tuition or the state adequacy target (SAT) plus the ((average local tax effort above the SAT) per child). Oversight assumes this proposal would cap the tuition rate the sending district would pay to the receiving district.

**Oversight** assumes there is some uncertainty regarding the language used in this section. The average local tax effort is calculated using ADA (the calculation of attendance hours) rather than on a per child basis. Also, local tax revenue does not appear to be defined in statute. Based on information from DESE's website local tax effort is "computed by adding the prior year tax revenue the district of domicile received from property taxes, Intangible (Financial Institution) taxes, M & M surtaxes, In Lieu of taxes, and city sales tax then dividing that sum by the prior year resident average daily attendance of the district of domicile." Oversight used this calculation in the example below.

ASSUMPTION (continued)

For Example:

The local tax effort for Riverview Gardens per ADA: \$2,495.59  
SAT: \$6,308

$$(\$2,495.59 - \$6,308) = - \$3,812.41$$

**Oversight** assumes, in effect, the local revenue above the SAT is \$0 in this example. Therefore, Riverview Gardens, as a sending district, would only be required to pay \$6,308 (or the SAT) for transferring students.

Using the Local Tax Effort information on DESE's website, Oversight estimates there are currently no districts that would have to pay more than they receive in basic state aid and local tax revenue per ADA. However, Oversight assumes it is possible that a district could have to pay more than it receives in state aid and local revenue per ADA depending on future local tax effort.

For example, Winnona R-III received an estimated \$5,704 in state aid per ADA and \$1,244 in local tax revenue for a total of \$6,948 per ADA. Oversight assumes if the local tax revenue per ADA were to fall below \$604, the district would have to pay more than it receives in state aid and local tax revenue per ADA.

Transportation - \$167.241

In response to a similar proposal, SB 25 (2019), officials from **DESE** assumed transportation costs are unknown. In 2015-16 there were two unaccredited school districts in the state. If we use those as a specific example, the cost of transporting students to accredited districts was approximately \$1.2 million.

**Oversight** notes that in the 2015-2016 school year Normandy and Riverview Gardens were the two unaccredited school districts. Currently, no school district is classified as unaccredited. However, under this proposal, a student is eligible to transfer if their attendance center is located within an unaccredited district and has an annual performance report score consistent with a classification of unaccredited. This portion of the proposal would require the transfer student's sending district to pay for transportation costs to at least one designated receiving district. Oversight is unable to determine how many students would apply to transfer. Oversight for fiscal note purposes, will show a fiscal impact of \$0 (no unaccredited districts) to a cost that could exceed half the 2015-2016 transportation figure provided by DESE.

ASSUMPTION (continued)

Performance Data §167.890

**DESE** assumes the cost to collect this data is estimated at \$5,000 to \$10,000.

**Oversight** assumes DESE can absorb the cost of this provision with existing resources.

Travel Hardships §167.125

**Oversight** assumes this proposal establishes requirements for certain districts in Maries county for pupils to qualify for an assignment to another school district due to travel hardships. Oversight notes the applicable school districts did not responded to Oversight's request for fiscal impact. Oversight is unable to determine the change in the number of travel hardship assignments granted under this proposal.

**Oversight** assumes this provision would result in a transfer of funds from one school district to another and would not result in a fiscal impact to the local school districts as a whole.

Background Checks §168.133

In response to a similar proposal, SB 295 (2019), officials from the **Department of Elementary and Secondary Education (DESE)** assumed the proposal would result in no cost to DESE.

Officials from **Department of Public Safety - Missouri State Highway Patrol (MHP)** stated, in 2018, public school districts submitted 694 criminal record checks on volunteers. These requests were submitted from 98 school districts of the 560 school districts within the state. Based on this, the CJIS Division estimates, an additional 3,234 record checks will be generated annually resulting in \$71,148 deposited into the Criminal History Record Fund.

694 records checks divided by 98 districts = an average of 7 submissions per district per year on volunteers.

462 districts not submitting x 7 volunteer submissions = 3,234 volunteers x \$22.00 = \$ 71,148

The cost for a state and federal fingerprint based criminal record check for a volunteer submission is \$31.25, per request. The state portion of the record check fee is \$20.00, and the federal portion is \$11.25. If the submitting agency chooses to utilize the state fingerprint services vendor, then an additional \$8.50 is charged by the vendor for this service. Thus, the fee breakdown per request is as follows:

State Fee: \$20.00

ASSUMPTION (continued)

Federal Fee (volunteer): \$11.25  
Total (state and federal Fee) \$31.25  
Total (state, federal and vendor fee): \$39.75

The total amount retained in the Criminal History Record fund after paying the FBI is \$22.00 per request. This equals \$20.00 for the state fee, pursuant to Section 43.530, and \$2.00 of the federal fee, pursuant to 28 CFR 20.31(e) (2) and the current fee schedule as posted in the Federal Register. The remaining amount of \$9.25 ( $\$31.25 - \$22.00 = \$9.25$ ) is passed onto the FBI.

In response to a similar proposal, SB 295 (2019), officials from the **Francis Howell School District** and **Wellsville-Middletown R-1 School District** both stated that since they already perform background checks on volunteers, this proposal would have no fiscal impact on their respective organizations.

**Oversight** notes this proposal requires a school district to perform background checks on screened volunteers which includes persons who mentor or tutor students. Oversight notes one of the requirements of the A+ program is to perform at least 50 hours of unpaid tutoring or mentoring. Oversight is uncertain if the A+ tutors would meet the definition of screened volunteer. Therefore, Oversight is uncertain if school districts would be required to perform background checks on A+ tutors. Oversight notes there were 7,738 first time, full-time degree seeking students enrolled in the A+ program in FY 2018. If school districts were required to perform background checks on these students, the cost is estimated at \$241,812 ( $7,738 * \$31.25$ ) plus \$101,062 ( $3,234 * \$31.25$  based on the numbers estimated by MHP) for a total of \$342,874.

Based on a brief review, **Oversight** notes some school districts pay for volunteer background checks while other school districts require the volunteer to pay for the background check.

**Oversight** notes if school districts were required to perform background checks on A+ tutors the Criminal Records System Fund would have an increase in income of \$170,236 plus \$71,148 (the amount estimated by the MHP) for a total of \$241,384.

**Oversight** will show a range of income to the Criminal Records System Fund of \$71,148 (background checks on A+ tutors not required) to \$241,384 (background checks on A+ tutors required).

**Oversight** will show a range of cost to the school districts of \$0 (volunteer pays for the background check) to \$101,062 (background checks on A+ tutors not required) to \$342,874 (background checks on A+ tutors required).

ASSUMPTION (continued)

Inclement Weather Make-Up Days §171.033

In response to a similar proposal, SB 478 (2019), officials from the **Department of Elementary and Secondary Education (DESE)** assumed the proposal would result in no cost to the department.

In response to a similar proposal, SB 478 (2019), officials from **Osborn R-O School** assumed this proposal would positively impact our budget and maintenance schedule for our small district. The areas of savings would be substitute pay, transportation, utilities/lighting/cooling.

In response to a similar proposal, SB 478 (2019), officials from the **Wellsville-Middletown R-1 School District** and **Springfield Public Schools** each assumed the proposal would have no fiscal impact on their respective organizations.

**Oversight** assumes school districts could save on operation costs as mention by Osborn R-O School if they are only required to make-up the first six days of school cancelled due to inclement weather for the FY 2018-2019 school year. Oversight will show an unknown savings to school districts for the 2018-2019 school year (FY 2019).

Promulgation of Rules

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could require additional resources.

Officials from the **Joint Committee on Administrative Rules (JCAR)** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.



ASSUMPTION (continued)

**Oversight** assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

<u>FISCAL IMPACT - State Government</u>	FY 2020	FY 2021	FY 2022
<b>GENERAL REVENUE</b>			
<u>Cost</u> - DHE - A+ expansion for dual credit & dual enrollment §160.545	(Could exceed \$9,521,250)	(Could exceed \$9,707,610)	(Could exceed \$9,893,970)
<u>Cost</u> - DHE - §160.545 -			
Personal Service	(\$29,167)	(\$35,350)	(\$35,704)
Fringe Benefits	(\$19,397)	(\$23,383)	(\$23,491)
Equipment and Expense	<u>(\$10,717)</u>	<u>(\$4,478)</u>	<u>(\$4,516)</u>
Total Cost - DHE	(\$59,281)	(\$63,211)	(\$63,711)
FTE Change - DHE	1 FTE	1 FTE	1 FTE
<u>Cost</u> - modifications to the A+ web application - ranged from ITSD estimate of contracting out (\$257,580 in FY 2020) to hiring 2 additional FTE §160.545	(\$133,263 to \$257,580)	\$0 to (\$161,262)	\$0 to (\$162,623)
FTE Change - ITSD	0 or 2 FTE	0 or 2 FTE	0 or 2 FTE
<u>Cost</u> - DESE - programming cost for attendance centers §162.1323	(\$25,000)	\$0	\$0
<u>Cost</u> - DESE - §167.890 - §167.898	Could exceed	Could exceed	Could exceed
Personal Service	(\$39,960)	(\$48,432)	(\$48,916)
Fringe Benefits	(\$22,686)	(\$27,369)	(\$27,517)
Equipment and Expense	<u>(\$8,123)</u>	<u>(\$7,403)</u>	<u>(\$7,588)</u>
Total Cost - DESE	<u>(\$70,769)</u>	<u>(\$83,204)</u>	<u>(\$84,021)</u>
FTE Change - DESE	Could exceed 1 FTE	Could exceed 1 FTE	Could exceed 1 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>(Could exceed <u>\$9,933,880</u>)</b>	<b>(Could exceed <u>\$10,015,287</u>)</b>	<b>(Could exceed <u>\$10,204,325</u>)</b>

FISCAL IMPACT - State Government  
 Continued

FY 2020

FY 2021

FY 2022

**Estimated Net FTE Change for  
 General Revenue**

Could exceed  
 2 FTE to 4 FTE

Could exceed  
 2 FTE to 4 FTE

Could exceed  
 2 FTE to 4 FTE

**CRIMINAL RECORDS SYSTEM  
 FUND**

Income - MHP - increase in background  
 check fees

\$71,148 to  
 Could exceed  
\$241,384

\$71,148 to  
 Could exceed  
\$241,384

\$71,148 to  
 Could exceed  
\$241,384

**ESTIMATED NET EFFECT ON THE  
 CRIMINAL RECORDS SYSTEM  
 FUND**

**\$71,148 to  
 Could exceed  
\$241,384**

**\$71,148 to  
 Could exceed  
\$241,384**

**\$71,148 to  
 Could exceed  
\$241,384**

FISCAL IMPACT - Local Government

FY 2020

FY 2021

FY 2022

**LOCAL POLITICAL SUBDIVISIONS**

Income - to Charter Schools - increased  
 funding for new charter schools §160.400

\$0 or Unknown

\$0 or Unknown

\$0 or Unknown

Cost - to Public School Districts -  
 payments to new charter schools  
 §160.400

\$0 or  
 (Unknown)

\$0 or  
 (Unknown)

\$0 or  
 (Unknown)

Savings - to Public School Districts -  
 transfer of students out of the district  
 §160.400

\$0 or Unknown

\$0 or Unknown

\$0 or Unknown

Loss - to the City of St. Louis - of revenue  
 from restricted property transfers  
 §160.422

\$0 or  
 (Unknown)

\$0 or  
 (Unknown)

\$0 or  
 (Unknown)

Cost - to Public School Districts - parent  
 notification of unaccredited status  
 §162.132

\$0 or  
 (Unknown)

\$0 or  
 (Unknown)

\$0 or  
 (Unknown)

Cost - to Public School Districts - for  
 transportation of transfer students  
 §167.241

\$0 or (Could  
 exceed  
 \$600,000)

\$0 or (Could  
 exceed  
 \$600,000)

\$0 or (Could  
 exceed  
 \$600,000)

Cost - to Public Schools - for transfer  
 students §167.125, §167.131, §167.895

\$0 or  
 (Unknown)

\$0 or  
 (Unknown)

\$0 or  
 (Unknown)

Income - to Public Schools or Charter  
 Schools - for transfer students §167.125,  
 §167.131, §167.895

\$0 or Unknown

\$0 or Unknown

\$0 or Unknown

Cost - to Public Schools and Charter  
 Schools - background check fees  
 §168.133

\$0 to (\$101,062  
 to Could exceed  
 \$342,874)

\$0 to (\$101,062  
 to Could exceed  
 \$342,874)

\$0 to (\$101,062  
 to Could exceed  
 \$342,874)

FISCAL IMPACT - Local Government  
 Continued

FY 2020

FY 2021

FY 2022

Savings - on operation costs if not  
 required to make-up more than six days  
 of school §171.033

Unknown

\$0

\$0

**ESTIMATED NET EFFECT ON  
 LOCAL POLITICAL SUBDIVISIONS**

**Unknown to  
 (Unknown)**

**Unknown to  
 (Unknown)**

**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

**SPECIAL SCHOOL DISTRICTS (Section 161.089)**

This bill defines "accreditation standards" for Section 161.089, RSMo, and requires that the State Board of Education shall adopt modified accreditation standards for special school districts (SSD) to reflect the educational needs of SSD students by July 1, 2020.

**STATE BOARD OF EDUCATION INTERVENTION POWERS (Section 162.081):** This act allows the State Board of Education to lapse the corporate organization of all or part of an unaccredited school district. If the State Board appoints a special administrative board for the operation of a part of an unaccredited school district, the State Board shall determine an equitable apportionment of state and federal aid for the part of the district. In addition, the school district shall provide local revenue in proportion to the weighted average daily attendance of the part governed by the special administrative board.

The State Board may appoint members of the elected board to a special administrative board, but members of the elected board shall not comprise more than 49% of the special administrative board.

When the State Board determines another form of governance for an unaccredited district, that other form of governance shall be subject to the following provisions of law: it will retain the authority granted to a board of education; it will expire at the end of the third year of its appointment unless reauthorized; it will not be deemed to be the state or a state agency; and it will not be considered a successor entity for purposes of employment contracts, unemployment

FISCAL DESCRIPTION (continued)

compensation, or any other purpose.

If the State Board reasonably believes that a school district is unlikely to provide for the minimum number of school hours required in a school term due to financial difficulty, the State Board may, prior to the start of the school term, allow continued governance by the existing district school board under terms and conditions established by the State Board. As an alternative, the State Board may lapse the corporate organization of the district and implement one of the options available to the State Board to intervene in an unaccredited district. However, this provision shall not apply to any district solely on the basis of financial difficulty resulting from paying tuition and providing transportation for transfer students.

**PARENT NOTIFICATION OF UNACCREDITED STATUS (Section 162.1323):** When the State Board of Education classifies any district as unaccredited, or when an attendance center receives two or more consecutive annual performance (APR) scores consistent with a classification of unaccredited, the district shall notify the parent or guardian of students enrolled in the district or attendance center of the loss of accreditation within 14 business days. The notice shall also include an explanation of which students may be able to transfer, the transfer process, and any services the student may be entitled to receive. The notice shall be posted in a conspicuous and accessible place in each district attendance center and shall be sent to each municipality located in the boundaries of the school district.

**TUITION (Section 167.131 and 167.132):**

The board of education of each district in Missouri that does not maintain a high school offering work through the twelfth grade shall pay tuition as calculated by the receiving district, and provide transportation for each student resident therein who has completed the work of the highest grade offered in the schools of the district and who attends an accredited public high school.

This provision does not apply to students who attend an approved charter school in the same or adjoining county.

Under this act, the tuition rate paid by a sending school district to the receiving district is either the tuition rate set by the receiving district or the receiving approved charter school, or the state adequacy target plus the average sum produced per child by the local tax effort above the state adequacy target of the sending district, whichever is less.

**TRANSPORTATION OF PUPILS TO ANOTHER DISTRICT (Section 167.241)**

FISCAL DESCRIPTION (continued)

For transferring students, the district of residence is required to provide transportation only to school districts or approved charter schools designated by the Department of Elementary and Secondary Education. DESE must designate at least one accredited district or approved charter school to which the district of residence shall provide transportation, but if the designated district or charter school reaches full student capacity and is unable to receive additional students, DESE shall designate at least one additional accredited district or approved charter school to which the district of residence must provide transportation.

TRANSFER AND TRANSIENT STUDENT DATA (Section 167.890)

DESE shall compile and maintain student performance data scores of all transient and transfer students enrolled in districts other than their resident districts and make the data available on the Missouri Comprehensive Data System. Personally identifiable information shall not be accessible on the database.

STUDENT TRANSFERS (Sections 167.895)

Any student may transfer to another public school in the student's district of residence if such student is enrolled and has attended, for the full semester immediately prior to requesting the transfer, an attendance center, as defined in the act, that is located within an unaccredited district and that has an annual performance report score consistent with a classification of unaccredited. However, such transfers shall not be allowed if the transfers result in a class size or assigned enrollment in a receiving school that exceeds the standards promulgated in the Missouri School Improvement Program resource standards. Any student wishing to transfer to a magnet school, an academically selective school, or a school with a competitive entrance process shall meet those admissions requirements in order to attend.

The school board of each unaccredited district shall determine the capacity at each of the district's attendance centers that have an APR score consistent with the classification of accredited. The district's school board is responsible for coordinating transfers within the district.

The school board of each unaccredited district shall annually make a report to DESE or its designee with the following information: the number of available slots in attendance centers that have APR scores consistent with the classification of accredited, the number of students who request to transfer within the district, and the number of such transfers that are granted.

Any student who is eligible to transfer within his or her district but who is unable to do so due to a lack of capacity in the attendance centers in his or her district of residence may apply to DESE or its designee to transfer to:

- 1) An attendance center that is located within an accredited district that is located in the same or

FISCAL DESCRIPTION (continued)

an adjoining county and that has an APR score consistent with a classification of accredited; or

2) An approved charter school located in another district in the same or an adjoining county. A student who is eligible to begin kindergarten or first grade at an attendance center located within an unaccredited district that has an APR score consistent with the classification of unaccredited and that offers classes above the second grade level may apply to DESE for a transfer to one of the two schools described immediately above. Such student is required to reside in the attendance area of the unaccredited school on March 1 preceding the school year of first attendance. A student who does not apply by March 1 is required to enroll and attend for one semester to become eligible.

Any student who does not maintain residency in the attendance area of his or her attendance center in the district of residence loses the eligibility to transfer. With exception as set forth in the act, a student who transfers but later withdraws shall also lose eligibility to transfer. No student enrolled in and attending an attendance center that does not offer classes above the second grade is eligible to transfer under these provisions.

An unaccredited district, provisionally accredited district, unaccredited attendance center, or provisionally accredited attendance center is not eligible to receive transfer students, except that, within an unaccredited district, students may transfer from unaccredited attendance centers to accredited attendance centers, and a transfer student who chooses to attend a provisionally accredited attendance center in the district of residence shall be allowed to transfer to the school if there is an available slot.

If a receiving district becomes unaccredited or provisionally accredited, or if an approved charter school loses such status, any students who previously transferred to the district or charter school shall have the opportunity to remain enrolled or to transfer to another district or approved charter school without losing their eligibility to transfer.

No attendance center that has received two consecutive APR scores consistent with a classification of provisionally accredited for the years immediately preceding the year in which it seeks to enroll transfer students may receive transfer students, regardless of its State Board classification designation, except that any student who was granted a transfer to the attendance center prior to the effective date of the act may remain enrolled in that attendance center.

Districts and charter schools that receive student transfers are not required to: exceed to class size and assignment enrollment standards of its approved policy on class size; hire additional classroom teachers; or construct additional classrooms unless the school board of the receiving

FISCAL DESCRIPTION (continued)

district or the receiving approved charter school's governing board has approved the action. By July 15, 2019, the board of education of each available receiving district and the governing board of each approved charter school shall set the number of transfer students they are able to receive for the 2019-20 school year. The board shall then set such numbers annually by February 1. They shall also publish such numbers and shall not be required to accept any transfer students that would cause it to exceed such number.

Available receiving districts and approved charter schools shall adopt a policy establishing a tuition rate annually for transfer students by February 1.

If an unaccredited school becomes provisionally accredited or accredited without provisions, any resident student who transferred under one of the transfer options shall be permitted to continue his or her educational program in that education option through the completion of middle school, junior high, or high school as specified in the act.

When costs associated with the provision of special education and related services to a student with a disability exceed the tuition amount, the transfer student's district of residence shall remain responsible for paying the excess cost to the receiving district or charter school. When the receiving district is a component district of a special school district, the transfer student's district of residence shall contract with the special school district for the entirety of the costs to provide special education and related services, excluding transportation. The special school district may contract with a district operating an unaccredited school for the provision of transportation of a student with a disability. A special school district shall continue to provide special education and related services, with the exception of transportation, to a student with a disability transferring from an unaccredited school within a component district to an accredited school within the same or a different component district within the special school district.

When the St. Louis City School District operates an unaccredited school, it shall remain responsible for the provision of special education and related services, including transportation, to students with disabilities. A special school district in an adjoining county may contract with the St. Louis City School District for the reimbursement of special education services provided by the special school district for transfer students who are residents of the unaccredited district. Regardless of whether transportation is identified as a related service within a student's individualized education program, a receiving district that is not part of a special school district shall not be responsible for providing transportation to a student transferring under these provisions. A district operating an unaccredited school may contract with a receiving district that is not part of a special school district for transportation of students with disabilities. When a district other than St. Louis City operates an unaccredited school, it may contract with a receiving district that is not part of a special school district in the same or an adjoining county for the



FISCAL DESCRIPTION (continued)

reimbursement of special education and related services provided by the receiving district for transfer students who are residents of the district operating an unaccredited school. These provisions contain an emergency clause.

**ELIGIBLE DISTRICTS (Section 167.898)**

By July 15, 2019, and by January 1 annually, each district eligible to receive transfer students shall report to DESE the number of its available enrollment slots in accredited schools by grade level. Each unaccredited district shall report the number of available enrollment slots in the district's accredited attendance centers. Each approved charter school eligible to receive transfer students shall report the number of available enrollment slots by the same dates. DESE shall make information and assistance available to parents or guardians who intend to transfer their child using one of the transfer options. The parent or guardian who intends to transfer his or her child shall send initial notification to DESE by March 1 for enrollment in the subsequent school year. DESE shall assign transfer students as space allows.

When assigning students to approved charter schools, the DESE shall coordinate with each approved charter school and its admissions process if capacity is insufficient to enroll all students who submit a timely application. An approved charter school shall not be required to receive any transfer student that would require it to institute a lottery procedure for determining the admission of resident students. DESE shall give first priority to students who live in the same household with family members within the first or second degree of consanguinity or affinity who have already transferred and who apply to transfer to the same accredited school. If insufficient grade-appropriate enrollment slots are available for a student to transfer, that student shall receive first priority the following school year.

DESE shall consider the following factors in assigning schools: the student's or parent's choice of the receiving school, which shall be the most important factor; the best interests of the student; availability of transportation funding; and distance and travel time. DESE shall not consider student academic performance; free and reduced price lunch status; or athletic ability in assigning a student to a school.

DESE may deny a transfer to a student, who in the most recent school year, has been suspended from school two or more times or has been suspended for an act of school violence, as specified in the act. A student who is denied a transfer for this reason has the right to an in-person meeting with a representative of DESE. DESE shall develop administrative guidelines to provide common standards for determining disruptive behavior that shall include criteria under the Safe Schools Act.

FISCAL DESCRIPTION (continued)

These provisions contain an emergency clause.

CHARTER SCHOOLS (Section 160.400):

Under this act, charter schools may be operated in a charter county or in an urban school district as defined in section 160.011.

ESTABLISHING A CHARTER (Section 160.405):

Current law requires a person, group, or organization seeking to establish a charter school to submit the proposed charter to a sponsor. The charter shall include a legally binding performance contract that describes the obligations and responsibilities of the school and the sponsor and shall, under this act, address the term of the charter, which shall be five years and may be renewed for a five-year term. However, if a charter school underperforms for two of the three consecutive years immediately before a decision whether to renew the school's charter is made, such renewal shall only be for three years. If the charter school again underperforms for two years of the three-year term, the school's charter shall not be renewed.

Under current law, a charter school, per its charter, must be financially accountable. A charter school that receives local educational agency status must meet the requirements imposed by the Elementary and Secondary Education Act for audits of such agencies and comply with all federal audit requirements for charters with local educational agency status. Under this act, charter schools must make the results of such audits available on their website.

A charter school must also seek to ensure that the percentage of its students who perform proficient and advanced on the annual statewide system of assessments in English language arts and mathematics is equal to or higher than the average percentage of grade-level-equivalent students attending nonselective attendance centers in the school district in which the charter school is located who perform proficient and advanced in English language arts and mathematics.

A sponsor shall revoke a charter or take other appropriate remedial action, which may include placing the charter school on probationary status for no more than 24 months, at any time if the charter school underperforms for at least two years.

Current law requires a sponsor to confirm that each charter school they sponsor is in material compliance and remains in material compliance with the charter and with statute. Under this act, the sponsor's renewal process of the charter school must consider if the charter school has underperformed for two of the three consecutive years immediately before a decision whether to renew the school's charter is made.

### FISCAL DESCRIPTION (continued)

The sponsor of a charter school is required to submit a revised charter application to the State Board for review beginning August first during the year in which a charter is considered for renewal, which shall include a financial audit performed by an independent third party and be paid for by the charter school.

### POLITICAL SUBDIVISIONS (Section 160.422)

Under this act, a city not within a county shall not adopt, enforce, impose, or administer an ordinance, local policy, or local resolution that prohibits property sold, leased, or transferred by the city not within a county from being used for any lawful education purpose by a charter school. A city not within a county may not impose, enforce, or apply any deed restriction that expressly, or by its operation, prohibits property sold, leased, or transferred by the city not within the county from being used for any lawful educational purpose by a charter school.

If a city not within a county offers property of the political subdivision for sale, lease, or rent, the city not within a county shall not refuse to sell, lease, or rent to a charter school solely because the charter school intends to use the property for an educational purpose

### DUAL CREDIT AND DUAL ENROLLMENT (Section 160.545)

This act modifies the A+ Schools program by adding a requirement that high schools in the program shall demonstrate a commitment to ensure that all students earn credits towards any type of college degree while in high school. The Department of Higher Education shall establish a procedure for the reimbursement of the cost of tuition and fees for any dual-credit or dual-enrollment course offered to a student in high school in association with a public community college or vocational or technical school.

Currently, to be eligible for the program, a student must have attended a high school in Missouri for at least three years prior to graduation. This act provides that the student must have attended a high school in the state for at least two years.

The Department shall, under this act, distribute reimbursements first to community college or vocational or technical school students, then to any dual-credit or dual-enrollment students, on the basis of financial need.

### BACKGROUND CHECKS (Section 168.133)

Under this act, school districts and charter schools are required to conduct a criminal background check on screened volunteers, which shall mean any person who assists a school by providing uncompensated service and who may be left alone with students. Volunteers that are not screened shall not be left alone with a student or have access to student records.

FISCAL DESCRIPTION (continued)

MAKE-UP DAYS (Section 171.033)

This act exempts school districts from the required number of days school districts are required to make up for days lost due to inclement weather for the 2018-2019 school year. Under this act, school districts would only be required to make up six days lost due to inclement weather, rather than six days plus half the number of days lost in excess of six days.

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  
Department of Higher Education  
Springfield Public Schools  
Missouri State University  
State Technical College of Missouri  
University of Missouri System  
Department of Public Safety - Missouri Highway Patrol  
Francis Howell School District  
Wellsville-Middletown R-1 School District  
Osborn R-O School District  
Office of the Secretary of State  
Joint Committee on Administrative Rules



Kyle Rieman  
Director  
April 24, 2019

Ross Strobe  
Assistant Director  
April 24, 2019