

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1694-02
Bill No.: HCS for HB 924
Subject: Elementary and Secondary Education
Type: Original
Date: March 11, 2019

Bill Summary: This proposal modifies provisions relating to charter schools.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	(\$20,000)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$20,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
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 2020	FY 2021	FY 2022
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from **Department of Elementary and Secondary Education (DESE)** estimate this proposal will result in one-time costs of \$20,000 for programming the mobility calculation.

Officials from the **Office of the State Auditor (SAO)** state due to the removal of the language that references Chapter 29, this version should have no fiscal impact on the SAO.

Oversight notes based on the previous version, the SAO assumed, due to the reference to Chapter 29, that the SAO would still be required to perform the audits. Oversight notes the reference to Chapter 29 has been removed from this version. Oversight assumes there will be no impact to the SAO.

Officials from the **University of Missouri System** assume the proposal will have no fiscal impact on their organization.

Oversight will show a cost to charter schools for financial audits.

Oversight received no responses from charter schools related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, charter schools were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE			
<u>Cost - DESE - programming cost</u>	<u>(\$20,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$20,000)</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2020
(10 Mo.)

FY 2021

FY 2022

CHARTER SCHOOLS

Cost - to Charter Schools - payment of
financial audits

\$0 or Unknown

\$0 or Unknown

\$0 or Unknown

**ESTIMATED NET EFFECT ON
CHARTER SCHOOLS**

\$0 or Unknown

\$0 or Unknown

\$0 or Unknown

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 provisions relating to charter schools. The bill limits a sponsor of a charter school that fails to receive renewal of its charter after the three-year term shall not sponsor any new charter schools until the State Board of Education has determined that the sponsor was in compliance for any charter school it sponsored at the time a charter school failed to receive renewal (Section 160.400).

The bill states that an underperforming school includes those in which the percentage of the charter school's students who perform proficient and advanced on the annual statewide system of assessments in English language arts and mathematics is lower than the average percentage of grade-level-equivalent students in district in which it is located who perform proficient and advanced in English language arts and mathematics.

A charter school is not considered underperforming if the average rate of growth in English language arts and mathematics on the annual statewide assessment is higher than the average rate of growth for grade-level-equivalent students in the school district or is comprised of high risk students of which 50% or more were previously considered dropouts (Section 160.404).

This bill allows a charter school to renew for a five-year term. Application for renewal shall include a financial audit performed by an independent third party and paid for by the charter district. If a charter school underperforms two of three years before renewal then any renewal granted shall be for only a three-year term. A charter may also be revoked for underperformance of two years.

FISCAL DESCRIPTION (continued)

The bill requires that charter schools include in their charter that they will seek to ensure that the percentage of its students who perform proficient and advanced on the annual statewide system of assessments in English and mathematics is equal to or higher than the average percentage of grade level-equivalent students attending attendance centers in the school district in which it is located (Section 160.405).

This bill defines "student mobility ratio" for districts as a calculation of the number of students enrolling or withdrawing for reasons other than academic promotion over the total number of students. This bill requires student mobility ratio to be calculated annually by Department of Elementary and Secondary Education (DESE) and a study to be conducted and made available on the department website (Section 160.407).

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
Office of the State Auditor
University of Missouri System

Kyle Rieman
Director
March 11, 2019



Ross Strobe
Assistant Director
March 11, 2019