

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2426-01
Bill No.: HB 1212
Subject: Elementary and Secondary Education
Type: Original
Date: April 8, 2019

Bill Summary: This proposal modifies provisions relating to Bryce's Law.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	\$0 or (\$67,933 to \$372,555)	\$0 or (\$71,632 to \$391,846)	\$0 or (\$72,356 to \$395,681)
Total Estimated Net Effect on General Revenue	\$0 or (\$67,933 to \$372,555)	\$0 or (\$71,632 to \$391,846)	\$0 or (\$72,356 to \$395,681)

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 6 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
General Revenue	0 or 1 to 5 FTE	0 or 1 to 5 FTE	0 or 1 to 5 FTE
Total Estimated Net Effect on FTE	0 or 1 to 5 FTE	0 or 1 to 5 FTE	0 or 1 to 5 FTE

☒ 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	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the proposal will result in no cost to the department.

Officials from the **Office of the State Treasurer (STO)** state the STO does not operate a program like Bryce's Law described in HB 1212 and does not currently have the resources to absorb these duties. STO anticipates a minimum of five (5) FTEs being required to perform the functions noted in the bill.

STO has assigned these costs to the General Revenue Fund as these duties are beyond the scope of permitted expenditures from the State Treasurer's General Operations Fund pursuant to Section 30.605, RSMo, which authorizes the Treasurer to retain interest to fund the office functions pertaining to the management of state funds. The basis point cap included within this section cannot absorb additional functions without being raised above 15 basis points.

Because of these duties assigned in HB 1212 the State Treasurer's Office is requesting 5 FTEs and \$372,555 in FY 2020, \$391,846 in FY 2021, and \$395,681 in FY 2022.

Oversight notes Senate Bill 17 (2013) created the Autism Spectrum Disorder Program in Section 161.825, RSMo. The Missouri Department of Elementary and Secondary Education (DESE) currently administers the Autism Spectrum Disorder Program. The program establishes a process for charitable organizations to become scholarship granting organizations to assist individuals, 21 years old and younger, diagnosed with autism spectrum disorder, Down syndrome, Angelman syndrome, dyslexia or cerebral palsy. House Bill 1614 (2014) expanded Section 161.825, RSMo to include dyslexia as a qualifying need.

The proposed version of the original bill containing Bryce's Law, HB 458 (2013) included an eighty percent income tax credit for the donation to a charitable organization. The tax credit was to be the effective funding mechanism for the program. However, the tax credit was reduced to fifty percent in the House Committee Substitute and then eliminated completely during Perfection. The provisions of Bryce's Law were added to SB 17 (2013) as a House amendment and later retained in the Conference Committee Substitute.

The provisions in Section 161.825, RSMo, include an automatic sunset six years from the effective date; and the program is set to sunset on December 31, 2019 unless the program is reauthorized by the General Assembly. Oversight notes this proposal removes the sunset provision; however, it does not contain a funding mechanism.

ASSUMPTION (continued)

In response to a sunset inquiry, **DESE** stated the program has not been utilized and does not currently have dedicated FTE. Only one organization applied for and was approved as a scholarship granting organization, the Down Syndrome Association of Greater St. Louis (DSAGSL); however, no scholarships were granted under this program.

DESE stated that they did not receive funding for the program, nor have they ever requested it during the budget process since the enactment of SB 17 (2013). DESE's fiscal note response for SB 17 (2013) indicated the need for one FTE supervisor (at \$47,472) and two FTE administrative assistants (each at \$32,064). DESE noted that if they were to make a request for funding, it would likely be for one supervisory FTE that could provide more frequent information to the field and could seek out sponsoring organizations.

Oversight notes, since inception, there has only been one organization authorized as a scholarship granting organization. On brief review of charitable organizations offering services to students with disabilities during the sunset inquiry, many offer financial aid, grants or scholarships directly to clients without the compliance requirements of this program. Currently, there is little incentive for charitable organizations to participate in the program. Additionally, DESE has had limited success and resources in actively seeking financial resources for scholarship funds or clinical trials.

Oversight assumes due to the lack of participation in the exiting program it could be administered with one FTE. However, Oversight notes the STO indicated they do not currently operate a program similar to Bryce's Law. Therefore, Oversight assumes the STO may need more FTE to administer the program.

Additionally, **Oversight** notes, since its enactment in 2013, the program has not received an appropriation. Therefore, Oversight will show a range of impact of \$0 (no appropriation) to one FTE (as indicated by DESE in response to a sunset inquiry) up to 5 FTE (one Director at \$84,925, three analysts at \$39,708 per analyst and one clerk at \$24,744) as noted by the STO.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE			
<u>Cost - STO - administration of Bryce's Law Program</u>			
Personal Service	\$0 or (\$33,090 to \$190,661)	\$0 or (\$40,105 to \$231,081)	\$0 or (\$40,506 to \$233,392)
Fringe Benefits	\$0 or (\$20,593 to \$110,644)	\$0 or (\$24,832 to \$133,470)	\$0 or (\$24,954 to \$134,175)
Equipment and Expense	\$0 or (\$14,250 to \$71,250)	\$0 or (\$6,695 to \$27,295)	\$0 or (\$6,896 to \$28,114)
<u>Total Cost - STO</u>	<u>\$0 or (\$67,933 to \$372,555)</u>	<u>\$0 or (\$71,632 to \$391,846)</u>	<u>\$0 or (\$72,356 to \$395,681)</u>
FTE Change - STO	0 or 1 to 5 FTE	0 or 1 to 5 FTE	0 or 1 to 5 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 or (\$67,933 to \$372,555)</u>	<u>\$0 or (\$71,632 to \$391,846)</u>	<u>\$0 or (\$72,356 to \$395,681)</u>
Estimated Net FTE Change for General Revenue	0 or 1 to 5 FTE	0 or 1 to 5 FTE	0 or 1 to 5 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</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 would modify the section of law known as "Bryce's Law" by changing the definition of "Department" from the Department of Elementary and Secondary Education (DESE) to the office of the State Treasurer. The bill also removes the Sunset Provision for Section 161.825, RSMo.

FISCAL DESCRIPTION (continued)

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 Treasurer



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April 8, 2019

Ross Strobe
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April 8, 2019