

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3034-02
Bill No.: HB 1317
Subject: Elementary and Secondary Education Department; Education, Elementary and Secondary; Teachers
Type: Original
Date: January 21, 2020

Bill Summary: This proposal modifies provisions relating to services and programs for gifted children.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
School Districts	\$0 to could exceed (\$6,888,675)	\$0 to could exceed (\$6,888,675)	\$0 to could exceed (\$6,888,675)

FISCAL ANALYSIS

ASSUMPTION

Section 162.720

Officials from the **Department of Elementary and Secondary Education** stated this proposal would have no direct fiscal impact on their department.

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

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

Officials from the **Secretary of State (SOS)** stated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

Because of the consistent response and lack of contrary information, **Oversight** will show no direct fiscal impact for state government.

Officials from the **Fayette R-III** school district said the annual cost of this proposal is \$50,000, and would increase each year. It would be the cost to hire a gifted teacher plus any required assessments.

In response to a similar proposal, HB 112 (2019), officials from the **Wellsville-Middletown R-1** School District assumed the proposal had the potential to have a substantial negative fiscal impact.

In response to a similar proposal, HB 112 (2019), officials from the **Lee's Summit R-7** School District assumed the proposal would be of no cost to the district because we have a

ASSUMPTION (continued)

state-approved program.

In response to a similar proposal, HB 112 (2019), **Springfield Public Schools** assumed the cost to the district would be for additional professional development for non-certificated gifted teachers. The program already exists in our district but this change would create a mandate for districts. Additional cost above current expenditure is negligible.

Oversight notes, per information from DESE's 2019 Gifted Advisory Council (GAC) Biennial Report, 239 out of 528 Missouri school districts offered gifted programs in 2018, spending \$42,968,610 for these programs. Also, per the report, the state reimburses \$24,870,140 annually, which the amount has remained static since 2006. Therefore, Oversight will assume the costs for this expansion will be borne by the school districts. DESE provided there were 37,475 identified students in Missouri, and that 5,199 identified students were unserved. However, the GAC reports and statistics from the National Center for Education Statistics show there are likely more unidentified unserved gifted students in Missouri.

Oversight estimates gifted spending is approximately \$1325 per gifted student ($\$42,968,610 / 32,276$). If there are 5,199 unserved identified gifted students cost \$1325 to educate, Oversight estimates \$6,888,675 to provide gifted education to every unserved identified gifted student.

Oversight notes that the GAC reports show that districts with gifted programs identify gifted students at higher rates than districts without gifted programs. Oversight does not have sufficient data to firmly estimate a specific number of unidentified unserved gifted students, but will create an instructive estimate based on national statistics.

Oversight notes that in 2014, The National Center for Education Statistics (NCES) found states identified 6.7% of their public school students as gifted. 6.7% of Missouri's 883,703 students is 59,208 gifted students. To match the NCES identified gifted student population average, Missouri would need to identify 11,335 ($(.067 \times 883,703) - 5,199$ identified gifted students) more students as gifted. Furthermore, to provide gifted services to every currently identified and unidentified gifted student would cost \$21,907,684 ($(11,335 \text{ estimated unidentified gifted students} + 5,199 \text{ identified gifted students}) \times \$1325 \text{ cost per student}$).

Alternately, **Oversight** will estimate the cost of each district establishing a gifted program. If the 289 districts without a gifted program each hired one \$50,000 a year teacher to establish a gifted program, this proposal would have a \$14,450,000 local net direct fiscal impact. Last, DESE recommends a maximum of 90 gifted students per full time teacher, which is a \$6,000,000 direct fiscal impact for 120 teachers, but is likely low because that would likely require some districts

ASSUMPTION (continued)

to share a teacher.

Oversight received a limited number of responses from school districts 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, other school districts were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
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SCHOOL DISTRICTS

<u>Cost</u> - to School Districts - requirement to establish gifted programs - \$162,720	\$0 to could exceed <u>(\$6,888,675)</u>	\$0 to could exceed <u>(\$6,888,675)</u>	\$0 to could exceed <u>(\$6,888,675)</u>
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ESTIMATED NET EFFECT ON SCHOOLS DISTRICTS	\$0 to could exceed <u>(\$6,888,675)</u>	\$0 to could exceed <u>(\$6,888,675)</u>	\$0 to could exceed <u>(\$6,888,675)</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Section 162.720 requires school districts to establish a state-approved gifted program if 3% or more of the students are determined to be gifted. Gifted teachers must be certified in gifted education, except districts with average daily attendance of 350 or less are not required to have teachers certified to teach gifted education. Any teacher providing gifted instruction without a gifted-teaching certificate must participate in six clock-hours per year of professional development regarding gifted services.

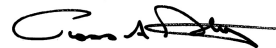
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Joint Committee on Administrative Rules
Secretary of State
Fayette R-III School District
Wellsville-Middletown R-1 School District
Lee's Summit R-7 School District
Springfield R-12 School District



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January 21, 2020



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