

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3343-07
Bill No.: SCS for HCS for HB 1540
Subject: Children and Minors; Education, Elementary and Secondary; Elementary and Secondary Education Department; Teachers; Education, Higher
Type: Original
Date: May 13, 2020

Bill Summary: This proposal modifies provisions relating to education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	(\$1,306,075) to (Could exceed \$13,142,400)	(\$2,383,436) to (Could exceed \$36,585,000)	(\$3,361,463 to (Could exceed \$36,585,000)
Total Estimated Net Effect on General Revenue	(\$1,306,075) to (Could exceed \$13,142,400)	(\$2,383,436) to (Could exceed \$36,585,000)	(\$3,361,463) to (Could exceed \$36,585,000)

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 21 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
High Need Fund	Up to (\$25,503)	Up to (\$25,503)	Up to (\$25,503)
College & University Funds	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 or (Could exceed \$25,503) to Unknown	\$0 or (Could exceed \$25,503) to Unknown	\$0 or (Could exceed \$25,503) to Unknown

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
Local Government	(Unknown - potentially significant)	(Unknown - potentially significant)	(Unknown - potentially significant)

FISCAL ANALYSIS

ASSUMPTION

Bill as a whole

Due to time constraints, **Oversight** was unable to receive some of the agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials from **City of Kansas City, Department of Higher Education and Workforce Development, Department of Natural Resources, Department of Social Services, Department of Revenue - Motor Vehicle, Office of Prosecution Services, State Public Defender, and University of Central Missouri** assume this proposal has no fiscal impact.

§ 115.646 - Ban on expenditure of public funds to advocate

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this proposal has no fiscal impact.

In response to SB 802, officials from the **Missouri Ethics Commission** assumed the proposal will have no fiscal impact on their respective organizations.

In response to SB 802, officials from the **Kansas City Election Board, Platte County Board of Elections, Jackson County Election Board, and St. Louis County Board of Elections** each assumed the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

§ 160.263 - Seclusion and Restraint

DESE estimates a one-time expense of \$62,400 and yearly maintenance of \$5,000 thereafter to securely collect and compile the data. Below is the breakdown.

ASSUMPTION (continued)

Development \$ 38,400
Project Management \$ 24,000
Subtotal 1 time cost \$62,400

Yearly Maintenance **\$5,000**

§§ 160.400, 160.410, and 160.415 - Recovery Charter High Schools

Officials at the **Department of Elementary and Secondary Education** assume this proposal has no cost.

Oversight has no conflicting information, and will show no direct fiscal impact from this proposal.

Oversight received no responses from school districts or charters estimating the fiscal impact of this proposal, and presents 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.

In 2013, according to the [National Institute on Drug Abuse \(NIDA\)](#), 2.2 percent of 12th graders used alcohol on a daily basis, 6.5 percent of 12 graders used marijuana on a daily basis and 22.1 percent of high school seniors reported binge drinking. Per the NIDA, 8.6 percent of Americans needed treatment for a problem related to substance abuse in 2013.

Oversight assumes if 8.6 percent of the 4,172 students currently enrolled in the Kansas City Public School District (grades 9 through 12) needed substance use treatment, this could result in approximately 359 students being eligible to attend a recovery charter high school. Oversight assumes this number could be higher as non-resident students are also eligible to attend.

Based on the study, [Recovery High Schools: A Descriptive Study of Programs and Students](#), **Oversight** notes students were primarily referred to recovery high schools by treatment programs, parents and the juvenile justice system. Of the schools in the study, most had small enrollments ranging from 12 to 25 students with a median capacity of 35 students. The study indicated students reported a reduction in the use of drugs, an increase in attendance and a reduction in repeated problems with the law.

Oversight assumes new charter schools generally transfer state aid from public schools to charter schools, but that public schools may not see a 1:1 reduction in the fixed and variable costs

ASSUMPTION (continued)

associated with those students transferring out. Oversight also notes that such students recovering from substance use or dependancy may not regularly attend school, or may require more expensive attention from school. Because there are no responses, and several factors that may save or cost the district or the charter money, this note will show an Unknown to (Unknown) net direct fiscal impact to the Kansas City School District and charter schools.

Oversight notes the proposal is permissive, therefore Oversight will range the fiscal impact from \$0 (a recovery charter high school is not established) to the potential fiscal impacts.

§162.686 - Parent IEP recordings

Officials from **Department of Elementary and Secondary Education** assumed this proposal would have no fiscal impact on their organization.

In response to HB 1540 (2020), officials from the **Department of Labor and Industrial Relations** assumed the proposal would have no fiscal impact on their organization.

Because **Oversight** has no conflicting information, this note will show no fiscal impact.

§ 162.720 - Gifted education

In response to HB 1317, officials from the **Department of Elementary and Secondary Education** stated this amended proposal would have no direct fiscal impact on their department.

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

In response to HB 1317, 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 state-approved program.

ASSUMPTION (continued)

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 and charter schools. 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 the 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 public and charter students is 59,208 gifted students. To match the NCES identified gifted student population average, Missouri would need to identify 11,335 $((.067 \times 883,703) - 5,199 \text{ identified gifted students})$ 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 to share a teacher.

ASSUMPTION (continued)

§ 162.974 - High Need Fund

Officials from the **Department of Elementary and Secondary Education** state:

This proposal would make two specific changes to current law. Each of these changes will have impact as discussed below:

1) The first change adds the following sentence: "For any school district with an average daily attendance of five hundred students or fewer, the calculation of three times the current expenditure per average daily attendance shall not include any money reimbursed to a school district under this section."

This will result in an additional cost to the High Need Fund of \$25,503.

2) The second change adds the word "special" to section 162.974.1.

Adding the word "special" would allow DESE to deny any education costs (that are not special education costs) reported under the High Need Fund. The ability to deny reimbursement of these regular education costs will result in a savings to the state; however, DESE cannot calculate the extent of the savings.

In summary, the first change will result in an increased cost of approximately \$25,503; however, the second change will diminish this cost by some unknown amount.

Oversight adopts the Department's numbers, and will show a cost to the High Need Fund up to \$25,503.

§ 162.1255 - Competency based credit

Officials from the **Department of Education** assume this proposal has no fiscal impact.

Oversight assumes students currently taking competency based courses offered by school districts do not count toward average daily attendance for state aid purposes. Oversight notes the foundation formula was fully funded in FY 2021; however, Oversight is unable to predict whether it will be fully funded in future fiscal years. Oversight notes that if the foundation formula is not fully funded then any additional call to the foundation formula would not necessarily result in a cost to General Revenue or the State School Moneys Fund. Therefore, Oversight will show the impact as \$0 (not fully funded) to an unknown cost.

ASSUMPTION (continued)

§ 163.024 - Iron County School Fund ADA Environmental Penalty Exclusion

Officials from the **Department of Elementary and Secondary Education (DESE)** assumed this proposal would have no fiscal impact on their organization.

In response to the very similar earlier version, officials from the **Department of Natural Resources** assumed the proposal would have no fiscal impact on their organization.

Upon further inquiry, **DESE** stated the fines paid into the Iron County school fund are from Doe Run mine and if those fines had to be included in the districts local effort calculation it would result in a lower foundation formula to those districts.

That being said, the last time these same fines were paid, this exact same law was in place to prevent the large fine amount from devastating the amount of foundation formula the district would receive. So the reply was in reference to the fact that last time these same fines were paid they were not included as part of the local effort deduction.

But there would officially be a lower formula call if this law were not in place, but at this time we do not have enough information in order to estimate that.

Oversight notes the following school districts appear to be located in Iron County:

- South Iron County R-I School Districts (Hold Harmless)
- Arcadia Valley R-II
- Belleview R-III
- Iron County C-4 School District (Hold Harmless)

Per the Administrative Order on Consent No. APCP-2019-001 the penalty to be paid by the respondents is \$1,200,000 in three annual payments \$400,000.

Based on information provided by DESE, **Oversight** notes some of the school districts located in Iron County are considered hold harmless and the state aid payment would not change regardless of whether the fine revenue is included in the calculation of local effort for districts considered hold harmless.

However, two of the districts are not considered hold harmless and any fine revenue not included in the calculation of local effort as a result of this proposal would result in a dollar for dollar increase in the state aid calculation. Therefore, **Oversight** will show a range of impact from \$0

ASSUMPTION (continued)

(districts impacted are considered hold harmless) to a potential increased call to the foundation formula of up to \$400,000 due to additional fine revenue not being included in the calculation of local effort for districts that are not hold harmless.

§§ 166.400, 166.410, 166.415, 166.420, 166.425, 166.435, 166.440, 166.456 - Missouri Education Savings Program

Officials from **Office of the State Treasurer (STO)** assume this proposal expands the use of a Missouri MOST 529 account to include repayments of student loans, up to \$10,000 per borrower. Money contributed to a 529 account can be deducted from a Missourian's state tax liability. The loss of revenue is estimated at **\$783,675 in FY 2021, \$1,918,436 in FY 2022 and \$2,896,463 in FY 2023.**

Officials from the **DESE** assume the proposal will have no fiscal impact on their organization.

Officials from **Department of Revenue (DOR)** assume this proposal changes the name of the Missouri Education Savings Program to the Missouri Education Program. This changes is not expected to have a fiscal impact on the Department.

This proposal would remove the language "529(e)(5) of the Internal Revenue Code, and institutions of elementary and secondary education as provided in Sections 529(c)(7) and 529(e)(3) of the Internal Revenue Code, as amended" and replace it with "529 of the Internal Revenue Code, as amended;". 529 of the Internal Revenue Code allows for the repayment of principal and interest on student loans as an allowable expense. Therefore, a taxpayer would be allowed to run their student loan payment through their Missouri Education Savings Program Account (MOST account) and do it tax free.

Based on information from the Institute for College Access and Success, the average student loan debt in Missouri is \$27,108. Assuming an annual tax rate of 5.4%, and based on the number of Missouri filers who claim the student loan interest deduction (257,580) this would result in over \$36,000,000 loss to general revenue annually.

ASSUMPTION (continued)

\$27,000 student loan amount = \$225 per month payment
X 5.4% tax rate
\$12.15 monthly tax loss
X 12 months
\$145.80 total tax loss per person per year
X 227,580
\$37,555,164 loss to the state

The Department notes this proposal would become effective August 28, 2020 and therefore only four months of payments would be claimed in FY 2021. The first full year of loss would occur in FY 2022.

FY 21 \$12,500,000
FY 22 \$36,000,000
FY 23 \$36,000,000

DOR would require a line to be added to the form and computer programming changes.

Oversight assumes these provisions rename the Missouri Education Savings Program to the Missouri Education Program and expands how monies in the 529 funds can be utilized. The Federal Setting Every Community Up for Retirement (SECURE) Act of 2019 made changes to the 529 plans. Previously, the plan could be utilized to pay for postsecondary education expenses, and then in 2017 the program was amended to add expenses for institutions of elementary and secondary education. The changes in this proposal would again expand the allowable uses for 529 funds to include any “eligible educational institution as defined in Section 529 of the Internal Revenue Code, as amended.”

The 2019 SECURE Act added provisions that allow 529 monies to be used to repay student loans as well as for apprenticeships. Currently, taxpayers who contribute to a Missouri MOST 529 account are allowed a state income tax deduction up to a specified level. Therefore, if an individual contributes \$8,000 per year to their MOST account, and then uses those contributions to repay their student loan, the taxpayer will receive approximately a \$432 ($\$8,000 \times 5.4\%$ Missouri tax rate) savings on their Missouri income tax return. Oversight does not have data to estimate how many Missourians will utilize this new program expansion to run their student loan repayments through their Missouri MOST account to take advantage of the income tax benefits. Oversight will range the cost from the estimates provided by STO to the estimates provided by DOR.

ASSUMPTION (continued)

§ 167.171 - Superintendent's designee suspension powers

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this proposal will have no fiscal impact on their organization.

Oversight has no conflicting information, and will show no fiscal impact.

§ 167.263, 167.268, 167.645 - Reading success plans

In response to SB 966, officials from the **Department of Elementary and Secondary Education, Department of Higher Education and Workforce Development, State Technical College of Missouri, and University of Missouri System** assumed this proposal has no direct fiscal impact on their agencies.

In response to a similar HB 2470 (2020), the **Park Hills School District** anticipated a fiscal impact to hire additional staff to implement and monitor the extended requirements. Estimated cost would exceed \$100,000 annually.

In response to a similar HB 2470 (2020), the **Shell Knob School District** assumed that bill would have a negative fiscal impact.

In response to a similar HB 2470 (2020), the **Wellsville -Middletown School District** estimated needing at least one possibly two additional elementary teachers, at a cost of \$92,000 per year.

Oversight extrapolated from these two data points that this proposal requires a certified staff percentage increase between .7% and 8.3% .

Information from DESE shows there are 33,112 elementary classroom teachers in the state's public schools. School districts may have to hire between 231 (33,112 staff X .007) and 2,748 (33,112 staff X .083) teachers to fulfill the requirements of this bill. Missouri's average teacher salary is \$48,293.

Assuming teachers are paid average wages, and districts collectively hire between 231 and 2,748 teachers, **Oversight** assumes there could be a cost of \$11,155,683 (231 x \$48,293) to \$132,709,164 (2,748 x \$48,293) to local governments, and no direct fiscal impact to state government. However, **Oversight** has received a very limited number of responses from school districts related to the fiscal impact of this proposal. Oversight is unsure of the ability of other (non-responding) school districts to implement the provisions of this bill. However, Oversight

ASSUMPTION (continued)

assumes additional resources, namely additional teacher time and instruction, will be required to implement these changes. Therefore, until we get a more reflective number of fiscal impact estimates, Oversight will reflect an unknown - potentially significant fiscal impact (cost) to local school districts.

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.

Oversight notes that according to DESE information, Park Hill School District elementary schools have 440 elementary teachers, and Wellsville-Middletown elementary school has 24 teachers. Oversight assumes they are respectively hiring three teachers, and two teachers.

§ 167.730 - Individualized reading plans and summer school

In response to SB 626, officials from the **Department of Elementary and Secondary Education** assumed this proposal will have no direct fiscal impact on their agencies.

In response to SB 626, officials from the **St. Louis City Public Schools** said they are already performing the requirements of this bill, and it would have no fiscal impact.

Because of the consistent response and lack of conflicting information, **Oversight** assumes this bill has no direct fiscal impact on state government. However, because the St. Louis City Public School District policies do not reflect their response, and this bill tends to increase the level of testing required, Oversight will show a potential (Unknown) fiscal impact to the St. Louis School District and charter schools within that district beginning in the 2021-2022 school year.

§ 167.790 - No state funds to activities associations barring homeschool students

Officials from the **Department of Elementary and Secondary Education** assume this proposal has no fiscal impact.

Officials from the **Wellsville-Middletown School District** assume that allowing home schooled students to participate in extracurricular activities has the potential to be expensive for public schools who must maintain verifiable grades, attendance and behavior/citizenship standards.

In response to a similar proposal, officials from the **Gasconade County R-I School District**

ASSUMPTION (continued)

assumed this proposal would reduce student accountability to the district.

In response to a similar proposal, officials from the **Shell Knob School District** assumed this bill has no impact.

In response to the similar SB 130 (2019), officials from the **Sherwood-Cass R-VIII School District** assumed the cost to the school districts would be the loss of revenue from hosting competitions, concession sales, and miscellaneous revenues through fund-raising and other methods.

In response to the similar SB 130 (2019), officials from the **Springfield Public Schools** assumed a cost of \$75,000 for administrative support to monitor eligibility and other factors for students who are not enrolled in the district and other costs that would result from expanded need for contests due to increased participation. The district has 14 schools with athletics so this would require dedicated staff time.

In response to the similar SB 130 (2019), officials from the **Lee's Summit R-7 School District** assumed the proposal will have no fiscal impact on their organization as the Missouri State High School Activities Association does have guidelines and our district does allow these students to participate.

Oversight assumes school compliance with the provisions in this proposal, and that they will continue to receive state funding. Therefore, Oversight will not reflect a savings to the state from reduced foundation formula spending.

Oversight notes the Missouri State High School Activities Association (MSHSAA) does allow some non-traditional students to participate if they meet certain criteria including in-class seat time per the MSHSAA Handbook; however, Oversight assumes that strictly home-schooled students would be ineligible to participate. Oversight notes some districts indicated a negative fiscal impact due to loss of revenue from hosting competitions, concession sales and fund-raising or administrative costs to track eligibility.

Based upon the responses from various school districts, Oversight will show a range of impacts from \$0 to (Unknown cumulative fiscal impact that could exceed \$100,000) to school districts.

ASSUMPTION (continued)

§ 168.205 - Superintendent sharing

Officials from the **Department of Elementary and Secondary Education** state that because DESE is unsure of how many school districts will participate, DESE will provide a range for the estimated impact of \$1,350,000 to \$8,340,000. Shown below are the estimated impacts based on different levels of participation.

Assuming only districts under 600 ADA participate it would cost an additional \$8,340,000.
Assuming only districts under 350 ADA participate it would cost an additional \$5,910,000.
Assuming only districts under 200 ADA participate it would cost an additional \$3,450,000.
Assuming only districts under 100 ADA participate it would cost an additional \$1,350,000.

Oversight received no responses from school districts estimating the fiscal impact of this proposal, and presents 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 assumes that districts who share superintendents could end up paying less overall for a superintendent, but that superintendent candidates would likely demand more money to perform superintendent duties for more than one district.

Oversight assumes the number of school districts that agree to share a superintendent will not reach the levels in DESE's response above. Oversight notes Section 168.205 (allowing the sharing of superintendents by multiple school districts) was enacted in 2014 (SB 701).

Upon inquiry, DESE stated that currently, there is only one superintendent that is shared between school districts. The Malta Bend R5 School District and the Hardeman R-10 School District have such an agreement (Paul Vaillencourt). Therefore, Oversight assumes, with this proposal, that each of those two school districts will receive an additional \$30,000 in state funding.

Therefore, Oversight will present a range of \$60,000 to possibly an additional two new districts (for a total of $3 \times \$60,000 = \$180,000$) making such an arrangement.

ASSUMPTION (continued)

Section 174.281 and 174.453 Southeast Missouri State University

In response to a similar proposal, HB 2151 (2020), officials from the **Department of Higher Education and Workforce Development** and the **University of Missouri System** each assumed the proposal would have no fiscal impact on their respective organization.

In response to a similar proposal, HCS for HB 2151 (2020), officials from **Southeast Missouri State University (SEMO)** state there is a potential positive impact of an undetermined amount on Southeast Missouri State University, which is revenue that may come due to any enrollment increases realized in programs related to the statewide mission designation. The University is not seeking any additional appropriations via this legislation to implement the statewide mission. This is consistent with other institutions of higher education in Missouri that have a statewide mission in that the mere fact a school has a statewide mission does not mean additional state support has always followed to implement it. Therefore, any positive impact an institution may experience would likely be the result of actions at the institutional level such as increased marketing, new students, program enhancements, etc. and not necessarily the result of new money from the state. The statewide mission designation made the subject of this legislation has been unanimously endorsed by the Coordinating Board for Higher Education, and it does not duplicate a mission of any other institution of higher education in Missouri that has been granted a statewide mission.

Oversight notes that SEMO stated the proposal would have a positive fiscal impact on their organization. However, Oversight assumes there could be costs associated with implementing the statewide mission. Therefore, Oversight will show a range of impact of \$0 (statewide mission not implemented) to an unknown increase in revenue from the expansion of its statewide mission to an unknown cost to implement the statewide mission.

Section 174.290 Harris-Stowe STEM Designation

Oversight assumes this provision designates Harris-Stowe State University as an institution with a statewide mission in science, technology, engineering and mathematics. Oversight assumes the provision may impact Harris-Stowe similarly to SEMO from §174.281 above.

ASSUMPTION (continued)

Rule Promulgation

Officials at the **Joint Committee on Administrative Rules** say the legislation is not anticipated to cause a fiscal impact to the Joint Committee on Administrative Rules beyond its current appropriation.

Officials at the **Office of the Secretary of State** say 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.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE			
<u>Cost - § 160.263: DESE Seclusion and Restraint ITSD Changes</u> p. 4	(\$62,400)	(\$5,000)	(\$5,000)
<u>Costs - §162.1255 DESE - potential increase in foundation formula call for completed competency-based credits</u> p. 7	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost - increased call to the foundation formula if the increase in specific fine revenue is not include in the calculation of local effort - §163.024 p. 8-9</u>	\$0 or (Up to \$400,000)	\$0 or (Up to \$400,000)	\$0 or (Up to \$400,000)
<u>Cost - STO / DOR - expansion of the Missouri 529 plan</u> §166.400 to 166.456 p. 9	(Unknown, \$783,675 to Could exceed \$12,500,000)	(Unknown, \$1,918,436 to Could exceed \$36,000,000)	(Unknown, \$2,896,463 to Could exceed \$36,000,000)
<u>Transfer Out - GR transfer to Schools - §168.205</u> p. 13	(\$60,000) to could exceed <u>(\$180,000)</u>	(\$60,000) to could exceed <u>(\$180,000)</u>	(\$60,000) to could exceed <u>(\$180,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$1,306,075) to (Could exceed <u>\$13,142,400</u>)	(\$2,383,436) to (Could exceed <u>\$36,585,000</u>)	(\$3,361,463) to (Could exceed <u>\$36,585,000</u>)

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
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COLLEGE & UNIVERSITY FUNDS

<u>Cost/Revenue</u> - increase in potential cost and/or revenue for SEMO and/or Harris-Stowe from expansion of statewide mission(s) p. 13	\$0 or (Unknown) to <u>Unknown</u>	\$0 or (Unknown) to <u>Unknown</u>	\$0 or (Unknown) to <u>Unknown</u>
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ESTIMATED NET EFFECT ON COLLEGE & UNIVERSITY FUNDS	\$0 or (Unknown) to <u>Unknown</u>	\$0 or (Unknown) to <u>Unknown</u>	\$0 or (Unknown) to <u>Unknown</u>
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OTHER STATE FUNDS - HIGH NEEDS FUND

<u>Cost - § 162.974: ADA calculation change</u>	(\$25,503)	(\$25,503)	(\$25,503)
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<u>Savings - § 162.974: No “Special” reimbursement</u>	<u>Up to \$25,503</u>	<u>Up to \$25,503</u>	<u>Up to \$25,503</u>
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NET FISCAL IMPACT TO OTHER STATE FUNDS	<u>Up to (\$25,503)</u>	<u>Up to (\$25,503)</u>	<u>Up to (\$25,503)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
SCHOOL DISTRICTS			
<u>Cost</u> - changes to seclusion and restraint polices - §160.263	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Cost avoidance</u> - Kansas City School District cost to educate students - now attending recovery charter § 160.400, 160.410, 160.415	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - Kansas City School District Tuition to charter § 160.400, 160.410, 160.415	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - Recovery Charter schools cost to educate students § 160.400, 160.410, 160.415	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue</u> - Charter Schools Tuition from public schools and other states § 160.400, 160.410, 160.415	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Income</u> - § 162.1255 potential increase in foundation formula call for completed competency-based credits	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> - §162.720: to School Districts - requirement to establish gifted programs	\$0	\$0	\$0 to could exceed (\$6,888,675)
<u>Revenue</u> - increase in state aid payments to impacted school districts - §163.024	\$0 or Up to \$400,000	\$0 or Up to \$400,000	\$0 or Up to \$400,000

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
SCHOOL DISTRICTS			
<u>Cost § 167.263</u> : Reading success plans for individual students.	(Unknown - potentially significant)	(Unknown - potentially significant)	(Unknown - potentially significant)
<u>Cost - § 167.730</u> : St. Louis Public School District Testing, individualized reading plans and summer school	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Loss of Revenue</u> - prohibition of participation in a statewide activities association - §167.790	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost</u> - administrative cost to track and determine eligibility - §167.790	\$0 or (Could exceed \$100,000)	\$0 or (Could exceed \$100,000)	\$0 or (Could exceed \$100,000)
<u>Transfer In</u> - GR transfer to school districts - §168.205	\$60,000 to could exceed <u>\$180,000</u>	\$60,000 to could exceed <u>\$180,000</u>	\$60,000 to could exceed <u>\$180,000</u>
SCHOOL DISTRICTS NET DIRECT FISCAL IMPACT	(Unknown - potentially significant)	(Unknown - potentially significant)	(Unknown - potentially significant)

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal modifies provision relating to elementary and secondary education and higher education.

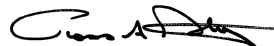
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

City of Kansas City
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Labor and Industrial Relations assumed
Department of Natural Resources
Department of Social Services
Department of Revenue - Motor Vehicle
Jackson County Election Board
Joint Committee on Administrative Rules
Kansas City Election Board
Lee's Summit R-7 School
Missouri Ethics Commission
Office of Prosecution Services
Park Hills School District
Platte County Board of Elections
Secretary of State
Shell Knob School District
Springfield Public Schools
State Public Defender
State Technical College of Missouri
St. Louis City Public Schools
St. Louis County Board of Elections
University of Central Missouri
University of Missouri System
Wellsville-Middletown School District



Julie Morff
Director
May 13, 2020



Ross Strobe
Assistant Director
May 13, 2020