

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4063-01
Bill No.: HB 2310
Subject: Education, Elementary and Secondary
Type: Original
Date: March 2, 2020

Bill Summary: This proposal establishes transfer procedures to nonresident districts for students in public schools.

FISCAL SUMMARY

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

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
Local Government	\$0	\$0	(Unknown) to Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education** assume the potential amount of student transfers cannot be estimated by DESE; therefore, the cost is unknown. Student transfers identified in the legislation could have a minimal impact on the state aid calculation depending on the amount of students transferring and to which district they transfer.

Officials from the **Shell Knob School District** assume this would have a negative fiscal impact.

Officials from the **Wellsville- Middletown R-1 School District** assume this bill has the potential to have a substantial negative fiscal impact on Missouri public schools. It will make long range planning virtually useless if a school can't realistically predict it's enrollment figures for the coming years due to the vagaries of this bill that would allow students to transfer with no usable notice to the districts.

Oversight notes this proposal bars students from transferring until FY 23. Because DESE assumes the number of transfers cannot be estimated, and the amount of state funding is district specific, this note shows an (Unknown) - Unknown for both general revenue and school districts. Oversight assumes that some districts would see a net negative direct fiscal impact, while others would see a net positive direct fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
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GENERAL REVENUE

<u>Transfer Out/Cost Avoidance</u> - non-resident transfers	\$0	\$0	(Unknown) - <u>Unknown</u>
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GENERAL REVENUE NET DIRECT FISCAL IMPACT	<u>\$0</u>	<u>\$0</u>	(Unknown) - <u>Unknown</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
SCHOOL DISTRICTS			
<u>Transfer in/Loss</u> - from General Revenue for non-resident transfers	\$0	\$0	(Unknown) - Unknown
<u>Savings/Cost</u> - non-resident transfers	<u>\$0</u>	<u>\$0</u>	(Unknown) - <u>Unknown</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICT FUNDS	<u>\$0</u>	<u>\$0</u>	(Unknown) - <u>Unknown</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Section 167.1200,RSMo

This bill defines "non-resident district" and "resident district".

Section 167.1205

The bill specifies that a student may attend school in any nonresident district. The nonresident district is not required to add teachers, staff, or classrooms to accommodate transfer applicants and the school may establish standards for transfer applications.

Section 167.1210

Beginning in school year 2022-23 students that transfer to a nonresident district may complete remaining school years as long as parents pay required tuition fees and provide transportation. The cost for tuition is based on the current expenditure per pupil of the nonresident district attended by a student transferring, compared to the current expenditure per pupil of the student's resident district, the parent of the student shall pay the nonresident district a tuition rate equal to the difference in such amounts for each school year the student attends school in the nonresident district. Changes to this calculation will be updated and notification provided to pupil's parents annually before August 1. Students who wish to attend nonresident schools that have an

FISCAL DESCRIPTION (continued)

academic or competitive entrance process shall furnish proof that they meet the admission requirements. The bill establishes when a student may be denied a transfer based on his or her discipline record and includes an appeal procedure.

Section 167.1215

The bill establishes that annually, before February 1, each school district shall set and publish the number of transfer students the district is willing to receive for the following school year. This number does not have to be more than zero.

he processes for a transfer application, and the details for notifications of acceptance or rejection are specified within the bill. The bill explains the reasons that an eligible application may be rejected and notification must be provided in writing by August 1 of the school year for which the student wishes to attend.

ENFORCEABLE DESEGREGATION EXEMPTION

Section 167.1220

This bill provides that, prior to April 1, a school district may annually declare an exemption for the upcoming school year, from the requirements set forth in this bill, provided that the school district is subject to a desegregation order or mandate of a federal court or agency remedying the effects of past racial segregation or subject to a settlement agreement remedying the effects of past racial segregation. Additional exemptions are specified for students who qualify for transfers under other listed sections.

This bill has a delayed effective date of July 1, 2021

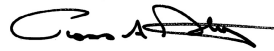
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Shell Knob School District
Wellsville- Middletown R-1 School District



Julie Morff
Director
March 2, 2020



Ross Strobe
Assistant Director
March 2, 2020