

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4787-01
Bill No.: HB 2174
Subject: Education, Elementary and Secondary; Education, Higher; Department of
Elementary and Secondary Education; Department of Higher Education and
Workforce Development; Teachers
Type: Original
Date: March 9, 2020

Bill Summary: This proposal modifies provisions governing workforce development in elementary and secondary education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	(\$2,169,488)	(\$2,169,488)	(\$2,169,488)
Total Estimated Net Effect on General Revenue	(\$2,169,488)	(\$2,169,488)	(\$2,169,488)

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 7 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	\$2,169,488	\$2,169,488	\$2,169,488

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume:

Section 162.1250

Increasing the attendance percentage from 94% to 95% and 47% to 47% will have a fiscal impact of increasing the amount owed to districts in the basic formula calculation. The department does not collect data in a manner to know the courses taken and then completed virtually, therefore, DESE estimates a cost of \$90,000 for all K-12 students.

Section 163.018

Including the attendance hours of pupils that attend a half-day early childhood education program in the calculation of ADA (average daily attendance) will result in a cost of \$2,079,488.

DESE used only those school districts with declining enrollment, who did not claim PK ADA in 2019, and included only districts that would be able to claim 10 or more students at the 4 percent max in the calculation of this estimate.

Officials from the **Office of the Secretary of State** assume that 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.

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

ASSUMPTION

Officials from the **Wellsville-Middletown R-I School District** do not see any substantial fiscal impact.

Oversight received few 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.

Oversight adopts DESE's assumptions and assumes no costs or savings to districts. Annually, Oversight will show (\$2,169,488) from GR, and \$2,169,488 to school districts.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
GENERAL REVENUE			
<u>Transfer out</u> - § 162.1250 virtual payment increase	(\$90,000)	(\$90,000)	(\$90,000)
<u>Transfer out</u> - § 163.018 early childhood payment increase	<u>(\$2,079,488)</u>	<u>(\$2,079,488)</u>	<u>(\$2,079,488)</u>
NET EFFECT ON GENERAL REVENUE	<u>(\$2,169,488)</u>	<u>(\$2,169,488)</u>	<u>(\$2,169,488)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
SCHOOL DISTRICTS			
<u>Transfer in</u> - § 162.1250 virtual payment increase	\$90,000	\$90,000	\$90,000
<u>Transfer in</u> - § 163.018 early childhood payment increase	<u>\$2,079,488</u>	<u>\$2,079,488</u>	<u>\$2,079,488</u>
NET EFFECT ON SCHOOL DISTRICTS	<u>\$2,169,488</u>	<u>\$2,169,488</u>	<u>\$2,169,488</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 provides a definition for a "school innovation team" and for a "school innovation waiver" and allows school innovation teams to submit a plan to the State Board of Education (SBE) for a state innovation waiver for a variety of purposes as outlined in the bill.

Plans submitted to the SBE must include the provision of law for which the waiver is being requested, as well as demonstrate the necessity of the waiver, provide measurable performance targets and goals, and demonstrate support for the plan, along with additional requirement as provided in the bill.

The bill provides the SBE specific criteria for the evaluation of submitted plans and permits the SBE to make modifications to the plan with the cooperation of the school innovation team.

School innovation waivers are only effective for three years beginning the school year following the approval and may be renewed. Only one waiver may be in effect per school at a time, and specific restrictions to statutory requirements relating to school start date, teacher certification, teacher tenure, or any requirement imposed by federal law, are applicable (Section 161.214, RSMo).

FISCAL DESCRIPTION (continued)

The bill increases the state school funding for attendance of a student enrolled in a virtual class from 94% to 95% (Section 162.1250).

The bill expands the definition of average daily attendance to include pupils that are between the age of three to five and meet the criteria set forth in the bill (Section 163.018).

Currently, Individual Career and Academic Plans (ICAP) are optional. This bill requires students to develop an ICAP which must be reviewed once per semester, by school personnel and the student's parent or guardian. The ICAP must now include a declaration of a student's postsecondary plan (Section 167.903).

This bill requires students in public and private schools to complete the Free Application for Federal Student Aid (FAFSA) before being eligible for a certificate of graduation. Exemptions to this requirement include enlistment in the Armed Forces, or parental consent (Section 167.907).

The bill requires the Department of Higher Education and Workforce Development (DHEWD) to establish a procedure for high school students enrolled in career and technical education programs to complete an application for aid through the Employment and Training Administration of the United States Department of Labor under the federal Workforce Innovation and Opportunity Act.

The bill requires the Department of Elementary and Secondary Education (DESE) to ensure that by the 2020-21 school year 50% of DESE area career centers have the means and capability to allow students to complete the application for aid. The percentage increases to 70% for the 21-22 school year, 90% for the 2022-23 school year, and by the 2023-24 and thereafter DESE will ensure that 100% of the area career centers will have the means and capability to allow students to complete the application (Section 167.908).

Currently, a retired certificated or uncertified teacher receiving a retirement benefit to be employed full time for two years without losing their benefit. This bill would extend the time period to four years if the school district demonstrates a shortage.

The bill allows a retired teacher to be employed as a superintendent if they meet qualifications set forth in the bill.

The total number of retired members working for a school district shall not exceed, at any one

FISCAL DESCRIPTION (continued)

time, the lesser of 10% of the total number of employees for that district or 10 employees.

This section (169.596) has a delayed effective date of January 1, 2021

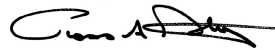
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Joint Committee on Administrative Rules
Secretary of State
Wellsville-Middletown R-I School District



Julie Morff
Director
March 9, 2020



Ross Strobe
Assistant Director
March 9, 2020