

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0794H.02P
Bill No.: Perfected HB 253
Subject: Education, Elementary and Secondary
Type: Original
Date: April 13, 2021

Bill Summary: This proposal modifies provisions relating to Elementary and Secondary Education.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|----------------|---------------------------------|---------------------------------|
| FUND AFFECTED | FY 2022 | FY 2023 | FY 2024 |
| General Revenue | \$0 | (Unknown) or Unknown | (Unknown) or Unknown |
| Total Estimated Net Effect on General Revenue | \$0 | (Unknown) or Unknown | (Unknown) or Unknown |

*The amount of fiscal impact to the state starting in FY 2023 depends upon the number of students that transfer to a different school district. Oversight notes a difference in state aid paid to separate school districts (ranges from under \$1,000 per student to over \$8,000 per student). Oversight assumes the fiscal impact to the state's foundation formula may reach the \$250,000 threshold, depending on the number of student transfers.

*Oversight also notes that resident school districts may still be allowed to count students that transferred out in their weighted average daily attendance (ADA) count used in the foundation formula calculation. Section 163.036 states school districts may use an estimate of the weighted ADA for the current year, or the weighted ADA for the immediately preceding year, or the weighted ADA attendance for the second preceding year, whichever is greater. This could result in the state paying the resident district and the transfer district in the same year for a student. Oversight is unable to determine which year each school district will use in future years to determine the amount of state aid each school district is entitled to.

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2022 | FY 2023 | FY 2024 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2022 | FY 2023 | FY 2024 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|--|----------|----------|----------|
| FUND AFFECTED | FY 2022 | FY 2023 | FY 2024 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☒ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|-------------------------------------|-------------------------|-----------------------------|-----------------------------|
| FUND AFFECTED | FY 2022 | FY 2023 | FY 2024 |
| | | | |
| Local Government | \$0 or (Unknown) | Unknown to (Unknown) | Unknown to (Unknown) |

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency 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.

Section 162.481 - Subdistricts Springfield Public Schools

Officials from the **Department of Elementary and Secondary Education** assume the proposal will have no fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Oversight notes the Springfield R-XII School District and the Greene County Clerk did not respond to our request for fiscal impact.

Oversight assumes there could be costs for local election authorities to draw sub-district boundaries. Oversight will show a potential unknown one-time cost for local election authorities to divide the district into sub-districts.

House Amendment 2 - Sections 162.261, 162.281, 162.471, 162.481, 162.491 - Subdistricts Seven Director Districts and Urban Districts

In response to a similar proposal, HCS for HB 164 (2021), officials from the **Department of Elementary and Secondary Education** and the **Office of the Secretary of State** each assumed the proposal would have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to a similar proposal, HCS for HB 164 (2021), officials from the **Platte County Board of Elections** assume the proposal would not fiscally impact their organization.

In response to a similar proposal, HCS for HB 164 (2021), officials from the **St. Louis County Board of Election Commissioners** estimated it would take their office 15 hours per sub-district that they would have to draw. With that in mind, they estimate that they would have to draw 161 sub-districts for the 23 impacted school districts. This would entail 2,415 hours of programming at a cost of \$24.00 per hour for a total of \$57,960.

Oversight assumes there could be costs for local election authorities to draw sub-district boundaries. Oversight assumes this proposal is permissive; therefore, Oversight will show a range of impact of \$0 (no school districts choose to subdivide) to an unknown cost for local election authorities for school districts that choose to subdivide.

In response to HB 164, officials from the **Afton 101 School District**, **Fordland R-III School District** and the **Marquand-Zion R-VI School District** each assumed this proposal would have a fiscal impact on their respective organizations. However, these school districts did not provide any further information regarding the impact.

In response to HB 164, officials from the **High Point R-III School District** and the **Malta Bend R-V School District** each assumed the proposal would have no fiscal impact on their respective organizations.

Oversight requested additional information from the responding school districts; however, no additional information was received. Based on the information available at the time this fiscal note was completed, Oversight assumes there is no fiscal impact to school districts.

Oversight received limited 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.

House Amendment 3 - Section 167.151 - School District Choice

Oversight assumes this proposal would allow any person who owns real residential or agricultural property and pays a school tax in any district other than the district of residence to send their children to a public school in the district where that persons pays such school tax.

Oversight notes the student will count towards average daily attendance at the district of choice. Therefore, Oversight notes this proposal allows students to transfer beginning in the 2022-2023 school year (FY 2023). Oversight cannot estimate number of transfers and the amount of state funding is district specific (can vary from under \$1,000 per student to over \$8,000 per student, depending upon the school district). Therefore, this note will reflect a potential unknown cost (if students transfer into districts that receives more state aid) to an unknown positive impact (if students generally transfer into districts that receive less state aid) 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.

Oversight is uncertain if this provision would reach a revenue impact of \$250,000. Oversight notes if the difference in funding between districts is \$1,000 (assumed) and approximately 250 students transferred under this provision it would result in a revenue impact of \$250,000. Oversight notes a change of 250 ADA is approximately a 0.03% change in total ADA (250/843,650); therefore, Oversight assumes it is possible the impact could exceed \$250,000.

| <u>FISCAL IMPACT – State Government</u> | FY 2022 (10 Mo.) | FY 2023 | FY 2024 |
|--|---------------------|--------------------------------|--------------------------------|
| GENERAL REVENUE | | | |
| | | | |
| <u>Costs or Cost Avoidance – Difference in state funding for resident district and nonresident district for transferring students §167.151</u> | \$0 | (Unknown) or <u>Unknown</u> | (Unknown) or <u>Unknown</u> |
| | | | |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | <u>\$0</u> | (Unknown) or <u>Unknown</u> | (Unknown) or <u>Unknown</u> |

| <u>FISCAL IMPACT – Local Government</u> | FY 2022 (10 Mo.) | FY 2023 | FY 2024 |
|--|-----------------------------|---------------------------------|---------------------------------|
| LOCAL POLITICAL SUBDIVISIONS | | | |
| | | | |
| <u>Costs - Election Authorities - for redistricting and conducting elections</u> | \$0 or (Unknown) | \$0 or (Unknown) | \$0 or (Unknown) |
| | | | |
| <u>Nonresident School Districts - additional State funding for non-resident transfers but also additional costs to educate those students - §167.151</u> | \$0 | Unknown - (Unknown) | Unknown - (Unknown) |
| | | | |
| <u>Resident School Districts – reduced state funding, but also possible reduction in costs to educate those students - §167.151</u> | <u>\$0</u> | (Unknown) - <u>Unknown</u> | (Unknown) - <u>Unknown</u> |
| | | | |
| ESTIMATED NET EFFECT ON LOCAL ELECTION AUTHORITIES | <u>\$0 or (Unknown)</u> | <u>Unknown to (Unknown)</u> | <u>Unknown to (Unknown)</u> |

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Section 162.481 - This bill modifies the election process for school board members for any school district in which a majority of the district is located in any home rule city with more than 155,000 but fewer than 200,000 inhabitants. Currently this refers to the Springfield Public School District.

Before December 1, 2022, the election authority shall divide the school district into five sub-districts. The five sub-districts shall be nearly equal in population as practical. There also shall be two at large districts. After each decennial census the sub-districts must be reapportioned.

The bill provides the process for candidate filing, ballot order, initial terms, and vacancy filling. On the general municipal Election Day in 2023 and each year thereafter the expired school board positions shall be filled in the following order: sub-district seat 1, 3, 5, 2, and 4 first, and then the two at large seats.

Board member qualifications and term limits are included in the bill.

House Amendment 2 - Sections 162.261, 162.281, 162.471, 162.481, 162.491 - Subdistricts for Seven-Director School District and Urban Districts

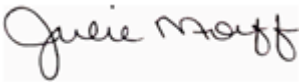
This bill allows for any seven-director school district or an urban district to be divided into sub-districts and provides for the process for the election of sub-district board members. Sub-districts shall be of contiguous and compact territory and as nearly equal in population as practicable. The length of directors terms, election procedures, filling of vacancies, and residency requirements are detailed in the bill.

House Amendment 3 - Section 167.151 - This provision would allow any person who owns real residential or agricultural property and pays a school tax in any district other than the district of residence may send their children to a public school in the district where that persons pays such school tax.

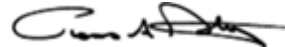
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Office of the Secretary of State
St. Louis County Board of Election Commission
Affton 101 School District
Fordland R-III School District
Marquand-Zion R-VI School District
High Point R-III School District
Malta Bend R-V School District
Platte County Board of Elections



Julie Morff
Director
April 13, 2021



Ross Strobe
Assistant Director
April 13, 2021