

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3622S.05T  
 Bill No.: Truly Agreed To and Finally Passed SS for HB 2287  
 Subject: Education, Elementary and Secondary; State Treasurer; Department of Elementary and Secondary Education; Tax Credits; Appropriations; Elections  
 Type: Original  
 Date: May 15, 2024

Bill Summary: This proposal establishes provisions relating to elementary and secondary education.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
*General Revenue	More or Less than (\$845,652)	More or Less than (\$744,707)	More or Less than (\$748,454)
<b>Total Estimated Net Effect on General Revenue</b>	<b>More or Less than (\$845,652)</b>	<b>More or Less than (\$744,707)</b>	<b>More or Less than (\$748,454)</b>

\*Oversight assumes there could be a cost that exceeds \$250,000 to the foundation formula depending on the school districts involved, virtual school programs' attendance rate and local contributions. Oversight notes the net effect to General Revenue is based on the current host districts in FY 2023 but can vary greatly year to year.

\*\*Section 168.021 would require DESE to develop an 18-credit hour program for the certification of individuals with bachelor's degrees. Oversight notes costs include ITSD development and 2 FTE.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
General Revenue	2 FTE	2 FTE	2 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>2 FTE</b>	<b>2 FTE</b>	<b>2 FTE</b>

- 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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government</b>	<b>\$0 to More or Less than \$505,229</b>	<b>\$0 to More or Less than \$534,003</b>	<b>\$0 to More or Less than \$534,003</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### Section 135.713 – MO Empowerment Tax Credit Program

Officials from the **Department of Revenue (DOR)** assume this proposal makes grammar changes to the Missouri Empowerment Scholarship Program and tax credit. The program and credit were created in 2021. For informational purposes, DOR is providing the authorizations, issuances, and redemptions since it began.

<b>Year</b>	<b>Authorized</b>	<b>Issued</b>	<b>Total Redeemed</b>
FY 2023	\$10,249,109.00	\$8,446,888.00	\$2,026,624.68
FY 2022	\$0.00	\$0.00	\$0.00
FY 2021	\$0.00	\$0.00	\$0.00
<b>TOTALS</b>	<b>\$10,249,109.00</b>	<b>\$8,446,888.00</b>	<b>\$2,026,624.68</b>

These grammatical changes will not have a fiscal impact on DOR.

Officials from the **Department of Elementary and Secondary Education** assume this provision 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.

#### Section 161.670 - Virtual School Program

Officials from **Department of Elementary and Secondary Education (DESE)** assume the proposed legislation changes the calculation for average daily attendance (ADA) from the host district's prior year average attendance percentage to the attendance provided by the virtual provider to the host district based on dividing the total number of hours attended in a term by enrolled virtual pupils by the actual number of hours the virtual program was in session. DESE anticipates an increase in ADA to be used in calculating payments and has calculated a cost with 2%, 4% and 6% increase and also showed no increase for comparative purposes.

DESE also updated the statewide adequacy target (SAT) from \$6,375 in FY23 and FY24 to \$6,760 in FY25 and \$7,145 in FY26. FY27's SAT may increase from \$7,145 when it is recalculated in two years; however, DESE is unable to estimate that amount and is using \$7,145

for FY27 as well. DESE also updated the estimates to use weighted ADA instead of calculated ADA as weighted ADA is the basis of the host school payment.

The host districts' prior-year average attendance percentages for 2022-2023:

District	Sum of Regular Hours Attended	Sum of Attendance Plus Absent Hours	Attendance % for in-person students
Sturgeon R-V	406,004.50	435,859.73	93%
Springfield R-XII	21,848,959.55	24,107,605.95	91%
Lee's Summit R-VII	17,470,097.81	18,645,832.25	94%
Grandview R-II	545,260.12	584,744.18	93%
Laquey R-V	580,434.75	637,941.08	91%
Mehlville R-IX	9,527,122.59	10,269,205.41	93%

Below is the amount each Host School received in FY 2023:

2023 Host District Payments for MOCAP Student Attendance	
District	Annualized Payment Amount
Sturgeon R-V	\$7,003,355.06
Springfield R-XII	\$2,550,000.00
Lee's Summit R-VII	\$44,625.00
Grandview R-II	\$12,794,625.00
Laquey R-V	\$1,542,750.00
Mehlville R-IX	\$573,750.00

The below table demonstrates FY25 Difference Cost based on WADA and updated SAT of \$6,760:

<b>Name</b>	<b>Calculated WADA</b>	<b>2%</b>	<b>Difference From Recalculated Host School Payment Using 2% increase in Calculated WADA</b>	<b>4%</b>	<b>Difference From Recalculated Host School Payment Using 4% increase in Calculated WADA</b>	<b>6%</b>	<b>Difference From Recalculated Host School Payment Using 6% increase in Calculated WADA</b>
Sturgeon R-V	1,113	1,135	150,432	1,157	300,864	1,179	451,296
Springfield R-XII	474	484	64,100	493	128,199	503	192,299
Lee's Summit R-VII	12	13	1,673	13	3,345	13	5,018
Grandview R-II	1,874	1,911	253,334	1,949	506,669	1,986	760,003
Laquey R-V	191	194	25,757	198	51,514	202	77,270
Mehlville R-Ix	73	75	9,933	76	19,866	78	29,799
<b>Total</b>			<b>505,229</b>		<b>1,010,457</b>		<b>1,515,686</b>

The below table demonstrates FY26 and FY 27 Difference Cost based on WADA and updated SAT of \$7,145:

Name	Calculated WADA	2%	Difference From Recalculated Host School Payment Using 2% increase in Calculated WADA	4%	Difference From Recalculated Host School Payment Using 4% increase in Calculated WADA	6%	Difference From Recalculated Host School Payment Using 6% increase in Calculated WADA
STURGEON R-V	1,113	1,135	59,000	1,157	317,999	1,179	476,999
SPRINGFIELD R-XII	474	484	67,750	493	135,501	503	203,251
LEE'S SUMMIT R-VII	12	13	1,768	13	3,536	13	5,304
GRANDVIEW R-II	1,874	1,911	267,762	1,949	535,525	1,986	803,287
LAQUEY R-V	191	194	27,224	198	54,447	202	81,671
MEHLVILLE R-IX	73	75	10,499	76	20,998	78	31,497
<b>Total</b>			<b>534,003</b>		<b>1,068,006</b>		<b>1,602,008</b>

DESE assumes changes to the Missouri Course Access Program (MOCAP) program may result in increased ADA claimed as part of the Foundation Formula dependent upon the provider and attendance.

Officials from the **Office of Administration – Information Technology (ITSD)** state it is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity. This proposal discusses the calculation of the average daily attendance for full-time virtual students, as calculated in the host district or charter school. The foundation formula is where this calculation is made. It's assumed host and charter school funding calculations in the Foundation Formula are in operable state and can withstand the addition or modifications in this proposal. It's assumed the language of resident and host school reimbursement are also factors that that need considered/estimated. It's also assumed the language about MSIP and DESE cyclic data reporting requirements present no changes to the MSIP or data collection DESE/ITSD do currently. ITSD assumes there will be modifications made to the foundation formula calculation. ITSD estimates the project would take 1,231.20 hours at a contract rate of \$105 for a total cost of

**\$129,276** in FY 2025 with on-going support costs of **\$26,502** in FY 2026, and **\$27,165** in FY 2027.

**Oversight** notes, currently, the attendance of a student enrolled in virtual course shall equal ninety-four percent of the hours of attendance possible (§162.1250.3). Oversight assumes this proposal would change the attendance calculation to the quotient or the sum of the quotients obtained by dividing the total number of hours attended in a term by enrolled pupils between the ages of five and twenty-one by the actual number of hours that the program was in session in that term, and the provisions of section 162.1250 shall not apply to such funding calculation. According to the 2023 Annual Report – Missouri Course Access and Virtual School Program there were [3,831 virtual students](#).

**Oversight** notes the calculation shall be generated by the virtual provider and provided to the host district for submission to DESE. Virtual providers may differ in policy on how attendance is calculated. Oversight assumes the impact to the foundation formula (if fully funded) would depend on the school districts involved, virtual school programs' attendance rate and local contributions. Therefore, Oversight will show an impact of \$0 (no change in attendance) to more or less than cost as estimated by DESE at a 2% increase in attendance with corresponding gains or losses to the school districts.

#### Section 167.012 Home School

Officials from the **Department of Elementary and Secondary Education** assume this provision 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 above section in the fiscal note.

#### Section 167.013 Family Paced Education

Officials from the **Department of Elementary and Secondary Education** assume this provision 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 above section in the fiscal note.

#### Section 168.021 Teacher Certification

Officials from the **Department of Elementary and Secondary Education (DESE)** state Section 168.021 would require DESE to develop an 18-credit hour program for the certification of individuals with bachelor's degrees. In order to oversee this program; operation of the online program, process transcripts and certificate applications, and provide technical assistance to interested individuals and program participants DESE would require two FTE staff, one

supervisor and one administrative assistant along with associated benefits, equipment and expenses.

**Oversight** will reflect the DESE (2) FTE, as provided by DESE in above statement, to properly administer the program, in the fiscal note. DESE estimates the 18-hour course would be \$200 per participant. If an estimated 1,000 teachers participated annually the cost could be up to \$200,000. (For reference, the current substitute certificate course costs \$180.) In addition, DESE assumes the new online application would require ITSD development for approximately \$50,000.

**Oversight** assumes the cost of up to \$200,000 for the Teacher Certification Program would NOT be a DESE liability, but rather would be paid for by each candidate. Therefore, Oversight will not reflect the program cost estimated by DESE.

Lastly, **Oversight** will note the DESE - ITSD costs in the fiscal note.

#### Section 571.010 Weapons Offenses in Schools

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

**Oversight** notes that this Section adds a definition of "school" to provisions of law relating to weapons offenses. The definition specifies that for these provisions of law, "school" shall mean any charter school, a private school, or a public school, as such terms are defined in current law.

**Oversight** assumes by adding the definition of "school" to provisions of law relating to weapons offenses there will be no fiscal impact.

#### Section 1 – Four-Day School Week Exemption

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

**Oversight** assumes this provision will have no fiscal impact. Therefore, Oversight will reflect a zero impact in the fiscal note.

#### Responses regarding the proposed legislation as a whole

Officials from the **Office of Administration - Budget and Planning** assume the provisions of this bill have no direct impact on total state revenues. DESE may have additional information about potential costs or savings stemming from provisions for virtual schools in section 161.670.

Officials from the **Office of the State Courts Administrator** assume there may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.



Officials from the **Department of Mental Health, Department of Corrections, Missouri Highway Patrol, Department of Social Services, Office of the State Public Defender, Office of the State Treasurer, and Missouri Office of Prosecution Services** each 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.

#### Rule Promulgation

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

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

**Oversight** received no 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 received from state agencies and political subdivisions; however, school districts were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>GENERAL REVENUE</b>			
<u>Costs – DESE/OA-ITSD – Teacher Licensure §168.021</u>	(\$50,000)	\$0	\$0
<u>Costs – DESE - §168.021</u>			
Personnel Service	(\$83,500)	(\$102,204)	(\$104,248)
Fringe Benefits	(\$57,396)	(\$69,652)	(\$70,445)
Equipment and Expense	(\$20,251)	(\$12,346)	(\$12,593)
<u>Total Costs – DESE</u>	(\$161,147)	(\$184,202)	(\$187,286)
FTE Change	2 FTE	2 FTE	2 FTE
<u>Costs - DESE/OA-ITSD - modifications to the foundation formula §161.670</u>	(\$129,276)	(\$26,502)	(\$27,165)
<u>Costs - DESE - changes to the foundation formula call §161.670</u>	\$0 to More or Less than (\$505,229)	\$0 to More or Less than (\$534,003)	\$0 to More or Less than (\$534,003)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>More or Less than (\$845,652)</b>	<b>More or Less than (\$744,707)</b>	<b>More or Less than (\$748,454)</b>
Estimated Net FTE Change to the General Revenue Fund	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>PUBLIC SCHOOLS</b>			
<u>Income - changes to the foundation formula call §161.670</u>	\$0 to More or Less than \$505,229	\$0 to More or Less than \$534,003	\$0 to More or Less than \$534,003
<b>ESTIMATED NET EFFECT ON PUBLIC SCHOOLS</b>	<b>\$0 to More or Less than \$505,229</b>	<b>\$0 to More or Less than \$534,003</b>	<b>\$0 to More or Less than \$534,003</b>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

MISSOURI EMPOWERMENT SCHOLARSHIP ACCOUNTS PROGRAM (Section 135.713)  
The bill makes changes to Section 135.713, RSMo, by changing words and phrases including "under" to "pursuant to", "subsequent to" to "after" and "such taxpayer's" to "his or her".

MISSOURI COURSE ACCESS AND VIRTUAL SCHOOL PROGRAM (Section 161.670)  
As specified in bill, the average daily attendance of a student who is enrolled full-time in the Missouri Course Access and Virtual School Program shall be defined as the quotient or the sum of the quotients obtained by dividing the total number of hours attended in a term by the actual number of hours that the virtual program was in session. Such attendance shall be calculated by the virtual provider and provided to the host school district for submission to the Department of Elementary and Secondary Education (DESE).

Host districts that enroll one or more full-time virtual school students shall receive an amount of state aid specified in the bill for such students on a monthly basis.

The bill provides that students who reside in Missouri may enroll in the virtual program of their choice. Provisions of current law regarding a school district's approval of a student's request to enroll in a virtual program shall not apply to full-time virtual program enrollment.

This bill requires host districts to adopt student enrollment policies for full-time virtual students and allows virtual schools to mutually agree with resident and host districts on the services that the resident district might offer, including possible financial reimbursements for those services.

For students with disabilities, the enrollment policy shall ensure the development of an individualized education program and related services agreement, as necessary. The bill also specifies that student progress reports are necessary for part-time and full-time virtual school program enrollees. This bill requires a student's parent or guardian, if the student is not considered homeless, to apply for enrollment directly with the full-time virtual program.

Finally, the bill specifies that a host district may contract with a provider to perform any required services involved with delivering a full-time virtual education.

HOME SCHOOL AND FAMILY PACED EDUCATION (FPE) SCHOOLS (Sections 167.012 and 167.013)

This bill creates Section 167.012 with the term "home school" defined for specified sections provided in the bill. This Section prohibits home school students from participation in the Missouri Empowerment Scholarship Program under Sections 166.700 to 166.720 and the Student Opportunity Savings Account Program created under Section 163.431. The requirements

for homes school children remain the same as current statutory requirements and include proof of 1000 hours of regular instruction.

The bill defines a "family-paced education school" for specified sections as provided in the bill. This section specifies that students enrolled in a family-paced education school may participate in both the Missouri Empowerment Scholarship Program and the Student Opportunity Savings Account Program. The requirements for family-paced education school children are the same as for home school students with proof of 1000 hours of regular instruction and a daily log requirement.

#### TEACHER CERTIFICATION (Section 168.021)

This bill requires DESE to develop an 18-credit hour, online teacher preparation program related to subjects appropriate for teachers in different content areas determined by the Department. The Department may contract with an entity skilled in developing online teacher preparation programs or a charitable organization registered in Missouri to develop and maintain the online teacher preparation program. The entity or charitable organization must be certified to develop and maintain the program by the Department. An individual with a bachelor's degree may complete the online training program and receive a certificate of license to teach.

However, the certificate will not be accepted by Missouri public schools, and non-public schools are not required to accept the certificate.

#### WEAPONS OFFENSES IN SCHOOLS (Section 571.010)

The bill adds a definition of "school" to provisions of law relating to weapons offenses. The definition specifies that for these provisions of law, "school" shall mean a charter school, a private school, or a public school, as such terms are defined in current law.

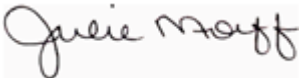
#### FOUR DAY SCHOOL WEEK (SECTION 1)

The bill exempts specified school districts from any state law that would require the district to conduct an election of the voters in order to adopt a four-day school week. The provisions of this section apply to Clinton Co. R-III and Lathrop R-II.

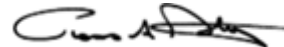
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration - Budget and Planning  
Department of Elementary and Secondary Education  
Department of Mental Health  
Department of Corrections  
Department of Revenue  
Department of Public Safety - Missouri Highway Patrol  
Department of Social Services  
Office of the Secretary of State  
Office of the State Public Defender  
Office of the State Treasurer  
Joint Committee on Administrative Rules  
Missouri Office of Prosecution Services  
Office of the State Courts Administrator



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