

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2391H.01I  
Bill No.: HB 1238  
Subject: Education, Elementary and Secondary; Department of Elementary and Secondary  
Education; Children and Minors  
Type: Original  
Date: February 25, 2025

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Bill Summary: This proposal modifies provisions governing pupil attendance at nonresident schools.

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue	(Unknown) or Unknown	(Unknown) or Unknown	(Unknown) or Unknown
<b>Total Estimated Net Effect on General Revenue*</b>	<b>(Unknown) or Unknown</b>	<b>(Unknown) or Unknown</b>	<b>(Unknown) or Unknown</b>

\*The amount of fiscal impact to the state depends upon the number of students that attend a different school district based on children whose parent is regular employee or contractor of a nonresident 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). Therefore, Oversight assumes the net impact to General Revenue would be an unknown cost to an unknown savings for General Revenue. Oversight assumes this would result in a minimal number of transfers and therefore, would not exceed the \$250,000 threshold.

\*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. However, since 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 (weighted ADA), Oversight will, for purposes of this fiscal note, assume the savings/losses will occur immediately.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
<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.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
<b>Local Government*</b>	<b>Unknown or (Unknown)</b>	<b>Unknown or (Unknown)</b>	<b>Unknown or (Unknown)</b>

\*The amount of fiscal impact to the school districts depends upon the number of students that attend a different school district based on children whose parent is regular employee or contractor of a nonresident district. Therefore, Oversight assumes the net impact would be unknown cost to unknown savings.

## FISCAL ANALYSIS

### ASSUMPTION

#### Section 167.151 - Admission of nonresident and other tuition pupils

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

**Oversight** notes this proposal expands who can qualify for this tuition waiver and state aid qualification and allows any child whose parent is a contractor or regular employee of a nonresident school district to attend such school district without paying tuition and to count as a resident pupil for the purpose of state aid.

**Oversight** assumes the number of transfers cannot be estimated but assumes the number would be minimal. Additionally, 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 would attend a school district that receive more state aid) to an Unknown positive impact (if students would leave 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** received zero 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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>GENERAL REVENUE</b>			
<u>Costs or Cost Avoidance</u> – Difference in state funding for eligible students attending nonresident districts §167.151.6 p.3	(Unknown) or Unknown	(Unknown) or Unknown	(Unknown) or Unknown
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>(Unknown) or <u>Unknown</u></b>	<b>(Unknown) or <u>Unknown</u></b>	<b>(Unknown) or <u>Unknown</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>SCHOOL DISTRICTS</b>			
<u>Nonresident Districts</u> - additional State funding for non-resident transfers but also additional costs to educate those students §167.151.6 p. 3	Unknown or (Unknown)	Unknown or (Unknown)	Unknown or (Unknown)
<u>Resident Districts</u> – reduced state funding, but also possible reduction in costs to educate those students §167.151.6 p. 3	Unknown or (Unknown)	Unknown or (Unknown)	Unknown or (Unknown)
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICT FUNDS</b>	<b>Unknown or (Unknown)</b>	<b>Unknown or (Unknown)</b>	<b>Unknown or (Unknown)</b>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Currently, school districts cannot charge tuition for the children of any teacher employed by the school district if their resident district is outside of the school district they are working.

Additionally, such students count as resident pupils for the purpose of state aid for the school district they are attending.

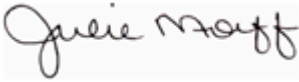
This bill expands who can qualify for this tuition waiver and state aid qualification and allows any child whose parent is a contractor or regular employee of a nonresident school district to attend such school district without paying tuition and to count as a resident pupil for the purpose of state aid.

School districts can require documentation from contractors and impose a minimum number of days worked, up to 60, in order to qualify for these benefits.

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

A handwritten signature in cursive script, reading "Julie Morff".

Julie Morff  
Director  
February 25, 2025

A handwritten signature in cursive script, reading "Jessica Harris".

Jessica Harris  
Assistant Director  
February 25, 2025