

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3014H.011
 Bill No.: HB 1516
 Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education
 Type: Original
 Date: March 11, 2025

Bill Summary: This proposal enacts provisions governing adult student access to virtual schools.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	Could exceed (\$639,042)	Could exceed (\$273,792)	Could exceed (\$277,635)
Total Estimated Net Effect on General Revenue	Could exceed (\$639,042)	Could exceed (\$273,792)	Could exceed (\$277,635)

*Oversight assumes an increased call to the foundation formula, FTE and ITSD costs to DESE to meet the requirements of the proposal. Oversight assumes these costs will exceed the \$250,000 threshold.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

- 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
Local Government*	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

*Oversight assumes there will be a potential increase in revenue to school districts and charter schools that have adult students registered and counted in the average daily attendance. In addition, there will be a cost to educate the additional students.

FISCAL ANALYSIS

ASSUMPTION

Section 161.672 – Adult Student Virtual Programs

Officials from **Department of Elementary and Secondary Education (DESE)** assume the Adult Education section would be required to manage or maintain data on these students as well as provide technical assistance to districts and charter schools. This would require a Program Support specialist with the associated salary and expenses. In addition, DESE assumes this data would be managed by a system similar to the current Adult Education and Literacy data system for an annual license cost of \$90,000.

If a school district had adult students registered and counted in the average daily attendance there would be an impact to the Foundation Formula costs and it would require changes to the Foundation Formula system (see ITSD estimate). The actual impact to the Foundation Formula, including the Charter School payment, is unknown without information regarding the number of students and the district of residence. DESE will show this cost as unknown.

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. ITSD assume changes would be needed in the Foundation Formula System, MOSIS/Core Data, Performance Report (APR)/Report Card, and EPEGS. These changes would allow for tracking of students and monitoring of program. ITSD estimates the project would take 4,503.60 hours at a contract rate of \$105 for a total cost of **\$472,878** with on-going support costs of **\$96,940** in FY 2027 and **\$99,362** in FY 2028.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the estimated impact by DESE in the fiscal note.

Oversight notes based on data from DHSS as of 2023, there are 339,369 Missourians 21 years of age or older who have not received a high school diploma. Ultimately, Oversight is unable to determine how many individuals would participate in the program. Therefore, Oversight will reflect a zero (no participation) to unknown negative impact to the foundation formula for adult students registered and counted in the average daily attendance in the fiscal note.

Oversight notes that there will be a potential increase in revenue to school districts and charter schools that have adult students registered and counted in the average daily attendance. Therefore, Oversight will reflect a zero (no participation) to unknown positive impact in the fiscal note. In addition, Oversight will reflect a cost for schools to educate the additional students.

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
GENERAL REVENUE			
<u>Costs – OA-ITSD §161.672 p.3</u>			
Performance Report (APR)/ Report Card	(\$136,080)	(\$27,896)	(\$28,593)
Foundation Formula	(\$178,038)	(\$36,498)	(\$37,410)
MOSIS/Core Data	(\$81,648)	(\$16,738)	(\$17,156)
EPEGS	(\$77,112)	(\$15,808)	(\$16,203)
<u>Total Costs – OA-ITSD</u>	(\$472,878)	(\$96,940)	(\$99,362)
<u>Costs – DESE – §161.672 p.3</u>			
Annual data license	(\$90,000)	(\$90,000)	(\$90,000)
<u>Costs – DESE – §161.672 p.3</u>			
Foundation Formula Impact (ADA)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Costs – DESE §161.672 p.3</u>			
Personnel Service	(\$37,400)	(\$45,778)	(\$46,693)
Fringe Benefits	(\$28,150)	(\$34,140)	(\$34,507)
Expense & Equipment	(\$10,614)	(\$6,934)	(\$7,073)
<u>Total Costs – DESE</u>	(\$76,164)	(\$86,852)	(\$88,273)
FTE Change - DESE	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	Could exceed (\$639,042)	Could exceed (\$273,792)	Could exceed (\$277,635)
Estimated Net FTE Change on General Revenue	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
SCHOOL DISTRICTS AND CHARTER SCHOOLS			
<u>Revenue Gain</u> – Additional State funding for adult students enrolled - §161.672 p.3	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Costs</u> – To educate the adult students enrolled - §161.672 p.3	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS AND CHARTER SCHOOLS	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

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 adults over 21 years of age without a high school diploma or equivalence certificate with the opportunity to enroll in a state approved virtual course or full-time virtual program offered by the adult student's resident district or charter school.

The bill allows the adult student to enroll in the Missouri Course Access and Virtual School Program established under Section 161.670, RSMo. and the student will be counted as a resident pupil for state funding purposes.

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

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SOURCES OF INFORMATION

Department of Elementary and Secondary Education



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