

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0911-01
Bill No.: HB 685
Subject: Elementary and Secondary Education Department; Education, Elementary and Secondary
Type: Original
Date: February 23, 2015

Bill Summary: This proposal changes the laws regarding unaccredited or provisionally accredited school districts.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$1,331,606)	(\$1,452,999)	(\$1,461,280)
Total Estimated Net Effect on General Revenue	(\$1,331,606)	(\$1,452,999)	(\$1,461,280)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	11 FTE	11 FTE	11 FTE
Total Estimated Net Effect on FTE	11 FTE	11 FTE	11 FTE

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 2016	FY 2017	FY 2018
Local Government	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)

FISCAL ANALYSIS

ASSUMPTION

§§162.082 and 162.086 Contracts for Interventions

Officials at the **Department of Elementary and Secondary Education (DESE)** assume the following sections have impact.

DESE assumes §§162.082 and 162.086 will require the following FTE and related costs to implement the performance analysis/audit team:

- 1 FTE Coordinator
- 1 FTE Director
- 1 FTE Assistant Director
- 1 FTE Data Specialist
- 2 FTE Area Supervisors
- 5 FTE Regionally-based school improvement specialists
- \$600,000 contracted service center specialists.

Oversight has, for fiscal note purposes only, adjusted the salary and benefits of the positions to correspond with the salaries posted by DESE for a current job vacancies for similar positions. Oversight assumes DESE has a core budget for travel expenses, so those costs have also not been included in the estimate of expenses.

Oversight assumes this proposal allows provisionally accredited and unaccredited schools to enter into a contract with DESE. The contract would require DESE to send staff out to the schools to help with intensive professional development and the creation of strategies for improvement. This training would help teachers, administrators and school board members to understand the requirements to becoming accredited.

Oversight notes that there are currently 11 provisionally accredited schools districts (Calhoun R-VIII, Caruthersville 18, Gilliam C-4, Gorin R-III, Hayti R-II, Hickman Mills C-1, Jennings, Kansas City 33, Malta Bend R-V, Spickard R-II and St. Louis Public Schools), 1 unaccredited school district (Riverview Gardens) and 1 State Oversight school district (Normandy Schools Collaborative) that may be eligible for this program in addition to numerous buildings that perform at unaccredited levels. Oversight assumes this proposal would require additional training that could fiscally impact school districts. Oversight will indicate an Unknown cost to the school districts for this training and expenses of the contracts.

ASSUMPTION (continued)

§162.203 School Board Member Training

DESE assumes that currently, initially elected or appointed school board members receive 16 hours of training. There is a current appropriation of \$136,326 that is paid to two entities for new school board member training. §162.203 of this proposal would require those board members who have been reelected after a breach in service to also complete the orientation and training. In addition, the proposal adds a continuing education component for incumbent board members as well as board members serving in districts that are provisionally accredited, districts with a school building or buildings scoring less than fully accredited, or districts that are deemed needing additional support by DESE. This will significantly increase the number of required trainings and will result in additional unknown costs.

Oversight notes that current statute requires all newly elected school board members to receive 16 hours of orientation and training within one year of being elected. This orientation and training is provided free of charge to school board members by the Missouri School Board Association (MSBA) and the Missouri Association of Rural Education (MARE) per statute. The training is scheduled around the state so the costs to schools is limited to travel expenses (mileage, meals and motels). Oversight assumes that since the current training is provided by MSBA and MARE, the additional training required in this proposal would be too.

Oversight notes that between FY 2012 - FY 2014 the amount of money each organization has received for the training has remained constant. MARE received \$16,239 annually and MSBA received \$119,761 annually for a total of \$136,000. In FY 2015, the state budget included the \$136,000 for payment of the training; however, the Governor has withheld that money and as of the date of the fiscal note neither organization has been paid for training held in FY 2015.

Oversight notes the following number of board members were trained by each organization:

Board Members Trained	FY 2012	FY 2013	FY 2014
MARE	79	82	79
MSBA	486	334	333

Information obtained from FY 2016 budget proposal.

Oversight assumes part of this proposal requires all incumbent board members to receive an additional six hours of training once reelected. There are approximately 3,600 board members serving the 520 school districts. The majority serve 3 year terms with one third reelected each year.

ASSUMPTION (continued)

Oversight assumes that if 50% are reelected each year then 600 school board members would be required to take the additional six hours of training. Oversight assumes this additional six hours would continue to be provided by the MSBA and MARE per current statute. Therefore this part of the proposal would cost school districts travel expenses. Schools could be expected to have between zero (none reelected) up to two members reelected each year. Oversight assumes school districts would have additional travel expenses from this part of the proposal.

Oversight assumes part of this proposal would require all board members in provisionally accredited school districts (currently 11 districts), districts with buildings scoring less than fully accredited or districts needing extra support to annually attend twelve additional hours of training. Oversight assumes this additional twelve hours would continue to be provided by the MSBA and MARE per current statute. Therefore this part of the proposal would cost school districts travel expenses. Oversight assumes that the school districts would work with MSBA and MARE to schedule classes to lessen the travel expenses of the school boards. Oversight assumes school districts would have additional travel expenses from this part of the proposal.

Oversight contacted MARE and MSBA to determine if there is a registration fee for these classes. MARE indicated that if funding is not restored they would begin charging a fee of \$200-\$250 for the original training and \$100 for refresher courses. MSBA did not respond to Oversight's request for information. Oversight assumes that the six hours of training for reelected members would cost the \$100. Oversight assumes that should the school districts be required to pay a registration fee that school districts would be negatively impacted.

Oversight assumes that with 520 school districts required to pay for additional school board member trainings that it would negatively impact school districts by more than \$100,000. Oversight assumes that if funding is restored to this program with the number of individuals requiring the training the State could be negatively impacted by \$100,000.

§167.137 School Transfer Corporation

DESE assumes §167.137 establishes a "School Transfer Corporation" that will work with local school districts and governments to coordinate student transfers. Costs to implement would be unknown, but could potentially be significant.

Oversight assumes this part of the proposal allows school districts to form a School Transfer Corporation. The Corporation would aid in the transfer of students from unaccredited or provisionally accredited schools to school districts that are accredited. Oversight notes this Corporation is made up of members from school districts and is not allowed to have paid staff. Oversight assumes this would not fiscally impact the state.

ASSUMPTION (continued)

Officials at the **Kansas City Public Schools** assume this could have substantial unfunded mandates for the School District. It is difficult to estimate the impact until such time as DESE outlines how they promulgate rules to implement different parts of the law. Impact could easily be hundreds of thousands of dollars annually.

Officials at the **Office of Administration's Division of Budget and Planning, Office of State Treasurer** and the **Office of the State Auditor** each assume there is no fiscal impact to their respective organizations from this proposal.

Officials at the **Malta Bend Schools** and the **Special School District of St. Louis** each assume there is no fiscal impact to their respective school district from this proposal.

Officials at the following schools: Blue Springs Public Schools, Branson Public Schools, Caruthersville School District, Cole R-I Schools, Columbia Public Schools, Everton R-III School District, Fair Grove Schools, Fulton Public School, Harrisonville School District, Independence Public Schools, Jefferson City Public Schools, Kirksville Public Schools, Kirbyville R-VI Schools, Lee Summit Public Schools, Macon School, Mexico Public Schools, Monroe City R-I Schools, Nixa Public Schools, Parkway Public Schools, Pattonville Schools, Raymore-Peculiar R-III Schools, Raytown School District, Riverview Gardens School District, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Spickard School District, Springfield School District, St Joseph School District, St Louis Public Schools, St. Charles Public Schools, Sullivan Public Schools, Warren County R-III School District and Waynesville Public School did not respond to **Oversight's** request for fiscal impact.

Officials at the **Office of the Secretary of State** did not respond to Oversight's request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Costs - DESE</u>			
Personal Service	(\$381,476)	(\$462,349)	(\$466,972)
Fringe Benefits	(\$198,387)	(\$240,445)	(\$242,849)
Equipment and Expenses	(\$51,743)	(\$50,205)	(\$51,459)
Contract specialists	<u>(\$600,000)</u>	<u>(\$600,000)</u>	<u>(\$600,000)</u>
Total Costs- DESE §§162.082 & 162.086	(\$1,231,606)	(\$1,352,999)	(\$1,361,280)
FTE Change - DESE	11 FTE	11 FTE	11 FTE
 <u>Cost - DESE - reimbursement of training provided by MARE and MSBA §162.203</u>	 <u>(\$100,000)</u>	 <u>(\$100,000)</u>	 <u>(\$100,000)</u>
 ESTIMATED NET EFFECT ON GENERAL REVENUE	 <u>(\$1,331,606)</u>	 <u>(\$1,452,999)</u>	 <u>(\$1,461,280)</u>
 Estimated Net FTE Change on General Revenue	 11 FTE	 11 FTE	 11 FTE
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2016 (10 Mo.)	FY 2017	FY 2018
LOCAL SCHOOL DISTRICT FUNDS			
<u>Costs - Impacted School Districts - additional training and expenses of the contracts §162.082</u>			
	(Unknown)	(Unknown)	(Unknown)
 <u>Cost - School Districts - travel expenses and registration fees for school board member training §162.203</u>	 (Unknown greater than <u>\$100,000</u>)	 (Unknown greater than <u>\$100,000</u>)	 (Unknown greater than <u>\$100,000</u>)
 ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS	 (Unknown greater than <u>\$100,000</u>)	 (Unknown greater than <u>\$100,000</u>)	 (Unknown greater than <u>\$100,000</u>)

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal changes the laws regarding unaccredited or provisionally accredited school districts.

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
Kansas City Public Schools
Malta Bend Schools
Office of Administration
 Division of Budget and Planning
Office of the State Auditor
Office of State Treasurer
Special School District of St. Louis

Not Responding

Office of the Secretary of State



Mickey Wilson, CPA
Director
February 23, 2015

Ross Strobe
Assistant Director
February 23, 2015