

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1755-01
Bill No.: HB 1256
Subject: Education, Elementary and Secondary;
Type: Original
Date: April 6, 2015

Bill Summary: This proposal establishes the “Local Economic and Academic Partnership Act.”

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(Unknown greater than \$934,138)	(Unknown greater than \$932,465)	(Unknown greater than \$936,276)
Total Estimated Net Effect on General Revenue	(Unknown greater than \$934,138)	(Unknown greater than \$932,465)	(Unknown greater than \$936,276)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Economic and Academic Partnership *	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

* Transfers in and revenues minus costs net to zero.

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 9 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	5 FTE	5 FTE	5 FTE
Total Estimated Net Effect on FTE	5 FTE	5 FTE	5 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	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Elementary and Secondary Education (DESE)** assume §161.1025 will require meetings of the Local Economic and Academic Partnership (LEAP) council. DESE estimates \$1,500 per meeting for LEAP Council members, DESE staff, and DED staff for at least four meetings per year for total of \$6,000 per year.

DESE will require staff to run the program. At a minimum, DESE estimates one FTE director and three FTE regional supervisors. The more money allocated to the program, the more staff will be required.

§161.1025.8 would result in an increase in the formula call by an undetermined amount because of a potential increase in the Average Daily Attendance (ADA).

§§161.1025 8. (1) and (2) would require modification of the collection system for attendance data. DESE anticipates adding additional data fields, business rules and changes to the ETL process (Extract, Translate, Load) for the foundation formula and for the Missouri School Improvement Program attendance rate calculation. Estimated one-time cost of \$25,000.

§161.1025 8. (3) would depend on how the assessment is managed. There would be additional data collection costs estimated at \$25,000. If new fields are needed to note the student's mastery of the assessment DESE would anticipate adding 1 to 2 fields, business rules, and ETL changes.

§167.895 would require the addition of a summer and fall grade-level testing window which is estimated to cost \$490,664 per year. These costs are associated with fixed costs for each administration (Precode, Enrollment, Bio File, GRF, Print Forms, and Inventory) and will be a recurring additional cost each fiscal year.

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 a similar positions.

Officials at the **Joint Committee on Administrative Rules, Kansas City Public Schools, Malta Bend Schools** and the **Missouri Senate** each assume there is no fiscal impact from this proposal.

Officials at the **Office of State Treasurer (STO)** assume the proposal as written would result in a fiscal impact due to provisions found in section 161.1025.9. The language found in this section resulting in an impact (bolded) is as follows:

ASSUMPTION (continued)

"9. There is hereby created in the state treasury the "Local Economic and Academic Partnership Fund", which shall consist of moneys appropriated by the general assembly to establish and support the program established in this section and any gifts, grants, bequests, and devises. The state treasurer shall be custodian of the fund and shall, along with the department of economic development, approve disbursements from the fund in accordance with sections 30.170 and 30.180."

Concerning this language, STO does not currently directly review and approve disbursements nor does STO share approval or disbursement duties with DED in other programs. Therefore STO would require the hiring of an additional one FTE (Treasury Coordinator).

Oversight has, for fiscal note purposes only, changed the starting salary for Treasury Coordinator to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees and policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Officials from the **Office of the Secretary of State (SOS)** state 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 \$2,500. 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 the 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.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Transfer Out</u> - to the Local Economic and Academic Partnership Fund	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Costs - DESE</u>			
Personal Service	(\$137,670)	(\$166,856)	(\$168,525)
Fringe Benefits	(\$71,595)	(\$86,773)	(\$87,641)
Equipment and Expenses	(\$25,588)	(\$29,233)	(\$29,964)
Computer programming changes	(\$50,000)	\$0	\$0
LEAP committee members	(\$6,000)	(\$6,000)	(\$6,000)
Increased ADA costs	(Unknown)	(Unknown)	(Unknown)
Additional Assessments	<u>(\$490,664)</u>	<u>(\$490,664)</u>	<u>(\$490,664)</u>
<u>Total Costs - DESE</u>	(Unknown greater than \$781,517)	(Unknown greater than \$779,526)	(Unknown greater than \$782,794)
Total FTE Change - DESE	4 FTE	4 FTE	4 FTE
<u>Costs - STO</u>			
Personal Service	(\$28,291)	(\$34,288)	(\$34,631)
Fringe Benefits	(\$14,713)	(\$17,831)	(\$18,010)
Equipment and Expenses	<u>(\$9,617)</u>	<u>(\$820)</u>	<u>(\$841)</u>
<u>Total Costs - STO</u>	<u>(\$52,621)</u>	<u>(\$52,939)</u>	<u>(\$53,482)</u>
Total FTE Change - STO	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Unknown greater than <u>\$934,138</u>)	(Unknown greater than <u>\$932,465</u>)	(Unknown greater than <u>\$936,276</u>)
Estimated Net FTE Change on General Revenue	5 FTE	5 FTE	5 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2016	FY 2017	FY 2018
(continued)	(10 Mo.)		

**LOCAL ECONOMIC AND
 ACADEMIC PARTNERSHIP FUND**

<u>Transfer In</u> - from General Revenue	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Revenue</u> - gifts, grants, bequests	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
<u>Costs</u> - administration of the partnerships	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)

**ESTIMATED NET EFFECT ON
 LOCAL ECONOMIC AND
 ACADEMIC PARTNERSHIP FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2016	FY 2017	FY 2018
	(10 Mo.)		

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill establishes the Local Economic and Academic Partnership (LEAP) Program to encourage public schools to enter into partnerships with local business entities in order to foster relationships that will benefit local community needs with respect to economic development and workforce training. In its main provisions, the bill:

- (1) Creates within the Department of Elementary and Secondary Education a Local Economic and Academic Partnership Council, consisting of 11 specified appointees and specifies the process for convening the first meeting and the duties incumbent upon the council;

FISCAL DESCRIPTION (continued)

- (2) Specifies that under the LEAP program, public schools are encouraged to partner with one or more entities including other public schools serving grades K-12, public and private institutions of higher education, local trade unions and local businesses and industries;
- (3) Permits public schools to apply to the LEAP council for approval and acceptance into the program before entering into a partnership and requires the public school's application to contain evidence demonstrating that the partnership would benefit local students and meet local workforce needs in the local community;
- (4) Requires the application to outline a metric by which the partnership and student participation will be evaluated and contain a plan for oversight to ensure students gain real world experience and training and demonstrate educational and financial efficiencies in delivering services to the community through the program;
- (5) Requires an application for partnership approval to contain a specific plan to provide challenging program options for students to gain real world experience and training, increase student engagement in the local business community, provide challenging learning opportunities for local students, and create professional development opportunities for educators through internships, apprenticeships, or externships;
- (6) Requires the LEAP council to approve or reject a partnership application within 30 days of a public school's application for approval;
- (7) Creates an incentive for participation in the LEAP program, by giving public schools full credit on attendance measurement criteria for the Missouri School Improvement Program (MSIP), regardless of a student's attendance, as long as the student is meeting state performance measures; 100% of the average daily attendance reimbursement and 100% attendance for purposes of the MSIP for on-line, hybrid, or proficiency-based courses capped at credit for one student annually; replacement or additional credit for a school's college and career readiness score on its annual performance report for students that can provide proof of mastery through a locally developed assessment system that proves competency; and the authority to employ a visiting scholar as a classroom teacher;
- (8) Creates in the state treasury the Local Economic and Academic Partnership Fund, which consists of moneys appropriated by the General Assembly to establish and support the program established in these provisions and any gifts, grants, bequests, and devises;

FISCAL DESCRIPTION (continued)

(9) Appoints the State Treasurer as custodian of the fund and requires him or her, along with the Department of Economic Development to approve disbursements from the fund;

(10) Specifies that upon appropriation, money in the fund must be used solely for the administration of this section and any moneys remaining in the fund at the end of the biennium must not revert to the credit of the General Revenue Fund; the State Treasurer must invest moneys in the fund in the same manner as other funds are invested; and any interest and moneys earned on the investments must be credited to the fund;

(11) Requires the Department of Elementary and Secondary Education to develop a process to approve applications for distribution of appropriated funds under these provisions and permits the department to promulgate all necessary rules and regulations for the administration of these provisions;

(12) Requires the Department of Elementary and Secondary Education to update all data systems and the Missouri school improvement plan, including all scoring guides, to accommodate districts that wish to implement a proficiency-based instruction and promotion system within their schools before the beginning of the 2016-17 school year (§161.1030); and

(13) Adds the LEAP council to the list of entities that are authorized to grant certificates of license to teach in the public schools of the state upon the basis of an application for a one year visiting scholar teaching license and the appropriate fee; written verification from an administrator of an accredited or approved local education agency that the applicant will be employed if the license is issued; and documentation of exceptional talent or outstanding distinction in one or more subjects or fields (§168.021).

The provisions of the LEAP program will automatically sunset six years after the effective date of this section unless reauthorized by an act of the General Assembly.

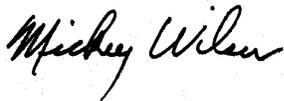
The bill also requires the Department of Elementary and Secondary Education make the statewide assessment used to determine proficiency in the third grade through the eighth grade available to school districts at multiple times during the school year. The assessment must be made available to districts at least three times, including once in the fall, spring, and summer terms. Districts may choose whether to assess students at any or all times the assessment is offered. For the purpose of state accountability, the DESE and the State Board of Education must evaluate proficiency scores for a student based on the student's ability to demonstrate proficiency on a state assessment at any point during the regular school year or during the summer term (§167.895).

FISCAL DESCRIPTION (continued)

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
Joint Committee on Administrative Rules
Kansas City Public Schools
Malta Bend Schools
Missouri Senate
Office of the Secretary of State
Office of the State Treasurer



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