

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1795-02
Bill No.: SB 699
Subject: Education, Elementary and Secondary: Elementary and Secondary Education
Dept
Type: Original
Date: March 31, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	\$91,000,000	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	\$91,000,000	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
State School Moneys Fund	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
School Districts	(\$91,000,000)	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this proposal eliminates the financial incentive for school districts to offer summer school programs. Summer school attendance has been doubled when determining the pupil payment number (eligible pupil) in the foundation formula. This incentive means that nearly all districts receive sufficient state funds to pay the cost of the summer school. This proposal would limit the use of the summer school attendance data to the single count in Line 1 of the foundation formula.

The estimated savings to the state of no longer providing the financial incentive for summer school is approximately \$91 million. This rough estimate considers the varying tax rates of school districts and the estimated average daily attendance in summer school.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
GENERAL REVENUE			
<u>Savings</u> - Decrease in transfer to State School Moneys Fund due to change in calculation in foundation formula	<u>\$91,000,000</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$91,000,000</u>	<u>\$0</u>	<u>\$0</u>
STATE SCHOOL MONEYS FUND			
<u>Savings</u> - Reduction in distribution to schools	\$91,000,000	\$0	\$0
<u>Cost</u> - Decreased transfer from General Revenue	<u>(\$91,000,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
SCHOOL DISTRICTS			
<u>Loss</u> - Decreased state aid	<u>(\$91,000,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>(\$91,000,000)</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Small Business</u>			

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

DESCRIPTION

Currently, the foundation formula utilizes an "eligible pupil" count when calculating a school district's entitlement. The term "eligible pupils" is defined in Section 163.011, RSMo, as "the sum of the average daily attendance of the school term plus the product of two times the average daily attendance for summer school."

This proposal replaces the term "eligible pupils" with the term "average daily attendance" in line 1 of the formula. The term "average daily attendance" is defined in Section 163.011, RSMo, as ". . . the total number of hours attended in a term by resident pupils. . . by the actual number of hours school was in session in that term. To the average daily attendance of the following school term shall be added the full-time equivalent average daily attendance of summer school students . . ."

The aforementioned alteration is rendered only on line 1 of the formula. However, for the purpose of the guaranteed tax base (GTB) calculation, the eligible pupil count is retained.

Further, the proposal executes similar modifications to section 163.036, RSMo, by requiring school districts to utilize either an estimate of the ensuing year's average daily attendance count, or the first or second preceding year's average daily attendance count in lieu of the eligible pupil count currently utilized.

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



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