

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3186-01
Bill No.: SB 603
Subject: Education, Elementary and Secondary; Elementary and Secondary Education Department; Kansas City; St Louis
Type: Original
Date: February 5, 2010

Bill Summary: This proposal creates procedures for open enrollment of public school students across school district boundary lines.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Lottery Proceeds	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services** and the **Department of Mental Health** state this proposal will have no fiscal impact on their respective agencies.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. 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.

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. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Social Services - Children's Division** do not expect a significant fiscal impact as a result of this proposed legislation. It is possible that some additional costs could be associated with providing educational services to children in a school district outside the resident district; however, those costs would be presumably minimal and would be primarily transportation costs.

Officials from the **Department of Social Services - Division of Youth Services** assume no fiscal impact from this proposed legislation because the provisions for DOS-DYS are contained in §163.073 and are not believed to be impacted by this proposal.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume that from the perspective of the state school foundation formula, it would appear that there would not be an added fiscal impact. Basic formula will go to the school district of residence and then the school of residence will pay the school district where the child is attending. There may be some receiving district whose costs are higher than the payment from the sending district. In such a case, the receiving district will have to use its state and local money to educate such a student.

It would appear that the resident district incurs a double cost if essentially all state and federal funds tied to a student goes to the receiving district (including federal IDEA funding). The federal funding that helps pay for special education services is sent to the receiving district but the resident district must still pay for all special education costs.

ASSUMPTION (continued)

DESE assumes there is likely some impact on the High Need Fund (HNF) due to the likelihood that special education costs will be higher in the receiving district. The receiving district could not bill the HNF but the sending district could bill when the 3x threshold is exceeded. The impact on the HNF cannot be determined.

Oversight assumes that the High Need Fund is not a dedicated fund in the state treasury and the program is funded from the Lottery Proceeds Fund.

DESE states that §162.1032.18 indicates that the parent or guardian shall be responsible for transporting the pupil to school without reimbursement. This may be enforceable for regular education students, but would not be so easily determined if a special education student had a "transportation" requirement on his Individualized Education Plan (IEP). In this case, someone other than the parent would likely have to pay the transportation costs. If a resident district had to operate a bus route for a very few special education students, this could be very costly for a resident district.

DESE would need to develop forms and write a rule. Some oversight will likely be required. DESE states they will require 1.0 FTE supervisor to carry out the requirements of the proposal.

Oversight assumes form development and rule promulgation would be a one-time task and could be completed with existing resources. **Oversight** also assumes that it appears administrative duties resulting from this proposal would most likely be the responsibility of the individual school districts.

Officials from the **Blue Springs School District** state they do not know how many student transfers they may receive. They estimate this proposed legislation could cost their district a minimum of \$3,000,000 annually.

Officials from the **Sedalia School District** assume this proposal could possibly have a major impact financially on their district due to being the only larger school in their county.

Officials from the **Parkway School District** state that fiscal impact would depend upon the number of students sent versus received and the cost per student in the sending/receiving district. Their cost per student is approximately \$11,200 of which \$9,284 is from local sources. State and Federal provides approximately \$952 total per student.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
LOTTERY PROCEEDS FUND			
<u>Cost</u> - Reimbursement to School Districts for educational costs of high-need students	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOTTERY PROCEEDS FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - School Districts - Reimbursement of education costs of high-need students	Unknown	Unknown	Unknown
<u>Income</u> - School Districts - Increase in state aid for students transferring into districts	Unknown	Unknown	Unknown
<u>Savings</u> - School Districts - Decrease in education expenses for students transferring to other schools	Unknown	Unknown	Unknown
<u>Loss</u> - School Districts - State aid for students who transfer out of the district to other schools	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> - School Districts - Education costs of high-need students	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> - School Districts - Education costs for students transferring in	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> - School Districts - Administrative costs associated with transfer students	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

For the school year beginning July 1, 2011, students currently enrolled in a public school may enroll in a public school in another school district. This proposed legislation does not apply to the Kansas City or St. Louis City school districts.

The student's parent or guardian must notify the child's school district of residence and the receiving district by January 15 of the preceding school year of the intent to change the child's enrollment on an application prescribed by the Department of Elementary and Secondary Education. If a parent fails to provide notification by January 15, he or she may do so until the third Friday in July of that calendar year provided that the parent has good cause to do so, as described in the act. An application for enrollment may be granted at any time with the approval of the child's school district of residence and the receiving district.

Each school district must adopt a policy outlining appropriate class size and teacher-pupil ratios for all grade levels. No school district is required to admit students if doing so would violate its class size and teacher-pupil ratio. If a school district denies entry to any student, it must state grounds for such denial. School districts must maintain records on the number of transfers requested into and out of the district, the number of pupils it accepts, and the number of pupils it denies.

A parent who enrolls his or her child in another school district under this proposal may return the child to the school district of residence at a later time. If the parent returns the child to the school district of residence, the parent cannot re-enroll the child in the other school district; however, the parent may request enrollment in a different school district by following the procedures in this proposed legislation.

For students receiving special education services, a request to enroll in another district will only be approved if the receiving district maintains a special education program appropriate for the child. Also, the child's enrollment in the receiving district must not exceed the maximum class size. A member of the IEP team in the school district of residence must be part of the IEP team in the receiving district for any initial planning sessions. The board of education of the school district of residence must pay the receiving district the actual costs incurred in providing the special education.

Any students who enroll in other school districts under this proposal will be counted, for state

FISCAL DESCRIPTION (continued)

school foundation aid purposes, in the student's school district of residence. The school district of residence must pay the receiving district for the student's attendance as described in the act. If a student enrolled in another school district under this proposal moves to a different school district during the academic year, the first school district of residence must continue paying the receiving district for the remainder of the school year. The new school district of residence must pay for any subsequent years.

The parent is responsible for providing transportation. A school district may provide transportation to a student to and from a point on an existing bus route provided the parent transports the child to that point.

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
Department of Health and Senior Services
Department of Social Services
 Division of Youth Services
 Children's Division
Department of Mental Health
Office of Secretary of State
 Administrative Rules Division
School Districts
 Blue Springs
 Parkway
 Sedalia



Mickey Wilson, CPA
Director
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