

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3644-08  
Bill No.: HCS for SCS for SB 815  
Subject: Education, Elementary and Secondary; Elementary and Secondary Education Department; Teachers; Boards, Commissions, Committees, Councils  
Type: Original  
Date: May 10, 2010

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Bill Summary: This proposal enacts various provisions relating to education.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(Unknown - Greater than \$512,637)	(Unknown - Greater than \$627,917)	(Unknown - Greater than \$703,551)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown - Greater than \$512,637)</b>	<b>(Unknown - Greater than \$627,917)</b>	<b>(Unknown - Greater than \$703,551)</b>

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

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 15 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
Federal Funds	Unknown - Greater than 96,836 to (Unknown - Greater than \$48,418)	Unknown - Greater than \$100,486 to (Unknown - Greater than 50,243)	Unknown - Greater than \$103,501 to (Unknown - Greater than \$51,751)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>Unknown - Greater than 96,836 to (Unknown - Greater than \$48,418)</b>	<b>Unknown - Greater than \$100,486 to (Unknown - Greater than 50,243)</b>	<b>Unknown - Greater than \$103,501 to (Unknown - Greater than \$51,751)</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
General Revenue	1 FTE	1 FTE	1 FTE
Federal Funds	1 FTE	1 FTE	1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>2 FTE</b>	<b>2 FTE</b>	<b>2 FTE</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Local Government</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of Administration - Administrative Hearing Commission**, and the **Department of Insurance, Financial Institutions and Professional Registration** state this proposal will have no fiscal impact on their respective agencies.

Officials from the **Department of Higher Education** assume this proposal will have no direct, foreseeable fiscal impact on their agency.

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 **Independence School District** assume no fiscal cost to their district.

Officials from the **Special School District of St Louis County** state this proposed legislation should not have a material fiscal impact on their district.

*§160.011; §160.041; 163.021; §171.031; 171.033 - School Calendars*

### §160.011

According to officials from the **Francis Howell School District (FHSD)** the section requiring the number of hours of school beginning with the school year 2012 - 2013 represents a three percent increase in attendance hours. Assuming FHSD's teachers receive a concomitant increase in compensation for the additional hours of instructional time, this provision could cost their district \$2,000,000.

DESE and school districts did not indicate a fiscal impact for this section. For fiscal note purposes, Oversight will assume a \$0 to (Unknown) fiscal impact.

ASSUMPTION (continued)

§160.400; §160.405; §160.410; §160.420 - Charter Schools

§160.405.6 - This section requires the **Department of Elementary and Secondary Education (DESE)** to conduct a study of schools who fit this criteria. The study would require DESE to assess student performance, graduation rates, educational outcomes, and entry into workforce or post-secondary education. DESE assumes this study could be completed without significant cost.

Officials from the **Department of Social Services - Division of Youth Services** state this section has no fiscal impact on their agency.

§160.410 - The paragraph authorizing nonresident students to attend charter schools does not address whether it is the nonresident or resident district's state and local aid that should be paid the charter. If the money is supposed to follow the student, then there would be little, if any, increased cost to the state school foundation formula. The assumption is that the student is already attending a public school but now makes a choice to attend a charter public school.

§160.420 - The additions in this substitute do not appear to have any financial impact; however, the deletion of the language in §160.420 related to state aid programs could cause potential issues if the same language would be deleted from §160.415 which provides transportation, special education and school food services.

Officials from the **UMSL Charter School Liaison** state that UMSL does not foresee any major impact resulting for their schools.

§161.209 - Resource Standards

Officials from DESE assume zero cost.

§163.410 - Funding exemptions for schools when formula not fully funded

In response to similar legislation from this session (HCS/HB 2053 - FN 3138-03), DESE stated the provisions of this proposal have no impact on state costs (no state savings; no increased state cost). These provisions provide flexibility to school districts regarding expenditures and allocation of money to certain funds.

Officials from the **Office of the Governor** stated no added costs are anticipated as a result of this proposed legislation.

ASSUMPTION (continued)

**Oversight** assumes that although certain monies could be redirected as a result of this proposed legislation, there would be no actual increase or decrease in school funding. For fiscal note purposes only, **Oversight** will show no fiscal impact on local political subdivisions.

§165.011 - One-time transfer of capital projects funds

Officials from DESE assume the provisions of this section have no impact on state costs. (No state savings; no increased state cost.) These provisions provide flexibility to school districts regarding expenditures and allocation of money to certain funds.

§167.128 - Bus transportation

Officials from DESE state the provisions of this proposal have no impact on state costs (no state savings; no increased state cost). These provisions provide flexibility to school districts regarding expenditures and allocation of money to certain funds.

**Oversight** assumes that although certain monies could be redirected as a result of this proposed legislation, there would be no actual increase or decrease in school funding. For fiscal note purposes only, **Oversight** will show no fiscal impact on local political subdivisions.

§168.104; §168.106; §168.745; §168.747 - Teacher Choice Compensation Package

According to DESE, these sections extend the Teacher Choice Compensation Package statewide. To be eligible for the teacher choice compensation package in a seven director or urban school district, the adoption of a resolution by the vote of a majority of the members of the board of education shall be required. A fund is established under current statute to provide revenue to The Teacher Choice Compensation Package. The statute provides that the General Assembly shall appropriate \$5 million annually to the fund. This is not a new provision to the statute; it is already included in §168.745. The program is expanded state wide but the appropriation is not increased.

§168.110 - Teacher Compensation Modifications

Oversight assumes the language in this section is permissive and therefore assigned no fiscal impact.

ASSUMPTION (continued)

§168.221 - Hearing Officer (St Louis Public School District)

This section of the proposal has an effective date of July 1, 2011

**Officials from the St Louis Public School District did not respond to a request for fiscal impact.**

§171.015 - Year-round school

DESE states this provision allows districts to implement year-around calendars. There would not be a fiscal impact to the state. The year-around school provision allows schools to go the statutorily required amount of time over a longer calendar span. It would not have an impact on the state aid that they receive.

§171.017 - Kindergarten start dates

According the DESE, this section allows school districts to implement two start dates for Kindergarten; one at the start of school and one half-way through the year. There would not be a fiscal impact to the state.

§177.161; §177.171- St Louis Public School District bidding process

**Officials from the St Louis Public School District did not respond to a request for fiscal impact.**

**Oversight** assumes these sections deal only with raising the limits for certain bid processes and have no fiscal impact on the district.

§178.697 - Parents as Teachers fees permitted

This section does not appear to pose a fiscal impact to DESE. The impact will be incurred by the school districts and families. It is difficult to determine true cost to the districts and families. The FY09 appropriation was \$34,304,651.00. School districts also invested \$16,254,195.00 of local funds to support Parents as Teachers services to families.

ASSUMPTION (continued)

Section 1 - Tax blended rate

In response to a nearly identical proposal from this session (SB 1064 - FN 5302-01), the following responses were provided:

Officials from the **Office of the State Auditor** (SAO) assumed this proposal would require their organization to revise the current tax rate forms and educate taxing authorities on the changes, and would generate calls in regards to the change. SAO officials estimated that the additional duties in relation to this bill would require 1 FTE Staff Auditor I in the Tax Rate section.

**Oversight** noted that this proposal would require the use of a blended tax rate in a property tax limit calculation for taxing authorities that use separate rates for each subclass of taxable property. Currently, only taxing authorities in St. Louis County use separate tax rates. Accordingly, **Oversight** assumed this proposal would require changes to the tax limit calculation for a limited number of taxing authorities and that SAO could absorb the additional responsibilities with existing resources. If unanticipated additional effort is incurred or if multiple proposals are implemented which increase the SAO workload, resources could be requested through the budget process.

Officials from the **Office of Administration, Division of Budget and Planning**, assumed there would be no added cost to their organization as a result of this proposal. This proposal would modify the way tax levies are calculated in certain counties. This proposal could impact local funds, but would not impact general and total state revenues.

**Oversight** is not able to determine whether this proposal would result in any increase or decrease in a local government tax rate, and will indicate a fiscal impact from unknown positive to unknown negative.

Officials from the **Department of Elementary and Secondary Education** assumed this section would not change the cost of the school foundation formula; there would be no increased or decreased state cost.

Officials from the **Missouri State Tax Commission** and the **Department of Revenue** state this proposal would have no fiscal impact on their agency.

ASSUMPTION (continued)

Section 2 - State children's health insurance program (SCHIP) and free and reduced lunch program (FLPL) application

Officials from the **Department of Social Services - MO HealthNet** assume Increased utilization is expected as a result of this legislation. It is unknown how many additional children will enroll in CHIP but assume as an example 1,000 additional children enrolled in the CHIP program.

Cost per Eligible

Based on YTD FY 2010 actual expenditures, the average monthly cost per CHIP eligible is \$191.08. The cost per eligible includes \$7.74 for the Department of Mental Health services. Some families pay a premium which would offset some of the cost. The current average premium collected is \$30.29. (See attached worksheet.)

Assuming 1,000 additional eligible children in the CHIP program, the total monthly cost of both groups is \$191,080. The total annual cost is \$2,292,960.

Assume the same ratio of premium and non-premium participants as currently in the program. Annual premiums would total \$125,401.

The estimated cost for 1,000 participants is:  $\$2,292,960 - \$125,401 = \$2,167,559$ .

The federal match received for the CHIP program is 74.30%.

For FY 2011, the fiscal impact is \$1,806,299 (\$464,219 GR). Costs for FY 2011 are for ten months. A trend factor of 3.7% is applied to FY 2012 and FY 2013 costs; therefore, the fiscal impact for FY 2012 is projected at \$2,247,759 (\$577,674 GR), and the fiscal impact for FY 2013 is projected at \$2,330,926 (\$599,048 GR)

Officials from the **DOS - Family Support Division (FSD)** provide the following assumptions for this proposal:

This section would require the FSD provide written information on MO HealthNet eligibility and application procedures to each state licensed child care provider. Local FSD offices would receive new applications or an increase in applications due to this special request.

According to the Department of Elementary and Secondary Education, there are 396 public school districts in Missouri. Based on the most recent information obtained from the US Census

ASSUMPTION (continued)

Bureau, there are 1,029,599 children enrolled in public school. It is the FSD's assumption that the attachment will be printed and distributed by DES. FSD will use available staff and resources to develop the attachment. Thus, there will be a zero fiscal impact for this part of the bill.

In addition, this bill would require the FSD to provide all state licensed child care providers with eligibility and application information. According to statistics from the Department of Health and Senior Services, Section for Child Care Regulation, there are a total of 4,302 regulated child care facilities in Missouri. 539 of those are license exempt. The FSD would have to provide a quantity of eligibility and application information to 3,763 state licensed child care facilities. The total capacity of the 3,763 state license child care facilities is 148,834.

The FSD determined the cost to print eligibility and application information to accommodate 148,834 children attending state license child care facilities as this: Per the Office of Administration State Printing Department, the higher the quantity of a print job, the lower the price. A total of 200,000 would cost \$3,788.

Costs associated with the eligibility and application information will be developed with existing resources and staff. The FSD cannot determine how many of these children will apply as a result of this outreach. However, if even 1000 persons would apply and be found eligible, 2 additional eligibility specialists would be required. FSD used an average of 2.5 children per case. Based on the caseload standards, each eligibility specialist can have 243 MO HealthNet cases. ( $1000 / 2.5 = 400 / 243 = 1.64$  or 2).

Therefore, the fiscal impact is unknown greater than \$101,823.69 in FY 11; unknown greater than \$106,563 for FY 12; and unknown greater than \$109,853 for FY 13.

**Oversight** assumes the DOS-FSD would not need rental space for 2 FTE.

DESE does not anticipate significant costs for adding a form to the enrollment packet. DESE defers to local school districts and state-licensed child care providers regarding costs incurred to print, assemble, and disseminate the form

Officials from the **Blue Springs School District** assumed the Section 1 of the proposal would cost approximately \$10,000 per year.

Officials from **Francis Howell School District** assumed the language in Section 1 would have no fiscal impact on their organization.

ASSUMPTION (continued)

In response to a previous proposal, officials from the **St. Louis Public School District** assumed a cost of up to \$50,000 for the first year and up to \$40,000 for each subsequent year for the provisions of Section 1. These costs may include software modifications needed to recognize the new information on the free and reduced meal application or attachment scanned into the system, temporary staff to identify appropriate students/families and to mail notices provided by the DOS, and notice duplication and postage costs.

According to DESE, this proposed legislation would require the reporting of information regarding the "number of families". School districts report to DESE the number of children receiving free and reduced lunch; DESE has no means to deduce the number of families.

[§171.029] Repeal - Four day school week

This would repeal a statute that was enacted in SB 291 (1475-07T) from last session. The proposal was permissive and Oversight is not aware of any school districts that had adopted the four day school week; therefore, for fiscal note purposes only, will assign no fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>GENERAL REVENUE</b>			
<u>Cost - Department of Social Services</u> (DOS-FSD)- Family Services Division (Section 2)			
Personal services (1 FTE)	(\$24,535)	(\$30,190)	(\$31,096)
Fringe Benefits	(\$12,866)	(\$15,832)	(\$16,307)
Equipment and Expense	(Unknown - Greater than <u>\$11,017</u> )	(Unknown - Greater than <u>\$4,221</u> )	(Unknown - Greater than <u>\$4,348</u> )
Total Cost - DOS-FSD	(Unknown - Greater than \$48,418)	(Unknown - Greater than \$50,243)	(Unknown - Greater than \$51,751)
 <u>Cost - DOS - MO HealthNet (Section 2)</u> CHIP Enrollment			
	(Unknown - Greater than <u>\$464,219</u> )	(Unknown - Greater than <u>\$577,674</u> )	(Unknown - Greater than <u>\$599,048</u> )
 <b>ESTIMATED NET CHANGE ON GENERAL REVENUE</b>			
	<u>(Unknown - Greater than \$512,637)</u>	<u>(Unknown - Greater than \$627,917)</u>	<u>(Unknown - Greater than \$703,551)</u>
 <b>ESTIMATED NET FTE CHANGE ON GENERAL REVENUE FTE</b>			
	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT - Federal Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>FEDERAL FUNDS</b>			
<u>Income</u> - DOS-MHD (Section 2)			
Increase in program reimbursements	Unknown - Greater than \$1,610,496	Unknown - Greater than \$1,570,985	Unknown - Greater than \$1731,878
<u>Income</u> - DOS - FSD (Section 2)			
Increase in program reimbursements	Unknown - Greater than \$96,836	Unknown - Greater than \$100,486	Unknown - Greater than \$103,501
<u>Cost</u> - DOS - MHD			
Increase in program expenditures (Section 2)	(Unknown - Greater than \$1,610,496)	(Unknown - Greater than \$1,670,085)	(Unknown - Greater than \$1,731,878)
<u>Cost</u> - DOS - FSD (Section 2)			
Personal Services (1 FTE)	(\$24,535)	(\$30,190)	(\$31,096)
Fringe Benefits	(\$12,866)	(\$15,832)	(\$16,307)
Equipment and expense	(Unknown - Greater than \$11,017)	(Unknown - Greater than \$4,221)	(Unknown - Greater than \$4,348)
Total Cost - DOS- FSD	(Unknown - Greater than \$48,418)	(Unknown - Greater than \$50,243)	(Unknown - Greater than \$51,751)
<b>ESTIMATE NET EFFECT ON FEDERAL FUNDS</b>			
	<u>Unknown - Greater than 96,836 to (Unknown - Greater than \$48,418)</u>	<u>Unknown - Greater than \$100,486 to (Unknown - Greater than 50,243)</u>	<u>Unknown - Greater than \$103,501 to (Unknown - Greater than \$51,751)</u>
<b>ESTIMATED NET FTE CHANGE FOR FEDERAL FUNDS</b>			
	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>School Districts - Revised tax rate limit calculation (Section 1 - §137.073)</u>	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
<u>Cost - School Districts - Costs associated with longer school term (§160.011)</u>	\$0 to (Unknown)	\$0 to (Unknown)	(\$0 to Unknown)
<u>Cost - School Districts - Software modification, duplication &amp; mailing costs (Section 1)</u>	(Unknown - Could exceed <u>\$60,000</u> )	(Unknown - Could exceed <u>\$50,000</u> )	(Unknown - Could exceed <u>\$50,000</u> )
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

§160.011

This section would increase the required number of hours in a school term to be increased to 1,073 from the current 1,044.

Section 1 - Tax blended rate

This section requires the use of a blended rate to determine any necessary adjustments to tax rates due to changes in assessed value for voter approved tax rate increases in jurisdictions which utilize separate tax rates for each subclass of real and personal property.

FISCAL DESCRIPTION (continued)

*Section 2 - State children's health insurance program (SCHIP) and free and reduced lunch program (FLPL) application*

Under this section, the Department of Social Services is required to provide all state licensed child-care providers that receive federal or state aid and all public school districts written information regarding the eligibility criteria and application procedures for obtaining health insurance coverage through the state children's health insurance program (SCHIP). This information is to be distributed to the parents at the time of enrollment. The proposal also requires the Department of Elementary and Secondary Education to add an attachment to the application for the free and reduced lunch program which will require the parent to check a box indicating whether the child has health insurance or not. If the child does not have health insurance, and the parent's income does not exceed the highest level established by federal law, the school district shall provide a notice to the parent that the uninsured child may qualify for health insurance coverage under SCHIP. The Department of Elementary and Secondary Education must submit an annual report on the number of families in each district receiving free or reduced lunches, the number of families that indicate the absence of health insurance coverage on such forms, the number of families that received information on the SCHIP program, and the number of families who applied for coverage under the SCHIP program because of the receipt of such information

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 Insurance, Financial Institutions and Professional Registration  
Division of Social Services  
    Division of Youth Services  
Office of Administration  
    Administrative Hearing Commission  
    Division of Budget and Planning  
Office of Secretary of State  
    Administrative Rules Division  
Department of Higher Education  
Missouri State Tax Commission  
Office of State Auditor  
Charter School Sponsors  
    University of Missouri - St Louis  
    UMSL Charter School Liaison  
School Districts  
    Special School District of St Louis County  
    Francis Howell School District  
    Independence School District

NOT RESPONDING

**St Louis Public School District**



Mickey Wilson, CPA  
Director  
May 10, 2010