

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0091-03
Bill No.: Perfected HCS for HB 458
Subject: Department of Elementary and Secondary Education; Children and Minors;
 Health Care; Revenue Department
Type: Original
Date: May 8, 2013

Bill Summary: This proposal establishes Bryce’s Law which authorizes a special needs scholarship program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(\$51,591)	(\$59,325)	(\$59,940)
Total Estimated Net Effect on General Revenue Fund	(\$51,591)	(\$59,325)	(\$59,940)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

- 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 2014	FY 2015	FY 2016
Local Government	\$0 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Elementary and Secondary Education (DESE)** assume by federal law, the obligation to educate students with developmental disabilities or other special needs would remain with the public schools, although private schools would receive donor funds to educate the students.

Accepting donations/financial resources of any kind at the state level may jeopardize the state's MOE (Maintenance of Effort) threshold required under the Individuals with Disabilities Education Act (IDEA). The state must maintain the level of funding made available (no matter the source) at the state level for special education students as it did the previous year. Any fluctuations in donations could cause the MOE threshold to rise and fall. In years where donations are sparse, the general assembly would have to supplement the shortfall with state funds in order to maintain the MOE threshold or risk losing IDEA grant funds to schools.

DESE does not have the authority to accept grants and donations as this was taken away by the general assembly this past legislative session.

§135.1220.3 requires DESE to develop a master list of resources available to the parents of children with an autism spectrum disorder and to maintain a web page for the information. In addition, the section requires DESE to actively seek financial resources in the form of grants and donations. §135.1220.4 requires the director to determine at least annually, which organizations in this state may be classified as scholarship granting organizations.

DESE will require 1.0 FTE supervisor and 2.0 FTE administrative assistant to carry out the many requirements of this proposal. However, there is an issue as to how these positions would be funded. Federal funds could not be used.

§135.1220.21 of the proposal requires DESE to conduct a study of the program with funds other than state funds. It indicates that DESE may accept grants to assist in funding this study. It should be noted that the study will not likely get completed unless DESE receives external funding.

Oversight assumes the Supervisor position would be needed to oversee the program. Should the number of applicants increase by a measurable amount then DESE could seek additional FTE through the appropriations process.

Oversight has, for fiscal note purposes only, adjusted the salary and benefits for the Supervisor

ASSUMPTION (continued)

position to correspond to the starting salary for that position as posted by DESE on their web site for a similar position.

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 act. The SOS's office 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 Secretary of State's office for Administrative Rules is less than \$2,500. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, 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 their office can sustain with their core budget. Therefore, 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 with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

In response to the introduced version of this proposal, officials from the **Office of Administration - Division of Budget and Planning** stated this proposal should not result in additional costs or savings to their agency.

Also in response to the introduced version of this proposal, officials from the **Department of Health and Senior Services** assumed this proposal would have no fiscal impact on their agency.

Officials from the **Department of Social Services (DOS)** state there is no direct fiscal impact to DOS since all administrative responsibilities fall to the Department of Elementary and Secondary Education.

Officials from the **Department of Revenue, Department of Economic Development, Joint Committee on Administrative Rules, Department of Insurance, Finance and Professional Registration, Department of Mental Health**, and the **Office of the Attorney General** each assume the proposal would not fiscally impact their respective agencies.

Oversight assumes that there could be a loss to Public School Districts if a student were to

ASSUMPTION (continued)

switch from a public to private school. Oversight has not shown that impact in the fiscal note as it is unclear if that would occur.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Costs - Department of Elementary and Secondary Education (DESE)</u>			
Personal Service	(\$31,640)	(\$38,348)	(\$38,731)
Fringe Benefits	(\$16,056)	(\$19,460)	(\$19,654)
Equipment and Expenses	<u>(\$3,895)</u>	<u>(\$1,517)</u>	<u>(\$1,555)</u>
Total Costs - DESE	<u>(\$51,591)</u>	<u>(\$59,325)</u>	<u>(\$59,940)</u>
 Total FTE Change DESE	 1 FTE	 1 FTE	 1 FTE
 ESTIMATED NET EFFECT ON GENERAL REVENUE	 <u>(\$51,591)</u>	 <u>(\$59,325)</u>	 <u>(\$59,940)</u>
 Estimated Net FTE Change on General Revenue	 1 FTE	 1 FTE	 1 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - School districts - Scholarships for children attending new school districts	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Savings</u> - School districts - Districts that lose students would realize savings from not incurring education expenses specific to those students with developmental disabilities	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - School districts - Districts that receive students based upon this proposal could incur additional educational expenses higher than what would be provided as a scholarship	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS	\$0 or Unknown <u>to (Unknown)</u>	\$0 or Unknown <u>to (Unknown)</u>	\$0 or Unknown <u>to (Unknown)</u>

FISCAL IMPACT - Small Business

This proposal could impact small businesses making donations to scholarship granting organizations. It could also impact small businesses defined as qualified service providers.

FISCAL DESCRIPTION

This proposal establishes Bryce's Law which authorizes a special needs scholarship program.

The Department of Elementary and Secondary Education (DESE) shall develop a master list of resources available to the parents of children with an autism spectrum disorder and shall maintain a web page for the information. DESE shall also actively seek financial resources in the form of grants and donations that may be devoted to scholarship funds or to clinical trials for behavioral interventions that may be undertaken by qualified service providers. DESE may contract out or delegate these duties to a nonprofit organization. Priority in referral for funding shall be given to children who have not yet entered elementary school.

The bill requires the DESE to determine which organizations in this state can be classified as

DESCRIPTION (continued)

scholarship-granting organizations. A scholarship-granting organization must: provide scholarships to eligible students attending qualified schools or children receiving services from qualified service providers; ensure that at least 90% of its revenue from donations is spent on educational scholarships; ensure that scholarships shall not exceed an average of \$20,000 per eligible child or \$50,000 per eligible student; demonstrate its financial accountability and viability; provide a surety bond payable to the state in the amount of its expected annual donations; and, send an annual report to DESE by June 1.

Provisions for determining the number of scholarships based on a percentage of the special needs Individualized Education Programs are included.

DESE must conduct a study with funds other than state funds to assess: the level of participating students' and parents' satisfaction with the program; the change in the percentage of students bullied or harassed; the number of students exhibiting behavioral problems; class size comparisons between the resident school district and the qualified school; and, the fiscal impact of the program. DESE must present the report to the General Assembly by December 31, 2016.

The provisions of the program shall expire December 31, 2019, unless reauthorized by the General Assembly.

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

Office of Administration
 Division of Budget and Planning
Department of Elementary and Secondary Education
Department of Economic Development
Department of Insurance, Finance and Professional Registration
Department of Mental Health
Department of Health and Senior Services
Department of Social Services
Department of Revenue
Office of Attorney General
Joint Committee on Administrative Rules
Office of Secretary of State
 Administrative Rules Division



Ross Strope
Acting Director
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