

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4327-01
Bill No.: SB 517
Subject: Education, Elementary and Secondary
Type: Original
Date: January 6, 2014

Bill Summary: This proposal provides that charter school sponsors are responsible for all expenditures associated with the closure of a charter school they sponsor.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
University Funds	\$0 to (Unknown - Could exceed \$100,000)	\$0 to (Unknown - Could exceed \$100,000)	\$0 to (Unknown - Could exceed \$100,000)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (Unknown - Could exceed \$100,000)	\$0 to (Unknown - Could exceed \$100,000)	\$0 to (Unknown - Could exceed \$100,000)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	\$0 to (Unknown - Could exceed \$100,000)	\$0 to (Unknown - Could exceed \$100,000)	\$0 to (Unknown - Could exceed \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education** state that in the past two school years, 5 charter Local Education Agencies (LEA) have closed (three in 2012 and two in 2013). The cost of these charter closures have ranged from \$20,000 to \$110,000. The annual cost will vary based on the size of the charter school closing as well as the number of closures. On average, over the past two years, two charter schools have closed. Based on the estimate of closing two charter schools, the annual cost incurred by charter sponsors would range between \$40,000 to \$220,000.

Charter school sponsors include universities and St. Louis City public schools. Sponsors obtain funding from state, federal, local, and private sources. The fiscal impact will likely consist of some mix between state, local, and private sources.

2013-2014 CHARTER SCHOOL SPONSORS	CHARTER SCHOOLS
University of Central Missouri - Warrensburg	9
University of Missouri - Columbia	6
University of Missouri - Kansas City	10
Lindenwood University - St. Charles	1
Missouri University of Science & Technology - Rolla	1
Saint Louis City Public Schools - Saint Louis	1
Saint Louis University - Saint Louis	2
Southeast Missouri State University - Cape Girardeau	1
Washington University - Saint Louis	1
University of Missouri - Saint Louis	4

In response to similar legislation from last year (SB 171 - FN 4327-01), officials from the **University of Missouri System** stated this proposal could have a financial impact of hundred of thousands of dollars on the University System. No other Charter School Sponsors responded.

ASSUMPTION (continued)

Oversight assumes the cost could range from \$0 (No charter schools being closed) to (Unknown - Could exceed \$100,000) if charter sponsors incur costs to close a charter school. Reports state that the cost to close six charter schools in St Louis in 2012 was \$250,000.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
-----------------------------------------	---------------------	---------	---------

UNIVERSITY FUNDS

<u>Loss - Universities (Charter Sponsors) - Costs to close charter schools</u>	\$0 to (Unknown - Could exceed <u>\$100,000</u>)	\$0 to (Unknown - Could exceed <u>\$100,000</u>)	\$0 to (Unknown - Could exceed <u>\$100,000</u>)
------------------------------------------------------------------------------------	------------------------------------------------------------	------------------------------------------------------------	------------------------------------------------------------

	<u>\$0 to</u> <u>(Unknown -</u> <u>Could exceed</u> <u>\$100,000)</u>	<u>\$0 to</u> <u>(Unknown -</u> <u>Could exceed</u> <u>\$100,000)</u>	<u>\$0 to</u> <u>(Unknown -</u> <u>Could exceed</u> <u>\$100,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE			

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
-----------------------------------------	---------------------	---------	---------

LOCAL POLITICAL SUBDIVISIONS

<u>Loss - School Districts (Charter Sponsors) - Costs to close charter schools</u>	\$0 to (Unknown - Could exceed <u>\$100,000</u>)	\$0 to (Unknown - Could exceed <u>\$100,000</u>)	\$0 to (Unknown - Could exceed <u>\$100,000</u>)
----------------------------------------------------------------------------------------	------------------------------------------------------------	------------------------------------------------------------	------------------------------------------------------------

	<u>\$0 to</u> <u>(Unknown -</u> <u>Could exceed</u> <u>\$100,000)</u>	<u>\$0 to</u> <u>(Unknown -</u> <u>Could exceed</u> <u>\$100,000)</u>	<u>\$0 to</u> <u>(Unknown -</u> <u>Could exceed</u> <u>\$100,000)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS			

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal provides that charter school sponsors are responsible for all expenditures associated with the closure of a charter school they sponsor.

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
Charter School Sponsors
University of Missouri System



Mickey Wilson, CPA
Director
January 6, 2014

Ross Strobe
Assistant Director
January 6, 2014