

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0724-01  
Bill No.: HB 199  
Subject: Education, Elementary and Secondary: Alternative Education  
Type: Original  
Date: January 11, 2001

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$30,691,197)	(\$31,629,381)	(\$32,581,412)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$30,691,197)</b>	<b>(\$31,629,381)</b>	<b>(\$32,581,412)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Net Effect on School Districts</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

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## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Secretary of State's Office (SOS)** assume the rules, regulations and forms issued by the State Board of Education could require as many as 6 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27. The actual costs could be more or less the SOS's estimated cost of \$369 for FY 2002. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

**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 Elementary and Secondary Education (DESE)** assume:

- 1) the the state would fund 100% of the additional costs per pupil needed to expand the alternative education programs;
- 2) alternative education programs would be expanded to include elementary school students within one year of the proposal's effective date (the proposal would require all programs to include an early intervention program for elementary pupils within 3 years of program establishment or 3 years of the effective date of the proposal, whichever comes later);
- 3) the increase in funds needed to cover 100% of costs could affect the Line 14 appropriation and/or the Safe School grants appropriation;
- 4) the 210 districts currently being served by 3-year grants would expand existing programs to include elementary pupils (which would raise the appropriation need from about \$9,000,000 to about \$27,000,000 or \$128,600 per district);
- 5) another 200 districts would begin alternative education programs;
- 6) per district requirements would be about \$128,600 per district or \$25,720,000 for 200 districts;  
and

ASSUMPTION (continued)

GVB:LR:OD (12/00)

7) districts would implement programs beginning in FY 2002.

Additional costs would be:

\$18,000,000 for expansion of existing programs  
 \$25,700,000 for new programs

DESE officials assume 3% inflation in succeeding fiscal years.

Increases could be funded through either the Safe Schools grants or through the Line 14 appropriation.

Administration

An additional supervisor would be needed to develop guidelines for expansion of alternative education programs, answer questions, develop criteria, handle reimbursement claims, and collect and analyze information about the effectiveness of programs.

Information Technology (IT) Impact

DESE's IT section would need to adjust their data-processing systems to be able to support the program's expansion, submission of claims, and disbursement of payments. This impact is estimated to be \$25,000 in FY 2002; project management fee is 8% of the project cost or \$2,000, for \$27,000 total IT cost in FY 2002. IT maintenance costs are estimated to be \$3,750 for FY 2003 and \$3,863 for FY 2004.

**Oversight** notes that about 25% of districts receiving Safe School Grants already have "elementary" programs and, therefore assumes costs to schools already having programs to expand them would be by 75% of DES assumptions. Oversight also notes that the proposal addresses elementary school level programs and does not require districts to expand programs to the secondary school level. Therefore, Oversight is assuming that the per district cost per program would be two-thirds of DES assumptions. (\$18,000,000 x .75 = \$13,500,000. And \$25,700,000 x 2/3 = \$17,133,333. Total cost for FY 2002 would be \$30,633,333 or \$30,600,000 for fiscal note purposes.)

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>GENERAL REVENUE FUND</b>			
<u>Cost-Department of Elementary and Secondary Education</u>			
Personal Service (1 FTE)	(\$42,726)	(\$52,553)	(\$53,867)

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
Fringe Benefits	(\$14,241)	(\$17,516)	(\$17,954)
Expense and Equipment	(\$34,230)	(\$9,312)	(\$9,591)
Alternative Education Expansion	<u>(\$30,600,000)</u>	<u>(\$31,550,000)</u>	<u>(\$32,500,000)</u>
Total <u>Cost-DESE</u>	(\$30,691,197)	(\$31,629,381)	(\$32,581,412)

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>SCHOOL DISTRICTS</b>			
<u>Income</u> - State Reimbursements	\$30,600,000	\$31,550,000	\$32,500,000
<u>Cost</u> - New and Expanded Alternative Education Programs	(\$30,600,000)	(\$31,550,000)	(\$32,500,000)
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICTS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal would allow Children At-Risk in Education Program funding to be used for any alternative education programs. A district supporting an elementary grades alternative education program would not be required to house the elementary grades on the site of the area learning center.

Each area vocational learning center would submit to DESE a plan for expansion of the learning center. The learning centers would be funded for 100% of the additional costs per pupil needed to expand the alternative education program in a district to include elementary grades.

All alternative education programs would include an early intervention program for elementary pupils within three years of the establishment of the program or the effective date of the proposal, whichever last occurs.

Alternative education grants could be continued to permit the establishment of an elementary grade alternative education program.

DESCRIPTION (continued)

This legislation is not federally mandated, would not duplicate any other program and would not

require additional capital improvements or rental space. The proposal would not affect Total State Revenue.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Secretary of State

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and "R".

Jeanne Jarrett, CPA  
Director  
January 11, 2001