

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0612-05  
Bill No.: HB 550  
Subject: Education, Elementary and Secondary  
Type: Original  
Date: February 5, 2015

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Bill Summary: This proposal modifies provisions relating to elementary and secondary education.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue*	(\$20,000)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$20,000)*</b>	<b>\$0*</b>	<b>\$0*</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**\* Oversight assumes a portion of this proposal would not have a fiscal impact unless the foundation formula is fully funded. DESE was not able to provide Oversight of an estimate of when the foundation formula is to be fully funded.**

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<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 FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Department of Elementary and Secondary Education (DESE)** assume §160.405.1(18) would require paying an individual to assume the trustee role may cost \$60,000 to \$80,000 per closure.

**Oversight** notes the proposal would require the naming of a trustee if there is a dissolution of a charter school. Oversight will not show an impact from this portion of the proposal.

**DESE** assume § 160.405.4(5) would expand the range of instruction to include early childhood. Once the foundation formula is fully funded, charter schools would be eligible to seek reimbursement for their early childhood students. It is impossible to determine the number of preschool charter school students as new charters, with various grade configurations, are being added yearly.

It is unlikely that the formula will be funded during the scope of the fiscal note. We cannot estimate when/if this will happen; therefore, we are showing no fiscal impact here.

**Oversight** notes that DESE and the Office of Administration's Division of Budget and Planning were not able to provide Oversight with a projection of when the foundation formula may be fully funded. This proposal would not have a fiscal impact until such time as the formula is fully funded. Therefore, Oversight is not able to determine any fiscal impact for this portion of the proposal.

**DESE** assumes §160.405.16 would require a committee to report its findings by December 31, 2015. Travel expenses as well as other costs associated with the committee work is estimated to range between \$15,000 and \$20,000.

**Oversight** notes this proposal would require DESE to create a committee to investigate facility access and affordability for charter schools. The committee is to have its findings to the General Assembly by December 31, 2015 (FY 2016). Oversight will show the committee expenses as the estimate provided by DESE.

**DESE** assumes §160.410.1(3) appears to allow nonresident pupils of charter employees to attend charter school. The district in which the charter school resides would incur the costs of these nonresident students from the local tax revenues per weighted average daily attendance in accordance with §160.415.4. It is estimated that these costs would be approximately \$3,864 (average ADA) per pupil.

ASSUMPTION (continued)

If the charter employee lives in another state (which happens regularly in the Kansas City and St. Louis area) the State would incur the cost for these nonresident students amounting to approximately \$6,131 based on the state adequacy target.

**Oversight** notes this proposal would require the state to pay for a nonresident student to attend a charter school if that student has a parent that works for the charter school. The average daily attendance of \$3,864 per pupil would be a gain to the charter school and a cost to DESE. DESE is unaware if there are any nonresident students that meet the qualifications of this proposal. Oversight will not show an impact from this portion of the proposal.

Officials at the **Malta Bend Schools** assume there is no fiscal impact from this proposal.

Officials at the **Special School District of St. Louis** assume this proposal would not have a material fiscal impact on the District.

Officials at the following schools: Blue Springs Public Schools, Branson Public Schools, Caruthersville School District, Cole R-I Schools, Columbia Public Schools, Everton R-III School District, Fair Grove Schools, Fulton Public School, Harrisonville School District, Independence Public Schools, Jefferson City Public Schools, Kansas City Public Schools, Kirksville Public Schools, Kirbyville R-VI Schools, Lee Summit Public Schools, Macon School, Mexico Public Schools, Monroe City R-I Schools, Nixa Public Schools, Parkway Public Schools, Pattonville Schools, Raymore-Peculiar R-III Schools, Raytown School District, Riverview Gardens School District, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Spickard School District, Springfield School District, St Joseph School District, St Louis Public Schools, St. Charles Public Schools, Sullivan Public Schools, Warren County R-III School District and Waynesville Public School did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>GENERAL REVENUE</b>			
Cost - DESE - expenses of committee on charter schools §160.405.16	<u>(\$20,000)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$20,000)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

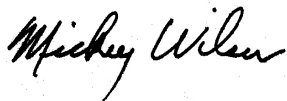
FISCAL DESCRIPTION

This legislation modifies charter school procedures.

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  
Malta Bend Schools  
Special School District of St. Louis



Mickey Wilson, CPA  
Director  
February 5, 2015

Ross Strobe  
Assistant Director  
February 5, 2015