

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1394-01
Bill No.: HB 532
Subject: Education, Elementary and Secondary; Elementary and Secondary Department
Type: Original
Date: April 17, 2015

Bill Summary: This proposal changes the laws regarding school funding formula by adding an additional weight for each gifted student to the calculation of the school district's weighted average daily attendance.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|-----------------------|-----------------------|-----------------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| General Revenue* | (\$22,360,494) | (\$22,360,494) | (\$22,360,494) |
| Total Estimated Net Effect on General Revenue | (\$22,360,494) | (\$22,360,494) | (\$22,360,494) |

***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 has a provision that may not have a fiscal impact until such time as the formula is fully funded (\$163.011). Oversight, for fiscal note purposes, is showing the impact of that provision.**

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| State School Money | \$0 | \$0 | \$0 |
| Total Estimated Net Effect on Other State Funds ** | \$0 | \$0 | \$0 |

** Transfers in and out net to zero.

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

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

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

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2016 | FY 2017 | FY 2018 |
| Local Government* | \$0 | \$0 | \$0 |

* Transfer in and costs net to zero.

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials at the **Department of Elementary and Secondary Education (DESE)** assume considering the definition of "gifted threshold" and the additional weighting defined in 163.011(22), the additional impact to state aid totals \$22,360,494 per year. It is unlikely that the formula will be funded during the scope of the fiscal note. Until the formula is fully funded, this amount would decrease the share of funds for all other districts.

Officials at the **Special School District of St. Louis (SSD)** assume this would have a negative impact on SSD. This assumes that the state funding is not increased proportionate to the increase in the weighted attendance due to the addition of gifted students, of which SSD has few.

Officials at the **Columbia Public Schools (CPS)** assume without the threshold information, it is difficult to get very close to the impact, however CPS stands to receive roughly \$3,000 for each additional ADA generated. CPS currently serve 9% of its student population with gifted services.

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

| <u>FISCAL IMPACT - State Government</u> | FY 2016 (10 Mo.) | FY 2017 | FY 2018 |
|---|------------------------------|------------------------------|------------------------------|
| GENERAL REVENUE | | | |
| <u>Transfer Out - State School Money Fund for gifted education additional funding</u> | <u>(\$22,360,494)</u> | <u>(\$22,360,494)</u> | <u>(\$22,360,494)</u> |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | <u>(\$22,360,494)</u> | <u>(\$22,360,494)</u> | <u>(\$22,360,494)</u> |

STATE SCHOOL MONEY FUND

| | | | |
|--|-----------------------|-----------------------|-----------------------|
| <u>Transfer In - General Revenue</u> | \$22,360,494 | \$22,360,494 | \$22,360,494 |
| <u>Transfer Out - Local School Districts</u> | <u>(\$22,360,494)</u> | <u>(\$22,360,494)</u> | <u>(\$22,360,494)</u> |
| ESTIMATED NET EFFECT ON STATE SCHOOL MONEY FUND | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

***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 has a provision that may not have a fiscal impact until such time as the formula is fully funded (\$163.011). Oversight, for fiscal note purposes, is showing the impact of that provision.**

| <u>FISCAL IMPACT - Local Government</u> | FY 2016 (10 Mo.) | FY 2017 | FY 2018 |
|--|-----------------------|-----------------------|-----------------------|
| LOCAL SCHOOL DISTRICT FUNDS | | | |
| <u>Transfer In - State School Money Fund</u> | \$22,360,494 | \$22,360,494 | \$22,360,494 |
| <u>Costs - School Districts for gifted programs</u> | <u>(\$22,360,494)</u> | <u>(\$22,360,494)</u> | <u>(\$22,360,494)</u> |
| ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS | <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.

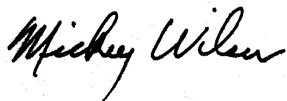
FISCAL DESCRIPTION

Beginning July 1, 2016, this bill adds a weight of six-tenths for each gifted student who exceeds the school district's gifted threshold to the calculation of its weighted average daily attendance in the school foundation funding formula. A school district that is found by audit to have spent gifted funds on matters not directly related to gifted education must repay the aid and a 100% penalty if it cannot resolve the audit finding.

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

Columbia Public Schools
Department of Elementary and Secondary Education
Malta Bend Schools
Special School District of St. Louis



Mickey Wilson, CPA
Director
April 17, 2015

Ross Strobe
Assistant Director
April 17, 2015