

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4647-03
Bill No.: HCS for HB 1435
Subject: Elementary and Secondary Education
Type: Original
Date: March 8, 2018

Bill Summary: This proposal modifies provisions relating to services and programs for gifted children.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Elementary and Secondary Education (DESE)** assume there is no fiscal impact from this proposal. DESE stated an increase in the number of gifted students would not impact funding as there is no earmarked funding for gifted. Funding in the formula for gifted is set at \$24,870,104 and has been set at this since the 2004-2005 school year. DESE defers to the school districts for fiscal impact.

Officials from the **Wellsville-Middletown R-1 School District** assume this proposal will have a relatively small negative fiscal impact on the district based on possible need for resources and staff training and assignments.

In response to a previous version, HB 1435 (LR 4647-01), officials from the **Summersville R2 School District, Kirksville R-III School District** and the **West Plains School District** assumed the proposal will have no fiscal impact on their organization.

Oversight notes, per information from DESE's website, 204 school districts in Missouri offered gifted programs and served 39,299 gifted students in 2015-2016. Per DESE, expenditures on gifted programs in 2016-2017 were estimated at \$42,546,592.

Oversight estimates gifted spending is approximately \$1,083 per gifted student ($\$42,546,592 / 39,299$). A report from the Advisory Council on the Education of Gifted and Talented Children notes there were 6,052 students identified as gifted that were not being served by a state approved program in Missouri in 2015. If school districts created gifted programs for 6,052 students, the cost to the school districts is estimated at \$6,554,316 ($6,052 * \$1,083$).

Oversight notes this proposal would require a school district to establish a gifted program if 3% or more of students are determined to be gifted. Oversight is unable to determine how many districts would need to establish a gifted program or if the qualifiers in the HCS would allow the districts to absorb the cost. Therefore, Oversight will show an potential impact to school districts of \$0 up to an unknown cost.

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the 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 the office can sustain with the core budget. Therefore, the 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. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials at the following school districts: Arcadia Valley R-2, Avilla R-13, Bakersfield, Belton, Benton County R-2, Bismark R-5, Bloomfield R-14, Blue Springs, Bolivar R-I, Bowling Green R-1, Branson, Brentwood, Bronaugh R-7, Campbell R-2, Carrollton R-7, Caruthersville, Central R-III, Chilhowee R-4, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Concordia R-2, Crawford County R-1, Crocker R-II, Delta C-7, East Carter R-2, Eldon R-I, Everton R-III, Fair Play, Fayette R-3, Forsyth R-3, Fox C-6, Fredericktown R-I, Fulton, Grain Valley, Hancock Place, Hannibal, Harrisonburg R-8, Harrisonville, Hillsboro R-3, Hollister R-5, Humansville R-4, Hurley R-1, Independence, Jefferson City, Kansas City Public Schools, Kearney R-1, Kennett #39, King City R-1, Kingston 42, Kirbyville R-VI, Lee Summit, Leeton R-10, Lewis County C-1, Lincoln R-II, Lindbergh, Lonedell R-14, Macon County R-1, Malta Bend, Mehville, Meramec Valley R-3, Mexico, Middle Grove C-1, Midway R-1, Milan C-2, Moberly, Monroe City R-I, Morgan County R-2, New Haven, Nixa, North Kansas City, North St. Francois Co. R-1, Northeast Nodaway R-5, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osborn R-0, Parkway, Pattonville, Pettis County R-12, Pierce City, Plato R-5, Princeton R-5, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, Republic R-III, Richards R-V, Richland R-1, Richmond R-XVI, Riverview Gardens, Salisbury R-4, Sarcoxie R-2, Scotland County R-I, Sedalia, Seymour R-2, Shell Knob #78, Sikeston, Silex, Smithville R-2, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, St. Charles, St. Elizabeth R-4, Sullivan, Valley R-6, Verona R-7, Warren County R-3, Warrensburg R-6, Waynesville, Webster Groves, Wentzville, Westview C-6 and the Wright City R-2 school districts did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
LOCAL SCHOOL DISTRICT FUNDS			
<u>Cost</u> - requirement to establish gifted programs	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICT FUNDS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill requires school districts to establish a state-approved gifted program if 3% or more of the students are determined to be gifted. Districts with average daily attendance of 350 or fewer students are not required to have a teacher certificated to teach gifted education, but any teacher providing gifted instruction without a gifted-teaching certificate must participate in six hours per year of professional development regarding gifted services.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Office of the Secretary of State
Joint Committee on Administrative Rules
Kirksville R-III School District
West Plains School District
Summersville R2 School District
Wellsville-Middletown R-1 School District

Ross Strope



Acting Director
March 8, 2018