

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6582-01  
Bill No.: HB 2565  
Subject: Elementary and Secondary Education  
Type: Original  
Date: April 27, 2018

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Bill Summary: This proposal modifies provisions relating to school funding.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	\$0	\$0 or (Could exceed \$100,000)	\$0 or (Could exceed \$100,000)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0 or (Could exceed \$100,000)</b>	<b>\$0 or (Could exceed \$100,000)</b>

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

\*Revenue and expenditures net to zero.

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 2019</b>	<b>FY 2020</b>	<b>FY 2021</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 2019</b>	<b>FY 2020</b>	<b>FY 2021</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 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0 or Could exceed \$100,000</b>	<b>\$0 or Could exceed \$100,000</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the proposal will have no fiscal impact on their organization. This proposal could potentially change how the percentage is calculated for Community Eligibility Option districts. This percentage determines the Free and Reduced Lunch count used in the formula calculation for these districts. There could potentially be an impact on the foundation formula calculation depending on how this percentage is calculated.

Upon further inquiry, **DESE** noted: depending on how this proposal is implemented, DESE anticipates an impact of \$0 (no change in the calculation) to a potential cost of over \$100,000 to the foundation formula due to different multipliers used by the food and nutrition services division.

Officials from the **Office of Administration - Budget and Planning (BAP)** assume the proposed legislation will modify the definition of "free and reduced price lunch pupil count" in Section 163.011, which relates to the calculation of state aid under the foundation formula. The definition is modified to specify that the pupil count for school districts electing to utilize the United States Department of Agriculture (USDA) Community Eligibility Option shall be calculated by Food and Nutrition Services within DESE. The proposed legislation appears to have no direct impact on TSR or the calculation pursuant to Article X, Section 18(e). BAP defers to DESE for any impact to the formula.

Officials from the **Wellsville-Middletown R-1 School District** assume this proposal will have little or no fiscal impact on the district.

Officials from the **Summersville R2 School District** assume an unknown impact.

**Oversight** notes, per the Community Eligibility Provision Schedule by DESE's Food and Nutrition Services division, there are 82,897 identified eligible students in Missouri. Oversight notes, per the U.S. Department of Education, the percentage of identified students is multiplied by a multiplier ranging from 1.3 to 1.6 to determine USDA reimbursement rates for breakfast and lunch counts.

**Oversight** assumes the effective date of this proposal would be August 28, 2018 and would impact the schools districts beginning with 2019-2020 school year or FY 2020. Based on comments by DESE, Oversight will show a fiscal impact of \$0 or a cost that could exceed \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>GENERAL REVENUE</b>			
<u>Transfer Out</u> - increased call to foundation formula for free and reduced lunch counts	\$0	\$0 or (Could exceed <u>\$100,000</u> )	\$0 or (Could exceed <u>\$100,000</u> )
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0</u></b>	<b><u>\$0 or (Could exceed \$100,000)</u></b>	<b><u>\$0 or (Could exceed \$100,000)</u></b>
<b>STATE SCHOOL MONEY FUND</b>			
<u>Transfer In</u> - from General Revenue	\$0	\$0 or Could exceed \$100,000	\$0 or Could exceed \$100,000
<u>Transfer Out</u> - to School Districts	\$0	\$0 or (Could exceed <u>\$100,000</u> )	\$0 or (Could exceed <u>\$100,000</u> )
<b>ESTIMATED NET EFFECT ON STATE SCHOOL MONEY FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>LOCAL SCHOOL DISTRICT FUNDS</b>			
<u>Transfer In</u> - for increased free and reduced lunch count	\$0	\$0 or Could exceed <u>\$100,000</u>	\$0 or Could exceed <u>\$100,000</u>
<b>ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS</b>	<b>\$0</b>	<b><u>\$0 or Could exceed \$100,000</u></b>	<b><u>\$0 or Could exceed \$100,000</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION


This bill changes the definition of "free and reduced price lunch pupil count" in the Foundation Formula by specifying that the pupil count for school districts choosing the USDA Community Eligibility Option shall be calculated by the food and nutrition services section of the Department of Elementary and Secondary Education.

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  
Office of Administration - Budget and Planning  
Wellsville-Middletown R-1 School District  
Summersville R2 School District

Ross Strope



Acting Director  
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