

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0675H.011  
Bill No.: HB 306  
Subject: Elementary and Secondary Education, Department of; Education, Elementary and Secondary; Teachers  
Type: Original  
Date: February 12, 2021

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</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 2022</b>	<b>FY 2023</b>	<b>FY 2024</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 \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 to could exceed (\$6,888,675)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Elementary and Secondary Education** assume the proposal would not fiscally impact their agency.

Officials from the **High Point R-III School District** assume the proposal would not fiscally impact their schools.

In response to a similar proposal, from 2021 (SB 151), officials from the **Fordland School District** stated this would require additional funding to establish a gifted program.

In response to a similar proposal from 2020 (SB 645), officials from the **Hurley R-I School District** stated gifted programs are very expensive to run and for small school districts, the financial impact of creating sections for 3 or 4 students could be massive at varying grade levels.

In response to a similar proposal from 2020 (SB 645), officials from the **Shell Knob School District** assumed this proposal has a negative fiscal impact.

In response to a similar proposal from 2020 (SB 645), officials from the **Fayette R-III** school district said the annual cost of this proposal is \$50,000, and would increase each year. It would be the cost to hire a gifted teacher plus any required assessments.

In response to a similar proposal from 2019, (HB 112), officials from the **Wellsville-Middletown R-1** School District assumed the proposal had the potential to have a substantial negative fiscal impact.

In response to a similar proposal from 2019, (HB 112), officials from the **Lee's Summit R-7 School District** assumed the proposal would be of no cost to the district because it has a state-approved program.

In response to a similar proposal from 2019, (HB 112), **Springfield Public Schools** assumed the cost to the district would be for additional professional development for non-certificated gifted teachers. The program already exists in our district but this change would create a mandate for districts. Additional cost above current expenditure is negligible.

**Oversight** notes, per information from DESE's 2019 Gifted Advisory Council (GAC) Biennial Report, 239 out of 528 Missouri school districts offered gifted programs in 2018, spending \$42,968,610 for these programs. Also, per the report, the state reimburses \$24,870,140 annually, which amount has remained static since 2006. Therefore, Oversight will assume the costs for this expansion will be borne by the school districts. DESE provided there were 37,475 identified

students in Missouri, and that 5,199 identified students were unserved. However, the GAC reports and statistics from the National Center for Education Statistics show there are likely more unidentified unserved gifted students in Missouri.

**Oversight** estimates gifted spending is approximately \$1,325 per gifted student (\$42,968,610 / 32,276). If there are 5,199 unserved identified gifted students with a cost of \$1,325 to educate, Oversight estimates **\$6,888,675** to provide gifted education to every unserved identified gifted student.

**Oversight** notes that the GAC reports show that districts with gifted programs identify gifted students at higher rates than districts without gifted programs. Oversight does not have sufficient data to firmly estimate a specific number of unidentified unserved gifted students, but will create an instructive estimate based on national statistics.

**Oversight** notes that in 2014, The National Center for Education Statistics (NCES) found states identified 6.7% of their public school students as gifted. 6.7% of Missouri's 883,703 students is 59,208 gifted students. To match the NCES identified gifted student population average, Missouri would need to identify 11,335  $((.067 \times 883,703) - 5,199 \text{ identified gifted students})$  more students as gifted. Furthermore, to provide gifted services to every currently identified and unidentified gifted student would cost \$21,907,684  $((11,335 \text{ estimated unidentified gifted students} + 5,199 \text{ identified gifted students}) \times \$1,325 \text{ cost per student})$ .

Alternately, **Oversight** will estimate the cost of each district establishing a gifted program. If the 289 districts without a gifted program each hired one \$50,000 a year teacher to establish a gifted program, this proposal would have a \$14,450,000 local net direct fiscal impact. Last, DESE recommends a maximum of 90 gifted students per full time teacher, which is a \$6,000,000 direct fiscal impact for 120 teachers, but is likely low because that would likely require some districts to share a teacher.

**Oversight** received a limited number of responses from school districts related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other school districts were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

Oversight notes the proposal stipulates these changes start with school years starting on or after July 1, 2023. Therefore, Oversight will reflect a potential cost to school districts starting in FY 2024.

Rule Promulgation

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

Officials from the **Office of the Secretary of State** notes many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize 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 our office can sustain with our core budget. Therefore, they reserve 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.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<b>SCHOOL DISTRICTS</b>			
<u>Cost - to School Districts - requirement to establish gifted programs - \$162.720</u>	<u>\$0</u>	<u>\$0</u>	\$0 to could exceed <u>(\$6,888,675)</u>
<b>ESTIMATED NET EFFECT ON SCHOOLS DISTRICTS</b>	<u>\$0</u>	<u>\$0</u>	<b>\$0 to could exceed <u>(\$6,888,675)</u></b>

FISCAL IMPACT – Small Business

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

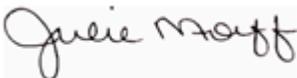
FISCAL DESCRIPTION

This bill requires school districts and charter schools to establish a state-approved gifted program if 3% or more of the students are determined to be gifted by July 1, 2023. By July 1, 2023, districts and charter schools with average daily attendance of more than 350 students are required to have a teacher certificated to teach gifted education. In districts with an average daily attendance of 350 or less any teacher providing gifted instruction shall not be required to be certified to teach gifted education but 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.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Office of the Secretary of State  
Joint Committee on Administrative Rules  
Fordland School District  
High Point R-III School District  
Springfield Public Schools  
Lee's Summit R-7 School District  
Wellsville-Middletown R-I School District  
Fayette R-III School District  
Schell Knob School District  
Hurley R-I School District



Julie Morff  
Director  
February 12, 2021



Ross Strobe  
Assistant Director  
February 12, 2021