

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4274H.01I
Bill No.: HB 2211
Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education
Type: Original
Date: January 18, 2022

Bill Summary: This proposal authorizes students residing in counties with at least one hundred thousand inhabitants to participate in the Missouri Empowerment Scholarship Accounts Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue*	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on General Revenue	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

*Oversight notes Section 163.036 states school districts may use an estimate of the weighted ADA for the current year, or the weighted ADA for the immediately preceding year, or the weighted ADA attendance for the second preceding year, whichever is greater. This could result in the savings/losses reported to occur in future years, rather than the years reported.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on FTE	0	0	0

- ☐ 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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Local Government	\$0 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from **Office of Administration - Budget and Planning** assume this legislation changes the definition of qualified student to include any county with at least one hundred thousand inhabitants. As this does not change the cap on the existing program, there is no impact to total state revenues or to the calculation under Article X, Section 18(e).

Officials from the **Office of the State Treasurer** and the **Department of Revenue** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight assumes this proposal may increase the number of students eligible for an empowerment scholarship; however, this proposal does not increase the dollars available for said scholarships. Oversight assumes there would be no additional cost to the state. If the same amount of dollars are distributed to more students, more students would be able to transfer to private schools reducing the average daily attendance (ADA) of school districts. Depending on how the scholarships amounts are distributed per qualified student, Oversight assumes there could be a reduction in ADA and a subsequent savings to the foundation formula.

Oversight will show a range of impact of \$0 (scholarship amounts are fixed and no additional students receive scholarships) to a savings to General Revenue and a loss to school districts (if more students receive scholarships).

Oversight notes Section 163.036 states school districts may use an estimate of the weighted ADA for the current year, or the weighted ADA for the immediately preceding year, or the weighted ADA attendance for the second preceding year, whichever is greater. This could result in the savings/losses reported to occur in future years, rather than the years reported. However, since Oversight is unable to determine which year each school district will use in future years to determine the amount of state aid each school district is entitled to (weighted ADA), Oversight will, for purposes of this fiscal note, assume the savings/losses will occur immediately.

At the time this fiscal note was prepared, **Oversight** had not received a response from Department of Elementary and Secondary Education. 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.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE			
<u>Savings</u> – possible decrease in foundation formula call due to expansion of students eligible for scholarships - §166.700	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
SCHOOL DISTRICTS			
<u>Savings</u> – potential savings of variable costs if additional students receive/utilize scholarships	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>
<u>Loss</u> – possible decrease in foundation formula funding due to expansion of students eligible for scholarships - §166.700	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON SCHOOLS DISTRICTS	\$0 or <u>Unknown to (Unknown)</u>	\$0 or <u>Unknown to (Unknown)</u>	\$0 or <u>Unknown to (Unknown)</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

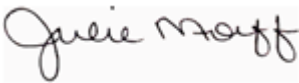
This bill modifies the definition of "qualified student" as used for Sections 166.700 to 166.720, RSMo in relation to empowerment scholarship accounts to include an elementary or secondary school student who is a resident of any county with at least 100,000 inhabitants.

This will include the counties of Boone, Cass, Clay, Franklin, Greene, Jackson, Jasper, Jefferson, Platte, St. Charles, and St. Louis upon enactment.

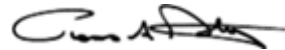
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration - Budget and Planning
Department of Revenue
Office of the State Treasurer



Julie Morff
Director
January 18, 2022



Ross Strobe
Assistant Director
January 18, 2022