

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1606H.01I
Bill No.: HB 715
Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education
Type: Original
Date: February 10, 2023

Bill Summary: This proposal designates methods for determining state aid for educational costs of children in state custody.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue	(\$89,262)	(\$18,299)	(\$18,756)
Total Estimated Net Effect on General Revenue	(\$89,262)	(\$18,299)	(\$18,756)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
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 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
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 2024	FY 2025	FY 2026
Local Government	(Unknown, Could be substantial)	(Unknown, Could be substantial)	(Unknown, Could be substantial)

FISCAL ANALYSIS

ASSUMPTION

Section 163.063 - Children Receiving Care in a Residential Care Facility

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this section requires a resident district to remit a sum equal to 95% of the proportionate share, on a per-weighted average daily attendance basis, of the local and state funding received by a resident district for a child receiving care or treatment in a residential care facility to said residential care facility. DESE would need to provide a separate local effort report in the ASBR (Annual Secretary of the Board Report) to help determine the amounts required to be paid. This can be done by creating a SSRS (SQL Server Reporting Services) report and linking said report on the ASBR page.

Officials from the **Office of Administration – Information Technology** state it is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity. This project would have to be prioritized by DESE to be worked among DESE's other projects. ITSD assumes this proposal would require modifications to create a separate local effort report in the ASBR. ITSD estimates the project would take 939.60 hours at a contract rate of \$95 for a total cost of \$89,262 with on-going support costs.

Officials from the **Department of Social Services** and the **Department of Mental Health** 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.

Upon further inquiry, **DESE** stated children in residential treatment facilities are currently claimed in the average daily attendance (ADA) of resident districts' for purposes of distributing foundation formula dollars and this proposal would not impact the call to the foundation formula.

Under this proposal, **Oversight** assumes school districts will remit an amount equal to 95% of the proportional share of weighted average daily attendance (WADA) of local and state funding to residential care facilities as well as any other moneys available for such child receiving care in a residential care facility. Oversight assumes this would be a loss to school districts if districts are currently allowed to retain the state and local moneys for such children.

Oversight notes there were approximately 1,626 children in the Children's Division custody in residential care facilities in FY 2021 per the Department of Social Services Children's Division FY 2021 [Annual Report](#). Oversight is uncertain what ages this number comprises.

Oversight is uncertain how the remitted payment would be calculated but notes the average expenditure per ADA is approximately \$11,311. If the average current expenditure approximated the payment to residential care facilities, the cost to school districts is estimated at \$18,391,686 assuming all children in residential care facilities were of school age.

Oversight notes that residential treatment facilities are private entities that contract with the state to provide care for children. Oversight assumes the flow of money from school districts to treatment facilities could potentially result in a savings to the state (if some of the contracted costs are covered by school district dollars). Oversight assumes that this would be an indirect effect of the proposal.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE			
<u>Costs</u> - DESE/ITSD - modifications to create a separate local effort report - §163.063	<u>(\$89,262)</u>	<u>(\$18,299)</u>	<u>(\$18,756)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$89,262)</u>	<u>(\$18,299)</u>	<u>(\$18,756)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
SCHOOL DISTRICTS			
<u>Costs</u> - payments remitted to residential care facilities - §163.063	(Unknown, Could be <u>substantial</u>)	(Unknown, Could be <u>substantial</u>)	(Unknown, Could be <u>substantial</u>)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	(Unknown, Could be <u>substantial</u>)	(Unknown, Could be <u>substantial</u>)	(Unknown, Could be <u>substantial</u>)

FISCAL IMPACT – Small Business

Small business residential care facilities would be impacted by this proposal.

FISCAL DESCRIPTION

This bill provides educational funding for children admitted to a residential care facility licensed under Sections 210.481 to 210.536, RSMo. The bill outlines payment amounts for both resident and non-resident pupils.

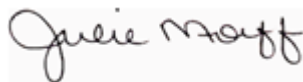
Payment amounts for pupils receiving all of such pupil's education in a residential care facility shall be equal to 95% of the average daily attendance share of local and state funding attributable to a student in a resident district or in the non-resident district for any non-resident students. For any resident student that receives less than all of their education at a facility the payment amount shall be attributable to the time such education is received.

Residential care facilities may also reach a financial agreement with a school district that deviates from the provisions of this section.

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
Department of Social Services
Department of Mental Health



Julie Morff
Director
February 10, 2023



Ross Strobe
Assistant Director
February 10, 2023