

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4609-01  
Bill No.: SB 534  
Subject: Education, Elementary and Secondary; Elementary and Secondary Education  
 Department; Administrative Rules, Boards, Commissions, Committees; St Louis  
Type: Original  
Date: January 6, 2014

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Bill Summary: This proposal modifies provisions relating to school transfers, school accreditation, and charter schools.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<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.  
 This fiscal note contains 10 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</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 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Local Government</b>	<b>(Unknown - Expected to exceed \$100,000)</b>	<b>(Unknown - Expected to exceed \$100,000)</b>	<b>(Unknown - Expected to exceed \$100,000)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** state this proposal does not appear to pose additional costs to the state. DESE assumes costs to local school districts are unknown.

Officials from the **Joint Committee on Administrative Rules (JCAR)** stated this proposed legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

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

According to officials from the **Kansas City Public Schools (KCPS)**, this proposal has a few requirements that will have a fiscal impact on KCPS; however until such time as the State Board of Education establishes a policy statement on how they will implement change it is difficult to know actual impact. The following provisions will have a fiscal impact to either the district or state, depending on implementation policy which has not been developed by DESE.

§167.121 - Hardship transportation assignments by DESE will have a fiscal impact, however it cannot be approximated until an action occurs

§167.133 - Student transfers from unaccredited district will have a substantial impact to KCPS.

ASSUMPTION (continued)

Based on data from the Mid-American Regional Council and the Cooperating School Districts of Greater KCMO, the impact to KCPS may exceed \$150 million. Data compares actual occurrences from the Normandy and Riverview Gardens' districts experience.

The following provisions should have little to no fiscal impact to KCPS, but depends on the implementation policy which has not been developed by DESE:

§160.400 - Sponsorship of Charter Schools by unaccredited districts

§167.241 - School accreditation determination

§167.135 - Establishment of a St. Louis area Clearinghouse

Officials from the **Riverview Gardens School District (RGSD)** assume the fiscal impact to their district is approximately \$12 million, based on the current student transfer numbers. Each additional transfer will cost RGSD approximately \$9,400 per student.

**Oversight** assumes the Riverview Gardens School District has already incurred much of the \$12 million cost to date regarding the transfer of students from an unaccredited district to an accredited school district.

This proposal was also sent to the other unaccredited school district (Normandy) and the Charter School Sponsors.

<u>FISCAL IMPACT - State Government</u>	FY 2015	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015	FY 2016	FY 2017
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**LOCAL POLITICAL SUBDIVISIONS**

<u>Costs - School Districts - Student transfer costs</u>	(Unknown - Expected to exceed <u>\$100,000</u> )	(Unknown - Expected to exceed <u>\$100,000</u> )	(Unknown - Expected to exceed <u>\$100,000</u> )
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>(Unknown - Expected to exceed \$100,000)</u></b>	<b><u>(Unknown - Expected to exceed \$100,000)</u></b>	<b><u>(Unknown - Expected to 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

§160.400 - SPONSORSHIP OF CHARTER SCHOOLS IN UNACCREDITED DISTRICTS

This proposal allows additional entities to sponsor charter schools. The school board of an unaccredited school district may sponsor charter schools. Alternatively, if a special administrative board or an alternative governing structure is in place for an unaccredited district, the special administrative board or alternative governing structure may sponsor a charter school in the unaccredited district. In addition, this proposal allows the school board of an accredited district, a combination of school boards of accredited districts, or a cooperative association of school districts to sponsor charter schools located in unaccredited school districts.

§161.096 - SCHOOL ACCREDITATION

The State Board of Education must adopt a system of classification for unaccredited districts that accredits individual school buildings separately from the district as a whole. The State Board must promulgate rules for this system. This bill waives the statutory two year delayed effective

FISCAL DESCRIPTION (continued)

date for school accreditation rules for this system.

§167.121 - HARDSHIP TRANSPORTATION ASSIGNMENTS

Currently, under §167.121, the Commissioner of Education may assign a pupil to another district based on an unusual or unreasonable transportation hardship. This bill allows the parent or guardian of a child to apply, and requires the Commissioner to assign the pupil to another district, if the following conditions are met: the actual driving distance from the pupil's residence to the attendance center in his or her district of residence is at least seventeen miles by the shortest route; the attendance center to which the pupil would be assigned is at least seven miles closer in actual driving distance than the attendance center in the district of residence; and the pupil's attendance will not cause the classroom in the receiving district to exceed the maximum number of students per class as determined by the receiving district. The Commissioner must assign pupils in the order in which the applications are received.

The assignment will continue until the pupil, and any sibling of the pupil who attends the same attendance center, completes the course of study in the receiving district. If a parent or guardian withdraws a pupil from a hardship assignment, the granting of any future application will be discretionary. For any pupil who was assigned to another district by the Commissioner prior to August 28, 2014, the assignment will apply to the pupil's siblings and also remain in effect until the pupil completes the course of study in the receiving district.

Currently, the tuition amount cannot exceed the pro rata cost of instruction. This bill specifies that the tuition amount will be the lesser of the two districts' current expenditure per average daily attendance. Pupils with an individualized education program (IEP) will only be included in the pupil count of the student's district of residence. If there is disagreement as to the tuition amount, the facts will be submitted to the State Board of Education.

§167.131 - STUDENT TRANSFERS FROM UNACCREDITED DISTRICTS TO ACCREDITED DISTRICTS - DISTRICTS WITH NO HIGH SCHOOL GRADES

This section modifies the student transfer provision in §167.131. Currently, the school board of a district that does not maintain an accredited school is required to pay the tuition and transportation of resident pupils who attend an accredited school in another district of the same or an adjoining county. This provision of law currently applies to both unaccredited districts and K-8 districts that do not offer high school grades. This bill differentiates between a K-8 district that does not offer high school grades and a district classified as unaccredited by the State Board of Education.

LMD:LR:OD

FISCAL DESCRIPTION (continued)

§167.133 - STUDENT TRANSFERS FROM UNACCREDITED DISTRICTS TO ACCREDITED DISTRICTS

The school board of an unaccredited district must pay the tuition and transportation of resident students who attend a public school in another accredited district of the same or an adjoining county. Transfer students may not enroll in a provisionally accredited district. To be eligible to transfer, a student must reside in an unaccredited district. Before a student who attends a public school in an unaccredited district may transfer to another district, the unaccredited district must identify if capacity exists in an accredited school in the district of residence under the State Board of Education's classification system under §161.096. If such capacity exists, the student must attend that school, provided the student meets any admissions requirements if the school is a magnet school or school with a selective admissions process.

By August 30, 2014, each local school board must establish criteria for the admission of nonresident pupils from unaccredited districts and adopt and publish a policy on class size and student-teacher ratios. When adopting its policy, each school board must consider the class size and assigned enrollment standards of the Missouri School Improvement Program resource standards, including the desirable and minimum standards. The policy must also be based on the district's previous three school years of enrollment and consider the district's resident student population growth or decrease, such that the receiving district is not required to employ additional teachers or construct additional classrooms. Each school board may consider other factors and criteria. In addition, resident pupils must not be displaced from the school building to which they are assigned. Policies must be revised as necessary by January 15 annually. The receiving district will be responsible for assigning a student to a particular building.

The school board of each accredited district that is located in the same county or an adjoining county to an unaccredited district must post a student transfer application, the district's admissions process, and the current available enrollment slots by grade level on its website. A parent or guardian who wants to transfer his or her child to an accredited district must notify his or her school district of residence and the receiving district by February 1 for enrollment the following school year. A parent or guardian may request a specific building assignment but the receiving district will make the final determination. If an accredited district does not have sufficient capacity to enroll all students who wish to attend, it must institute an admissions process, as described in the proposal. If a clearinghouse has been established for the St. Louis area, parents or guardians who seek to transfer their child must follow the requirements, procedures and deadlines of the clearinghouse.

Accountability and performance data of transfer students must not be included in the annual

FISCAL DESCRIPTION (continued)

performance reports of the receiving district at the building and district level for two school years. An accredited district cannot charge tuition until transfer students are enrolled in and attending the accredited district. Tuition charges must cease when a student is no longer enrolled. Tuition will be based on hours of actual attendance. An unaccredited district must remit tuition payments to an accredited district in which its resident students enroll within ten days of receiving its monthly state aid distribution. If an unaccredited district does not send tuition payments, the Department of Elementary and Secondary Education (DESE) must withhold the full amount of unpaid tuition from its state aid and pay the accredited district within sixty days. If an unaccredited district becomes accredited or provisionally accredited, any students who have transferred to an accredited district in grades K-8 may remain in the receiving district through eighth grade. A student in grades 9-12 may remain through the completion of twelfth grade.

The parent or guardian of a student with a disability residing in an unaccredited district may transfer the student to an accredited district in the same or an adjoining county. The receiving district must follow the student's IEP until the student's IEP team at the receiving district can review and revise it. An unaccredited district will be responsible for providing transportation for a student with an IEP, even if the receiving district revises the IEP. A student's unaccredited district will be responsible for the cost of educating a student with an IEP that exceeds the tuition amount.

§167.135 - CLEARINGHOUSE TO COORDINATE STUDENT TRANSFERS IN THE SAINT LOUIS AREA

When the State Board of Education classifies a district in St. Louis County or the St. Louis City School District as unaccredited, DESE must establish a clearinghouse to assist students and to coordinate transfers to an accredited district.

The clearinghouse must make information and assistance available to parents or guardians who intend to transfer their child from an unaccredited district to an accredited district.

A parent or guardian seeking to enroll his or her child in an accredited district must send initial notification to the district of residence and the clearinghouse by February 1 for enrollment in the subsequent school year. A parent or guardian who fails to file the notification paperwork by February 1 may be permitted to enroll his or her child in an accredited district if good cause exists, as defined in the act, until the last Friday in March. A denial of a request by a clearinghouse is not subject to appeal. Each district must annually report to the clearinghouse the number of available enrollment slots by grade level. The clearinghouse must process requests in



FISCAL DESCRIPTION (continued)

the order in which they are received except it may give a preference to students with a sibling already enrolled in the same school district. If there is insufficient capacity to enroll all students who wish to transfer, the clearinghouse must institute an admissions process.

The clearinghouse may contract with a school district, a voluntary interdistrict council, or any private entity for transportation services.

The expenses associated with the administration of pupil transfers will be defrayed by DESE retaining funds from the unaccredited district's state school aid.

§167.241 - STUDENT TRANSPORTATION

Currently, the school board of an unaccredited district must designate accredited districts to which it will provide transportation for transfer students. This bill adds a statutory reference to §167.133 and also specifies that districts to which an unaccredited district will provide transportation must be fully accredited by the State Board of Education.

§171.031 - LENGTH OF SCHOOL DAY, HOURS OF INSTRUCTION, LENGTH OF SCHOOL TERM IN UNACCREDITED DISTRICTS

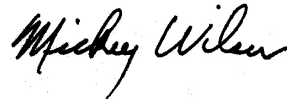
The school board of an unaccredited district may adopt a resolution, by a majority vote, to increase the length of the school day, and increase the hours of instruction, increase the length of the school term in the district.

This proposal contains an emergency clause.

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  
Joint Committee on Administrative Rules  
Office of Secretary of State  
    Administrative Rules Division  
School Districts  
    Kansas City  
    Riverview Gardens



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January 6, 2014

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January 6, 2014