

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1480S.03I
 Bill No.: SB 400
 Subject: Education, Elementary and Secondary; Elementary and Secondary Education,
 Department of; Teachers
 Type: Original
 Date: March 1, 2021

Bill Summary: This proposal modifies provisions related to the accreditation of public schools, school districts, and charter schools.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	(Could exceed \$239,645)	(Could exceed \$243,471)	(Could exceed \$244,603)
Total Estimated Net Effect on General Revenue	(Could exceed \$239,645)	(Could exceed \$243,471)	(Could exceed \$244,603)

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 FTE

- 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 2022	FY 2023	FY 2024
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 161.092

Oversight notes a request for fiscal impact was sent to the Department of Elementary and Secondary Education on January 21, 2021 and was due back to Oversight by February 4, 2021. Oversight received a response on March 1, 2021. Oversight has presented this fiscal note on the best current information.

Officials from **Department of Elementary and Secondary Education** assume the proposal provides that five percent of the school districts in this state could be identified as unaccredited. Such action would require the Department of Elementary and Secondary Education to conduct hearings for those districts that are unaccredited at least twice a year. The department assumes 28 districts would make up the five percent of districts performing in the unaccredited range and would require 2 hearings per unaccredited school district for a total of 56 hearings per school year. The department estimates a total cost of \$119,000 per year for hearing costs, various travel and mileage and meals.

The department also will require 2 FTE to fulfill the requirements of the legislation. 1.0 FTE at the Supervisor level (\$40,248) and 1.0 FTE for an Administrative Assistant (\$27,960).

Depending on the development/requirements of the new assessments, there could be a fiscal impact in regards to data collection, processing and reporting. Therefore, DESE will show a fiscal impact of a range to unknown.

This section also requires unaccredited attendance centers to partner with an independent school improvement expert. The impact of this provision could be significant depending on the cost associated with it. A similar provision in Section 161.1105 provides a cost of \$650,000 per school. The Department will indicate an unknown cost for the implementation of this provision depending on if the state is responsible for this cost.

Based on the most current information available, **Oversight** notes there are 510 accredited school districts, 7 provisionally accredited school districts and 0 unaccredited school districts. Oversight assumes this proposal would increase the number of school districts that are classified as unaccredited.

Per section 162.081, for districts that are classified as unaccredited, DESE must conduct at least 2 hearings annually until the district is classified as accredited. In addition, the state board of

education can allow the local school board to continue governing the district or lapse the corporate organization of all or part of the district and:

- appoint a special administrative board
- determine an alternative governing structure
- attach the territory of the lapsed district to another district or districts; or
- establish one or more school districts within the territory of the lapsed district

Per DESE's website, "Mo. Rev. Stat. §167.131 provides that an unaccredited school district must pay tuition for students transferring to an accredited school district, and that the receiving district must accept those students. Application of this law has been litigated in two cases, *Breitenfeld, et al. v. School District of Clayton* and *Blue Springs School District, et al. v. School District of Kansas City, Missouri*. In both cases, the Missouri Supreme Court has affirmed the right of students to transfer to an accredited school district."

Oversight assumes students attending an unaccredited school district would be able to transfer to an accredited public high school in the same or an adjoining county. Oversight assumes the sending district would pay the receiving district the per pupil cost of maintaining the district's grade level grouping.

Oversight will show a potential transfer of funds from the sending district or charter school to the receiving district for students that transfer to non-resident districts. Oversight assumes the cumulative impact on school districts and charter schools would net to zero.

Based on a response to a similar proposal, SB 133 (2021), **DESE** stated, if a student transfers to another district, the student would still be counted in the resident district's average daily attendance (ADA) calculation.

Oversight is uncertain if the resident school district can continue to count transfer students in their ADA calculation based on the definition of ADA in section 163.011. For purposes of this fiscal note, Oversight will adopt DESE's assumption that a resident district can continue to count a transfer student in their ADA calculation; therefore, Oversight will show no impact to the foundation formula.

Oversight is uncertain how the attachment of the territory of the lapsed district to another district would impact the foundation formula. In their response, DESE did not indicate this proposal would have a potential impact on the foundation formula. Oversight does not have any information to the contrary and therefore assumes there would be no impact to the foundation formula.

Officials from the **Springfield R-XII School District** assume this proposal would have an impact on their organization; however, the fiscal impact to the district is unknown.

Officials from the **High Point R-III School District** assume the proposal will have no fiscal impact on their organization.

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
GENERAL REVENUE			
<u>Costs - DESE</u>			
Personal Service	(\$56,840)	(\$68,890)	(\$69,579)
Fringe Benefits	(\$39,084)	(\$47,130)	(\$47,363)
Expense & Equipment	(\$24,730)	(\$8,451)	(\$8,661)
<u>Total Costs</u>	(\$120,645)	(\$124,471)	(\$125,603)
Net FTE Change	2 FTE	2 FTE	2 FTE
<u>Costs - DESE - hearings for unaccredited school districts</u>	(\$119,000)	(\$119,000)	(\$119,000)
<u>Costs - DESE - development & requirements for new assessments</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs - DESE - requirement for attendance centers to partner with school improvement officer</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Could exceed \$239,645)	(Could exceed \$243,471)	(Could exceed \$244,603)
Estimated Net FTE Change on General Revenue	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
SCHOOL DISTRICTS & CHARTER SCHOOLS			
<u>Costs</u> - requirement for unaccredited attendance centers to partner with school improvement officer	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - Sending Districts - payments for transferring students	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue Gain</u> - Receiving Districts - tuition for transferring students	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS & CHARTER SCHOOLS	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Under this act, the State Board of Education shall classify and accredit both attendance centers and school districts. Attendance centers shall mean any individual public elementary or secondary school, including any charter school.

Such classifications shall include only the categories of unaccredited, provisionally accredited, accredited, and accredited with distinction.

Standardized test performance and measures of student growth derived from such performance, such as the Missouri Growth Model, shall make up at least 70% of the rubric or scoring methodology for accreditation determinations.

Attendance centers and districts performing in the bottom 5% of composite proficiency in math and reading shall be unaccredited, while attendance centers and districts performing in the bottom 10% shall be provisionally accredited or unaccredited. Only attendance centers and districts performing in the top 10% in math and reading proficiency and student growth shall be classified as accredited with distinction.

School districts in which 50% or more of attendance centers are classified as unaccredited shall also be classified as unaccredited, while districts with at least 25% unaccredited attendance centers shall be classified as provisionally accredited or unaccredited. (Section 161.092)

This act requires school districts and charter schools to mail letters to parents and guardians of students in attendance centers that have been classified as provisionally accredited or unaccredited to inform them of the classification and students' education options. (Section 162.082)

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
High Point R-III School District
Springfield R-XII School District



Julie Morff
Director
March 1, 2021



Ross Strope
Assistant Director
March 1, 2021