

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4669H.011
 Bill No.: HB 2152
 Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education; Teachers
 Type: Original
 Date: March 15, 2022

Bill Summary: This proposal allows school innovation teams to submit plans for school innovation waivers.

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 DESE’s FY 2022 Budget Book included a \$1,000,000 Governor’s Recommendation from General Revenue to “support school innovation teams in implementing their waivers approved by the State Board of Education”. DESE’s FY 2023 Budget Book does not appear to include funding to support innovation waivers. Oversight assumes if there is an appropriation for the program, it will exceed \$250,000.

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)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 161.214 School Innovation Waiver

Officials from the **Department of Elementary and Secondary Education** and **Department of Higher Education and Workforce Development** 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.

Officials from the **Joint Committee on Public Employee Retirement** have reviewed this proposal and determined it has no direct fiscal impact to the Joint Committee on Public Employee Retirement. The JCPER's review of this legislation indicates it will not affect retirement plan benefits as defined in Section 105.660(9).

Oversight notes DESE's FY 2022 Budget Book included a \$1,000,000 Governor's Recommendation from General Revenue to "support school innovation teams in implementing their waivers approved by the State Board of Education". DESE's FY 2023 Budget Book does not appear to include funding to support innovation waivers.

Oversight will show a range of impact to General Revenue of \$0 (no additional cost or not appropriated) to an unknown cost to support school innovation teams. Based on FY 2022's Governor Recommend, Oversight assumes the cost could exceed \$250,000.

Oversight assumes there could be a cost to implement this program. School districts may have costs related to improving student readiness and job training, increasing teacher compensation, or improving teacher recruitment and development. Oversight will show a range of impact of \$0 (no school districts participate or no additional cost) to an unknown cost to implement the waiver. Oversight assumes the net impact on school districts would be \$0 if distributions from General Revenue cover all costs or negative net impact if implementation costs exceed state distributions.

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 (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the 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 the office can sustain with its core budget. Therefore, the 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.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE			
<u>Costs</u> - DESE - support for school districts implementing School Innovation Waivers - §161.214	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
SCHOOL DISTRICTS			
<u>Costs</u> - to implement School Innovation Waivers (improve student readiness and job training, increase teacher compensation, improve teacher recruitment and development) - §161.214	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue</u> - distributions from the state to support school districts implementing School Innovation Waivers if appropriated - §161.214	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	\$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

This bill provides a definition for "school innovation team" and for "school innovation waiver" and allows school innovation teams to submit a plan to the State Board of Education (SBE) for a state innovation waiver for a variety of purposes as outlined in the bill.

Plans submitted to the SBE must include the provision of law for which the waiver is being requested, as well as demonstrate the necessity of the waiver, provide measurable performance targets and goals, and demonstrate support for the plan, along with additional requirements as provided in the bill.

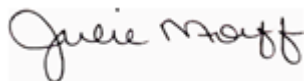
The bill provides the SBE specific criteria for the evaluation of submitted plans and permits the SBE to make modifications to the plan with the cooperation of the school innovation team.

School innovation waivers are only effective for three years beginning the school year following the approval and may be renewed. Only one waiver may be in effect per school at a time, and specific restrictions to statutory requirements relating to school start date, teacher certification, teacher tenure, or any requirement imposed by federal law, are applicable


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



Julie Morff
Director
March 15, 2022



Ross Strobe
Assistant Director
March 15, 2022