

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3622H.02I
 Bill No.: HB 2287
 Subject: Department of Elementary and Secondary Education; Education, Elementary and Secondary; Children and Minors
 Type: Original
 Date: January 21, 2024

Bill Summary: This proposal modifies provisions related to the Virtual School Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
*General Revenue	More or Less than \$1,593,686	More or Less than \$1,696,460	More or Less than \$1,695,797
Total Estimated Net Effect on General Revenue	More or Less than \$1,593,686	More or Less than \$1,696,460	More or Less than \$1,695,797

*Oversight assumes there could be a savings that exceeds \$250,000 to the foundation formula depending on the school districts involved, host district’s attendance rate and local contributions. Oversight notes the net effect to General Revenue is based on the current host districts in FY 2023 but can vary greatly year to year.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Local Government	More or Less than (\$1,722,962)	More or Less than (\$1,722,962)	More or Less than (\$1,722,962)

FISCAL ANALYSIS

ASSUMPTION

Section 161.670 - Virtual School Program

Officials from **Department of Elementary and Secondary Education (DESE)** assume the proposed legislation calculates the average daily attendance of a full-time virtual student “as if the pupil's attendance percentage equaled the host district's or charter school's prior-year average attendance percentage, and the provisions of section 162.1250 shall not apply to such funding calculation.”

The host districts’ prior-year average attendance percentages for 2022-2023 were (Legislation, as written, does not define how prior year attendance is calculated. DESE assumes the current calculation will continue.):

District	Sum of Regular Hours Attended	Sum of Attendance Plus Absent Hours	Attendance % for in-person students
Sturgeon R-V	406,004.50	435,859.73	93%
Springfield R-XII	21,848,959.55	24,107,605.95	91%
Lee’s Summit R-VII	17,470,097.81	18,645,832.25	94%
Grandview R-II	545,260.12	584,744.18	93%
Laquey R-V	580,434.75	637,941.08	91%
Mehlville R-IX	9,527,122.59	10,269,205.41	93%

Below is the amount each Host School received in FY 2023:

2023 Host District Payments for MOCAP Student Attendance	
District	Annualized Payment Amount
Sturgeon R-V	\$7,003,355.06
Springfield R-XII	\$2,550,000.00
Lee’s Summit R-VII	\$44,625.00
Grandview R-II	\$12,794,625.00
Laquey R-V	\$1,542,750.00
Mehlville R-IX	\$573,750.00

The below table demonstrates state allocation for 2023 if prior-year average attendance percentage had been used in place of the 94% virtual student attendance percentage:

District	Calculated ADA	FY 2023 Host School Payment	FY 2023 Recalculated Host School Payment Using Lower Attendance Percentage	Difference
Sturgeon R-V	1019.28	\$7,633,843.84	\$6,497,910.00	(\$1,135,933.84)
Springfield R-XII	474.11	\$3,032,351.63	\$3,022,451.25	(\$9,900.38)
Lee's Summit R-VII	7.99	\$69,423.11	\$50,936.25	(\$18,486.86)
Grandview R-II	1873.485	\$12,221,635.54	\$11,943,466.88	(\$278,168.66)
Laquey R-V	188.825	\$1,400,534.59	\$1,203,759.38	(\$196,775.22)
Mehlville R-IX	73.47	\$552,066.08	\$468,371.25	(\$83,694.83)

DESE assumes changes to the Missouri Course Access Program (MOCAP) program may result in decreased ADA claimed as part of the Foundation Formula dependent upon the provider and attendance. This may result in a savings up to \$1,722,962.

Officials from the **Office of Administration – Information Technology (ITSD)** state it is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity. This proposal discusses the calculation of the average daily attendance for full-time virtual students, as calculated in the host district or charter school. The foundation formula is where this calculation is made. It's assumed host and charter school funding calculations in the Foundation Formula are in operable state and can withstand the addition or modifications in this proposal. It's assumed the language of resident and host school reimbursement are also factors that that need considered/estimated. It's also assumed the language about MSIP and DESE cyclic data reporting requirements present no changes to the MSIP or data collection DESE/ITSD do currently. ITSD assumes there will be modifications made to the foundation formula calculation. ITSD estimates the project would take 1,231.20 hours at a contract rate of \$105 for a total cost of **\$129,276** in FY 2025 with on-going support costs of **\$26,502** in FY 2026, and **\$27,165** in FY 2027.

Oversight notes, currently, the attendance of a student enrolled in virtual course shall equal ninety-four percent of the hours of attendance possible (§162.1250.3). Oversight assumes this proposal would change the attendance calculation to equal the host district's or charter school's prior-year average attendance percentage. According to the 2023 Annual Report – Missouri Course Access and Virtual School Program there were [3,831 virtual students](#).

Oversight assumes the impact to the foundation formula (if fully funded) would depend on the school districts involved, host district’s attendance rate and local contributions; therefore, Oversight will show an impact of more or less than the \$1,722,962 savings as estimated by DESE with corresponding gains or losses to the school districts.

Oversight received no responses from school districts related to the fiscal impact of this proposal. 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. Oversight only reflects the responses received from state agencies and political subdivisions; however, school districts were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE			
<u>Costs - DESE/OA-ITSD - modifications to the foundation formula §161.670</u>	(\$129,276)	(\$26,502)	(\$27,165)
<u>Costs/Savings - DESE - changes to the foundation formula call §161.670</u>	More or Less than <u>\$1,722,962</u>	More or Less than <u>\$1,722,962</u>	More or Less than <u>\$1,722,962</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	More or Less than <u>\$1,593,686</u>	More or Less than <u>\$1,696,460</u>	More or Less than <u>\$1,695,797</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
PUBLIC SCHOOLS			
<u>Costs/Savings - changes to the foundation formula call §161.670</u>	More or Less than <u>(\$1,722,962)</u>	More or Less than <u>(\$1,722,962)</u>	More or Less than <u>(\$1,722,962)</u>
ESTIMATED NET EFFECT ON PUBLIC SCHOOLS	More or Less than <u>(\$1,722,962)</u>	More or Less than <u>(\$1,722,962)</u>	More or Less than <u>(\$1,722,962)</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

As specified in bill, the average daily attendance of a student who is enrolled full-time in the Missouri Course Access and Virtual School Program shall be calculated as if such attendance equaled the host district's average attendance percentage for the previous year. Host districts that enroll one or more full-time virtual school students shall receive an amount of state aid specified in the bill for such students on a monthly basis. The bill provides that students who reside in Missouri may enroll in the virtual program of their choice. Provisions of current law regarding a school district's approval of a student's request to enroll in a virtual program shall not apply to full-time virtual program enrollment.

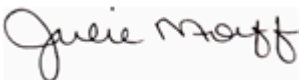
The bill requires host districts to adopt student enrollment policies for full-time virtual students and allows virtual schools to mutually agree with resident and host districts on the services that the resident district might offer, including possible financial reimbursements for those services. For students with disabilities, the enrollment policy shall ensure the development of an individualized education program and related services agreement, as necessary. The bill also specifies that student progress reports are necessary only for part-time virtual school program enrollees. The bill requires a student's parent or guardian, if the student is not considered homeless, to apply for enrollment directly with the full-time virtual program.

Finally, the bill specifies that a host district may contract with a provider to perform any required services involved with delivering a full-time virtual education.


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



Julie Morff
Director
January 21, 2024



Ross Strobe
Assistant Director
January 21, 2024