

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4913H.02C
 Bill No.: HCS for HB 2445
 Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education
 Type: Original
 Date: April 1, 2022

Bill Summary: This proposal authorizes certain school districts in multiple counties to use the county that yields the highest dollar value modifier under the school foundation formula.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	\$0 to (\$2,165,902)	\$0 to (\$2,165,902)	\$0 to (\$2,165,902)
Total Estimated Net Effect on General Revenue	\$0 to (\$2,165,902)	\$0 to (\$2,165,902)	\$0 to (\$2,165,902)

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 to \$2,165,902	\$0 to \$2,165,902	\$0 to \$2,165,902

FISCAL ANALYSIS

ASSUMPTION

Section 163.016 - Dollar Value Modifier

Officials from **Department of Elementary and Secondary Education (DESE)** state to calculate the impact, the March 2022 formula calculation for Gasconade County R-II (037-037) was calculated using the county they are located in that has the highest Dollar Value Modifier (DVM) which is Franklin County at 1.093. If the formula is fully funded then it would be an additional cost to the state of \$1,076,986.67 per year. If the formula is not fully funded then the additional money is going to be shifted from all other school districts.

To calculate the impact, the March 2022 formula calculation for Maries County R-II (063-067) was calculated using the county they are located in that has the highest Dollar Value Modifier (DVM) which is Osage County at 1.0310. If the formula is fully funded then it would be an additional cost to the state of \$150,436.88 per year. If the formula is not fully funded then the additional money is going to be shifted from all other school districts.

To calculate the impact, the March 2022 formula calculation for Bismark R-V (094-076) was calculated using the county they are located in that has the highest Dollar Value Modifier (DVM) which is Washington County at 1.092. If the formula is fully funded then it would be an additional cost to the state of \$313,513.11 per year. If the formula is not fully funded then the additional money is going to be shifted from all other school districts.

To calculate the impact, the March 2022 formula calculation for West St. Francois County (094-087) was calculated using the county they are located in that has the highest Dollar Value Modifier (DVM) which is Washington County at 1.092. If the formula is fully funded then it would be an additional cost to the state of \$624,964.84 per year. If the formula is not fully funded then the additional money is going to be shifted from all other school districts.

In response to a similar proposal, Perfected HB 2493 (2022), officials from the **Gasconade County R-II School District** stated the dollar value modifier will have no impact on other districts as the DVM is based on the funding formula for education. However, allowing Gasconade County R-II to claim the Higher Dollar Value Modifier would result in a Dollar Value Modifier of 1.093 which adds \$1,066,637.00 annually to our budget and allows us to compete with our Franklin County Districts. This is important as they operate a building which is located in Franklin County and all of our students who attend the Gerald Elementary School located in Franklin County must attend middle and high school in Gasconade County.

Oversight will show a range of impact of \$0 (not appropriated) to a total cost to General Revenue of **\$2,165,902** (\$1,076,987 + \$150,437 + \$313,513 + \$624,965) as estimated by the Department of Elementary and Secondary Education.

Oversight will show a range of impact as estimated by the Department of Elementary and Secondary Education.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE			
<u>Transfer Out</u> - Increased formula funding to Gasconade County R-II, Maries County R-II, Bismarck R-V and the West St. Francois County R-IV school districts - §163.016	\$0 to (\$2,165,902)	\$0 to (\$2,165,902)	\$0 to (\$2,165,902)
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 to (\$2,165,902)	\$0 to (\$2,165,902)	\$0 to (\$2,165,902)

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
SCHOOL DISTRICTS			
<u>Transfer In</u> - Increased formula funding to Gasconade County R-II, Maries County R-II, Bismarck R-V and the West St. Francois County R-IV school district from other school districts or GR - §163.016	\$0 to <u>\$2,165,902</u>	\$0 to <u>\$2,165,902</u>	\$0 to <u>\$2,165,902</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	\$0 to <u>\$2,165,902</u>	\$0 to <u>\$2,165,902</u>	\$0 to <u>\$2,165,902</u>

FISCAL IMPACT – Small Business

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

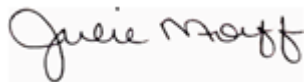
FISCAL DESCRIPTION

This bill specifies that the Gasconade County R-II, Maries County R-II, and the West St. Francis County R-IV school districts which crosses county lines shall use the dollar value modifier for the formula calculations for school funding from the county with the highest value.

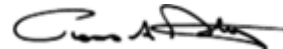
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Gasconade County R-II School District



Julie Morff
Director
April 1, 2022



Ross Strobe
Assistant Director
April 1, 2022