

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5776S.01I
Bill No.: SB 1189
Subject: Education, Elementary and Secondary; Department of Elementary and Secondary
Education
Type: Original
Date: April 12, 2022

Bill Summary: This proposal creates provisions regarding the educational funding for children in state custody.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2023 | FY 2024 | FY 2025 |
| | | | |
| | | | |
| Total Estimated Net Effect on General Revenue | \$0 | \$0 | \$0 |

| 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

Officials from the **Department of Elementary and Secondary Education (DESE)**, **Department of Mental Health**, **Department of Corrections** and the **Department of Social Services** 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.

Oversight is uncertain if children in residential treatment facilities are claimed in average daily attendance (ADA) for purposes of distributing foundation formula dollars to school districts.

Additionally, **Oversight** notes the amount of state funding is district specific. It can vary from under \$1,000 per student to over \$8,000 per student, depending upon the school district. Oversight assumes, if this proposal changes which district children in foster care are counted for purposes of ADA, this proposal could potentially impact General Revenue and correspondingly school districts by an unknown amount.

However, upon further inquiry, **DESE** stated this proposal would not impact the foundation formula. Therefore, **Oversight** will not show an impact to the state.

Oversight assumes this proposal requires school districts to “pass through to such facility at least eighty percent of any state or local moneys paid to the school district on a per-pupil basis for such child in addition to any other moneys available to the school district through the department of elementary and secondary education for such child.” Oversight assumes this would be a loss to school districts if districts are currently allowed to retain the state and local moneys for such children.

Oversight notes that residential treatment facilities are private entities that contract with the state to provide care for children. Oversight assumes the flow of money from school districts to treatment facilities could potentially result in a savings to the state (if some of the contracted costs are covered by school district dollars). Oversight assumes that this would be an indirect effect of the proposal.

Oversight did not receive any 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 Missouri Legislative Information System (MOLIS) database is available upon request.

| <u>FISCAL IMPACT – State Government</u> | FY 2023 (10 Mo.) | FY 2024 | FY 2025 |
|---|---------------------|-------------------|-------------------|
| | | | |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| | | | |
| | | | |

| <u>FISCAL IMPACT – Local Government</u> | FY 2023 (10 Mo.) | FY 2024 | FY 2025 |
|---|--------------------------------|--------------------------------|--------------------------------|
| SCHOOL DISTRICTS | | | |
| | | | |
| <u>Loss</u> - from transferring 80% of state and local dollars to residential treatment facilities - §163.063.2 | \$0 or (Unknown) | \$0 or (Unknown) | \$0 or (Unknown) |
| | | | |
| ESTIMATED NET EFFECT ON SCHOOL DISTRICTS | <u>\$0 or (Unknown)</u> | <u>\$0 or (Unknown)</u> | <u>\$0 or (Unknown)</u> |

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This act creates provisions regarding the educational funding for children in state custody. For purposes of determining state and local funding for a child's education, the residency of a child who is in state custody shall be the location where the child resides.

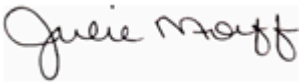
If a child resides in a residential treatment facility and is unable to attend public school due to safety or behavioral concerns and the residential facility provides the education for the child, the facility is entitled to at least 80% of all state money paid to the district on a per-pupil basis along with any additional funding provided through the Department of Elementary and Secondary Education.

This act requires school districts to provide annual accounting to the residential treatment facility and requires school districts to support or approve a facility plan for the foster child or provide for the child's education on the facility site.

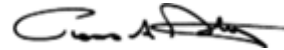
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Mental Health
Department of Corrections
Department of Social Services



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April 12, 2022



Ross Strobe
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