Title 5 – DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION
Division 30 – Division of Financial and Administrative Services
Chapter 640 – School Buildings

PROPOSED RULE

5 CSR 30-640.200 Early Learning Facilities Funding Formula for Lease Agreements

PURPOSE: The rule establishes a funding formula for early learning programs facility lease agreements when funding is requested from the Department of Elementary and Secondary Education (department).

(1) The department uses the following formula to determine the maximum reimbursement per fiscal year to local school districts and providers for early learning programs for facility lease arrangements:

(A) Standard amount of square footage per child multiplied by the number of eligible pupils utilizing the facility multiplied by the cost per square foot by county.

(2) If the actual expenditures are less than the reimbursement determined by the formula only actual expenditures will be reimbursed.

(3) For purposes of this rule the following terms mean:

(A) Standard amount of square footage per child is sixty (60) square foot. This encompasses educational, administrative and ancillary space.

(B) Eligible pupils—

1. For Early Childhood Special Education (ECSE) programs the number of pupils enrolled on April 30 in the year for which facility lease reimbursement is requested; and

2. For the Missouri Preschool Program (MPP) the number of slots approved by the department for the program.

(C) Cost per square foot by county. The eightieth (80th) percentile of cost per square foot for the county where the facility is located as derived from the Office of Administration's annual lease reimbursement schedule as published on the department's website. The department will utilize the list compiled by the Office of Administration on July 1 for fiscal year for which reimbursement is requested.

(4) The formula will be used for reimbursement of facility lease costs incurred starting July 1, 2015.

(5) The ECSE and MPP programs are eligible for reimbursement for facility lease agreements.

(6) Requests for reimbursement shall be submitted to the department's finance section handling the costs for the specific early learning program on the designated form or web-based reporting system, following the deadlines for that program.

(7) Districts can have multiple early learning programs in the same building but the facility lease costs must be prorated between the programs within the maximum cost in accord with the funding formula.

AUTHORITY: sections 161.092 and 161.215, RSMo Supp. 2014.

PUBLIC COST: It is estimated that this proposed rule will save the Department of Elementary and Secondary Education one million thirty-nine thousand one hundred thirty dollars and sixty cents ($1,039,130.60) in fiscal year 2015. This proposed rule may cost the local school districts one million thirty-nine thousand one hundred thirty dollars and sixty cents ($1,039,130.60) in fiscal year 2015 if the current lease amount is not renegotiated and the lease exceeds the allowed amount under the proposed funding formula. It is unknown what the costs will be in future years as leases are renegotiated. If the new lease is consistent with the formula there will be no cost to local school districts for the leases.

PRIVATE COST: The private costs are unknown. It is estimated that this proposed rule could cost lessors one million thirty-nine thousand one hundred thirty dollars and sixty cents ($1,039,130.60) in fiscal year 2015 if the local school district renegotiates the lease to correspond to the formula. If local districts pay the full lease cost out of local funds there will be no cost to the lessors. This proposed rule will cost private entities providing early childhood learning under a grant from the State of Missouri an unknown amount if the current lease amount exceeds the allowed amount under the proposed funding formula.

NOTICE TO SUBMIT COMMENTS: Anyone may file a statement in support of or in opposition to this proposed rule with the Department of Elementary and Secondary Education, ATTN: Special Education Finance, Division of Financial and Administrative Services, PO Box 480, Jefferson City, MO 65102-0480, or by email to spedfunding@dese.mo.gov. To be considered, comments must be received within thirty (30) days after publication of this notice in the ***Missouri Register****. No public hearing is scheduled.*

FISCAL NOTE
PUBLIC COST

I. Department Title: Department of Elementary and Secondary Education
Division Title: Division of Financial and Administrative Services
Chapter Title: School Buildings

Rule Number and Name:	5 CSR 30-640.200 Early Learning Facilities Funding Formula for Lease Agreements
Type of Rulemaking:	Proposed Rule

II. SUMMARY OF FISCAL IMPACT

Affected Agency or Political Subdivision	Estimated Cost of Compliance in the Aggregate
Department of Elementary & Secondary Education	(1,039,130.60) per year
Local School Districts	$1,039,130.60 per year

III. WORKSHEET

Code	District	Cost Department Currently Obligated to Pay for FY14 Leases	Cost to Department under New Proposed Formula	Cost to Public (Local School Districts) under New Proposed Formula
049-142	CARTHAGE R-IX	$ 22,000.00	$ 22,000.00	$ -
108-142	NEVADA R-V	$ 13,507.74	$ 13,507.74	$ -
006-104	LAMAR R-I	$ 13,000.00	$ 13,000.00	$ -
050-014	DESOTO 73	$ 47,335.47	$ 47,335.47	$ -
064-074	PALMYRA R-I	$ 13,200.00	$ 13,200.00	$ -
025-001	CAMERON R-I	$ 11,768.90	$ 11,768.90	$ -
096-119	SSD	$ 65,068.00	$ 65,068.00	$ -
104-045	BLUE EYE R-V	$ 11,898.00	$ 11,898.00	$ -
036-139	WASHINGTON	$ 44,640.00	$ 44,640.00	$ -
104-045	BLUE EYE R-V	$ 14,505.00	$ 14,505.00	$ -
039-141	SPRINGFIELD R-XII	$ 687,729.00	$ 454,022.40	$ 233,706.60
022-089	NIXA	$ 875,000.00	$ 69,576.00	$ 805,424.00
016-090	JACKSON R-II	$ 29,821.00	$ 29,821.00	$ -
033-090	SALEM R-80	$ 11,700.00	$ 11,700.00	$ -
083-001	N PLATTE CO. R-I	$ 7,500.00	$ 7,500.00	$ -
084-001	BOLIVAR R-I	$ 20,400.00	$ 20,400.00	$ -
084-002	FAIR PLAY R-II	$ 7,000.00	$ 7,000.00	$ -
084-002	FAIR PLAY R-II	$ 19,980.00	$ 19,980.00	$ -
107-152	HOUSTON R-I	$ 20,250.00	$ 20,250.00	$ -
	TOTAL	$ 1,936,303.11	$ 897,172.51	$ 1,039,130.60

IV. ASSUMPTIONS

The Department will save money on lease reimbursement by not limiting the lease reimbursement/payment amount to the formula. Local districts will pay the excess lease cost from local funds. If the districts renegotiate the lease to correspond to the formula there will be no cost to the district because the lease costs will be reimbursed. It is assumed that the cost where the square footage leased by some districts is unknown will remain the same.

FISCAL NOTE
PRIVATE COST

I. Department Title: Department of Elementary and Secondary Education
Division Title: Division of Financial and Administrative Services
Chapter Title: School Building

Rule Number and Title:	5 CSR 30-640.200 Early Learning Facilities Funding Formula for Lease Agreements
Type of Rulemaking:	Proposed Rule

II. SUMMARY OF FISCAL IMPACT

Estimate of the number of entities by class which would likely be affected by the adoption of the rule:	Classification by types of the business entities which would likely be affected:	Estimate in the aggregate as to the cost of compliance with the rule by the affected entities:
2	**Lessors for Early Childhood Special Education**	**1,039,130.60 per year-**

III. WORKSHEET

Code	District	Cost Currently Paid to Private Entities by School Districts	Option I: Fiscal Impact to Private Entity if District Pays Any Remaining Lease Amount from Local Funds	Option II: Fiscal Impact to Private Entity if District Renegotiates Lease to Pay Formula Amount Only
049-142	CARTHAGE R-IX	$ 22,000.00	$ -	$ -
108-142	NEVADA R-V	$ 13,507.74	$ -	$ -
006-104	LAMAR R-I	$ 13,000.00	$ -	$ -
050-014	DESOTO 73	$ 47,335.47	$ -	$ -
064-074	PALMYRA R-I	$ 13,200.00	$ -	$ -
025-001	CAMERON R-I	$ 11,768.90	$ -	$ -
096-119	SSD	$ 65,068.00	$ -	$ -
104-045	BLUE EYE R-V	$ 11,898.00	$ -	$ -
036-139	WASHINGTON	$ 44,640.00	$ -	$ -
104-045	BLUE EYE R-V	$ 14,505.00	$ -	$ -
039-141	SPRINGFIELD R-XII	$ 687,729.00	$ -	$ 233,706.60
022-089	NIXA	$ 875,000.00	$ -	$ 805,424.00
016-090	JACKSON R-II	$ 29,821.00	$ -	$ -
033-090	SALEM R-80	$ 11,700.00	$ -	$ -
083-001	N PLATTE CO. R-I	$ 7,500.00	$ -	$ -
084-001	BOLIVAR R-I	$ 20,400.00	$ -	$ -
084-002	FAIR PLAY R-II	$ 7,000.00	$ -	$ -
084-002	FAIR PLAY R-II	$ 19,980.00	$ -	$ -
107-152	HOUSTON R-I	$ 20,250.00	$ -	$ -
	TOTAL	$ 1,936,303.11	$ -	$ 1,039,130.60

IV. ASSUMPTIONS

The school district renegotiates the lease to reduce the payments to what is provided in the formula. The lease amount remains at the fiscal year 2014 rate. That only the two (2) lessors who currently exceed the formula will charge more than the formula in the future.

Small Business Regulatory Fairness Board

Small Business Impact Statement

December 30, 2014

Rule Number: 5 CSR 30-640.200

Name of Agency Preparing Statement: Department of Elementary and Secondary Education

Name of Person Preparing Statement: Cynthia Quetsch

Phone Number: 573-751-3502 **Email:** Cynthia.Quetsch@dese.mo.gov

Name of Person Approving Statement: Cynthia Quetsch

Please describe the methods your agency considered or used to reduce the impact on small businesses

This regulation establishes a formula for reimbursement to school districts for early learning program lease agreements. The formula was determined by examining the costs of current leases. Small businesses may be lessors to school districts. Tax dollars are used to pay the leases. The purpose of the regulation is to inform districts how much they will be reimbursed. Small businesses will know the maximum amount of a lease payment that the district will pay using state funds.

Please explain how your agency has involved small businesses in the development of the proposed rule.

It is unknown if school districts lease from small businesses so no small businesses were consulted.

Please list the probable monetary costs and benefits to your agency and any other agencies affected. Please include the estimated total amount your agency expects to collect from additionally imposed fees and how the moneys will be used.

There is no income to the Department from this regulation. The Department's expenses on reimbursement for lease costs for Early Childhood Special Education will be reduced in an estimated amount of one million thirty-nine thousand one hundred thirty dollars ($1,039,130) in fiscal year 2015. This regulation establishes a formula for leases so school districts know prior to signing a lease what will be reimbursed. The Department expenditures for lease payments will be limited by the formula.

Please describe small businesses that will be required to comply with the proposed rule and how they may be adversely affected.

Only districts are required to comply with the rule. Districts who sign lease agreements in excess of the formula may pay the excess cost from local funds.

Please list direct and indirect costs (in dollars amounts) associated with compliance.

There should be no cost to small businesses.

Please list types of business that will be directly affected by, bear the cost of, or directly benefit from the proposed rule.

Businesses who lease property to school districts for early learning programs.

Does the proposed rule include provisions that are more stringent than those mandated by comparable or related federal, state, or county standards?
Yes___ No X___

If yes, please explain the reason for imposing a more stringent standard.

For further guidance in the completion of this statement, please see §536.300, RSMo.