

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1698-02
Bill No.: SB 408
Subject: Education, Elementary and Secondary; Elementary and Secondary Education
 Department; Boards, Commissions, Committees, Councils; Teachers
Type: Original
Date: April 2, 2013

Bill Summary: This proposal modifies provisions relating to elementary and secondary education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS's office 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 Secretary of State's office for Administrative Rules is less than \$2,500. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, 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 their office can sustain with their core budget. Therefore, 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.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume there may be some costs to local school districts to implement the provisions of this proposal. Costs will likely be significant.

§161.237 - School Report Cards

Officials from the **Special School District of St. Louis County (SSD)** assume this section may have an adverse fiscal impact on SSD. The students in their five special education schools generally have severe disabilities and don't take the MAP tests. If the MAP-A tests are eliminated, these five schools may receive a grade of F, which could lead to some parents wanting to move their students to other schools at a cost to SSD. In addition, the students in these schools don't do well on end of course exams and don't graduate in 4 years. Most of these students don't graduate until they are 21. SSD would need a waiver or major adjustment to the criteria for grades in this proposed bill.

ASSUMPTION (continued)

§168.225 - Salary Schedules

SSD assumes this section of this proposed bill would have a cost to SSD because they would likely need revisions to their financial software to accommodate two salary schedules for teachers according to the new performance salary schedule.

§168.420 - Teacher and Principal Evaluations

DESE assume this section requires DESE to "monitor local evaluation systems...to ensure that evaluation outcomes are consistent in the aggregate with student achievement results at the district and school levels and that the evaluation systems meet the requirements of this section and direct any appropriate corrective actions." This will result in unknown costs to the DESE in excess of \$100,000.

Officials from the **Kansas City Public School District (KCPS)** state they can not adequately determine whether or not costs will be created without knowing how DESE will implement new guidelines or procedures as outlined in the text of the legislation. Passage will likely create some level of costs for KCPS.

Officials from the **Joint Committee on Administrative Rules, Department of Labor and Industrial Relations**, and the **University of Missouri System** (Charter Sponsor) each assume the proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Costs - Department of Elementary and Secondary Education - Evaluation system monitoring (§168.420)</u>	(Unknown - Could exceed <u>\$100,000</u>)	(Unknown - Could exceed <u>\$100,000</u>)	(Unknown - Could exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Unknown - Could exceed <u>\$100,000</u>)	(Unknown - Could exceed <u>\$100,000</u>)	(Unknown - Could exceed <u>\$100,000</u>)

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
LOCAL POLITICAL SUBDIVISIONS			
<u>Costs - School Districts - Administrative costs to implement provisions of proposal</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(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 modifies provisions relating to elementary and secondary education.

§161.237 - SCHOOL REPORT CARDS

The State Board of Education must prepare annual reports of the results of the statewide assessment program that describe student achievement in the state, each district, each school, and each charter school. The reports must include the percent of students performing at or above grade level and making a year's learning growth in a year's time in reading and mathematics.

The State Board of Education must develop a simplified annual school report card for each school attendance center. Each school will be given a letter grade of A, B, C, D or F. Alternative schools will not receive a report card unless they specifically request one. Grades will not be assigned to schools if the number of students tested is smaller than the minimum sample size necessary based on professional practices for statistical reliability.

Grades will be based on student achievement scores and improvement of the lowest twenty-fifth percentile of students in the school in reading and mathematics, as described in the act. Beginning in the 2014-2015 school year, for schools with high school grades, between forty and sixty percent of the school grade will be based on student achievement, as determined by the local school board or charter school governing body, with the remaining percentage based on high school graduation rates, participation in advanced courses, postsecondary readiness, high school graduation rate of at-risk students and the performance on statewide standardized end-of-course assessments. Local school boards and charter school governing bodies must determine the percentage of the school grade to be based on achievement and improvement,

DESCRIPTION (continued)

between forty and sixty percent, or a value of fifty will be assigned. School boards and charter school governing bodies must notify the Commissioner of Education of the percent chosen.

The report card must also identify each school's performance as having improved, remained the same, or declined based on the prior year.

§168.104, 168.124, 168.221 - TEACHER TENURE AND REDUCTION IN FORCE

This act limits teacher tenure to teachers first hired by a district before August 28, 2013.

This act modifies the criteria that a school board uses when placing teachers on leave of absence because of a decrease in student enrollment, district reorganization, or financial condition. This act repeals requirements and procedures commonly referred to as "last in first out" which, when placing teachers on leave, gives preference to permanent teachers and retains permanent teachers based on performance-based evaluation and seniority. Instead, this act provides that in such a situation, the primary basis of teacher retention will be performance-based evaluations.

§168.225 - SALARY SCHEDULES

Each school district must develop and adopt a performance salary schedule for all instructional personnel by July 1, 2014. The performance salary schedule must provide annual salary adjustments based upon performance determined by the annual evaluation system. It must not use advanced degrees as a basis for setting a salary schedule unless the advanced degree is in the area of certification or expertise. The performance salary schedule may also offer additional salary supplements for differentiated pay based on assignment to a Title I school, teaching in a subject area for which there is a teacher shortage, or teaching in the areas of math, science, or special education.

The performance salary schedule will apply to all probationary teachers and any new teachers hired on or after July 1, 2014. Tenured teachers may relinquish tenure to participate in the performance salary schedule. Tenured teachers may remain on the district's prior salary schedule.

§168.410, 168.420 - TEACHER AND PRINCIPAL EVALUATIONS

Each school district must perform an annual performance-based evaluation on each teacher and principal. The system must be established in collaboration with evaluators of instruction and teachers in the district or charter school. The evaluation system must include both annual formative and summative performance reviews for all teachers. The preponderant portion of the

DESCRIPTION (continued)

evaluation must be based on objective, valid, reliable, and comparative measures of student achievement growth aligned to state standards. Districts may use locally-developed assessments but they must be approved by the Department of Elementary and Secondary Education (DESE). Student achievement growth must be measured through assessments in accordance with a state-level growth model and with value-added methods developed by DESE.

Four rating levels must be used to evaluate teachers: highly effective, effective, needs improvement, or ineffective. For teachers who teach courses subject to state assessments aligned with state standards and for principals of schools that use these assessments, student achievement growth on these assessments will count for between forty and sixty percent of the evaluation, as determined by the local school board. Multiple measures that may be used are described in the act.

Each district must fully implement the evaluation system beginning in school year 2014-2015. Each district must develop the evaluation system as a pilot during the 2013-2014 school year. Each teacher and principal contract and collective bargaining agreement entered into after July 1, 2015 must authorize the use of evaluation results.

DESE must issue regulations governing the development and implementation of the local evaluation systems, as described in the act. DESE must also develop and implement a statewide student growth model and a value-added system. It must also provide technical assistance to districts, including developing training and a resource bank; develop a model evaluation system to be used by districts that do not develop their own; review and approve student assessments to ensure alignment with state standards; include in its longitudinal data system links between individual teacher and evaluation and teacher preparation programs in the state; and monitor local evaluation systems.

The teacher's and principal's rating from the evaluation system must be maintained in his or her personnel file. In addition, the rating and evaluation results must be made available to any parent or legal guardian of a student enrolled in the school who requests to see it.

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 Labor and Industrial Relations
Joint Committee on Administrative Rules
Office of Secretary of State
 Administrative Rules Division
School Districts
 Special School District of St. Louis County
 Kansas City Public School District
Charter School Sponsors
 University of Missouri System



Ross Strope
Acting Director
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