

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0073-01
Bill No.: SB 27
Subject: Education, Elementary and Secondary; Elementary and Secondary Education
 Department; Boards, Commissions, Committees, Councils; Teachers
Type: Original
Date: January 15, 2015

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
Total Estimated Net Effect on General Revenue	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
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 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	(More than \$200,000)	(More than \$200,000)	(More than \$200,000)

FISCAL ANALYSIS

ASSUMPTION

§161.237 Annual School Report Card

Officials at the **Department of Elementary and Secondary Education (DESE)** assume there is no fiscal impact from this provision.

Officials at the **Nixa Public Schools** assume that if percentages for A, B, C, D, and F stay the same as being proposed, there would be little immediate costs to the local school districts. For those earning a C, D, or F, there should be some expenses expected in the long run. Additional resources may need to be spent (or at the very least differently) in order to improve their educational system. There should be little additional expenditures in most school districts implementing this strategic measure.

Officials at the **Kansas City Public Schools** assume until such time as DESE promulgates rules as to how they may administer text within the proposed legislation, the District cannot estimate its impact. The District believes there will be a negative fiscal impact in administrative cost between \$25,000 and \$75,000.

Oversight assumes this proposal requires school districts to distribute a copy of the report card to all parents by August 1st each year. The impact to school districts will be from mailing copies of the report card to all parents in the district. Oversight assumes the impact to all schools districts will exceed \$100,000 a year.

§168.225 Teacher Performance Salary Schedule

Officials at the **DESE** assume Subsection 3 indicates that the department "may" provide technical assistance. While the language is permissive, it would be unreasonable to assume that the department would chose not to provide technical assistance given the fact that the section requires districts to implement the evaluation system. The department would incur significant costs to provide or help develop training for evaluators and a resource bank that identifies assessments. The costs are unknown but expected to exceed \$100,000.

§§ 168.104, 168.125, 168.128, 168.221 and 168.410 Teacher Contracts and Evaluations

Officials at the **DESE** assume the requirements of this proposal will likely result in significant costs to local school districts.

Oversight assumes that the creation of teacher evaluations, annual reviewing of a performance salary schedule and annual teacher contracts would result in costs to the school districts of More than \$100,000 annually.

ASSUMPTION (continued)

Officials at the **Malta Bend Schools** assume this will impact them but are unable to determine the exact impact.

Officials at the **Kirbyville R-VI Schools** assume they are unable to determine if this proposal would impact them.

Officials at the **Carondelet Leadership Academy** assume there is no fiscal impact from this proposal.

Officials at the **Macon R-1 Schools** responded to Oversight's request but did not indicate a fiscal impact.

Bill as a Whole

Officials at the **Joint Committee on Administrative Rules** assume there is no fiscal impact from this proposal.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the 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 the office can sustain with the core budget. Therefore, the 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. 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 at the following schools: Blue Springs Public Schools, Branson Public Schools, Caruthersville School District, Cole R-I Schools, Columbia Public Schools, Fair Grove Schools, Fulton Public School, Harrisonville School District, Independence Public Schools, Jefferson City Public Schools, Kirksville Public Schools, Lee Summit Public Schools, Mexico Public Schools, Monroe City R-I Schools, Parkway Public Schools, Pattonville Schools, Raymore-Peculiar R-III Schools, Raytown School District, Riverview Gardens School District, Sedalia School District,

ASSUMPTION (continued)

Sikeston Public Schools, Silex Public Schools, Special School District of St. Louis County, Spickard School District, Springfield School District, St Joseph School District, St Louis Public Schools, St. Charles Public Schools, Sullivan Public Schools, Warren County R-III School District and Waynesville Public School did not respond to **Oversight's** request for fiscal impact.

Officials at the following charter schools: Allen Village School and the KIPP Endeavor Academy of Kansas City did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Costs - DESE - teacher evaluation training and assistance</u>	(More than <u>\$100,000</u>)	(More than <u>\$100,000</u>)	(More than <u>\$100,000</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(More than <u>\$100,000</u>)	(More than <u>\$100,000</u>)	(More than <u>\$100,000</u>)

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
LOCAL SCHOOL DISTRICT FUNDS			
<u>Costs - School Districts - mailing of the report card to parents</u>	(More than <u>\$100,000</u>)	(More than <u>\$100,000</u>)	(More than <u>\$100,000</u>)
<u>Costs - School Districts - teacher contracts and evaluations</u>	(More than <u>\$100,000</u>)	(More than <u>\$100,000</u>)	(More than <u>\$100,000</u>)
ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS	(More than <u>\$200,000</u>)	(More than <u>\$200,000</u>)	(More than <u>\$200,000</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.

School Report Cards: The State Board of Education must develop a simplified annual school report card for each school attendance center. Each school, including each charter school, will be given a letter grade of A, B, C, D or F based on percentages identified in the act that corresponds to the percentage of points earned on the school's annual performance report. 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. The report card must also identify each school's performance as having improved, remained the same, or declined based on the prior year in terms of the letter grade and value. (§161.237)

Teacher Tenure and Reduction in Force: This act limits teacher tenure to teachers first hired by a district before August 28, 2015. Teachers hired on or after August 28, 2015 will not receive tenure. (§§168.104, 168.125 & 168.221)

This act repeals 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. (§168.221 and repeal of §168.124)

Abolition of Courses or Subjects in the St. Louis City School District: This act repeals a provision governing the St. Louis City School District that requires when particular subjects or courses of instruction are eliminated, the teachers of those subjects or courses not be placed on leave of absence if they are qualified to teach other subjects or courses and a position is available. (§168.221)

Teacher and Administrator Evaluations: Current law requires each school board to cause a comprehensive, performance-based evaluation for each teacher and administrator. This act specifies that the evaluation be done annually for each teacher and administrator. For teachers, the evaluation system developed by the Department of Elementary and Secondary Education must be used, or a district evaluation that utilizes the standards and indicators in the Department's system. In addition, this act requires the school board of the St. Louis City School District to perform such an evaluation for St. Louis teachers. (§§168.128, 168.221 & 168.410)

Salary Schedules: Each school district must develop and adopt a performance salary schedule for all instructional personnel by July 1, 2016. The performance salary schedule must review and may provide annual salary adjustments based upon performance determined by the annual evaluation system used by the district. Teachers must be evaluated using multiple, fair, rigorous,

FISCAL DESCRIPTION (continued)

transparent, and valid measures. A district may use the model evaluation form developed by the Department of Elementary and Secondary Education or a district evaluation form that utilizes the standards and indicators in the Department's system. Multiple measures of student achievement must count for a minimum of thirty percent of the overall evaluation. The performance salary schedule 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.

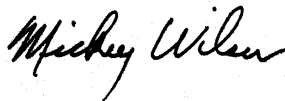
The Department of Elementary and Secondary Education may provide technical assistance to school boards. The Department must develop a resource bank that includes resources that are appropriate to districts of different sizes, demographics, and locations.

A district may develop additional salary schedules differentiated on assignment to a Title I school, teaching in a subject area for which there is a teacher shortage, or to reflect the supply and demand of the teacher labor market. (§168.225)

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

Carondelet Leadership Academy
Department of Elementary and Secondary Education
Joint Committee on Administrative Rules
Kansas City Public Schools
Kirbyville R-VI Schools
Macon R-1 Schools
Malta Bend Schools
Nixa Public Schools
Office of the Secretary of State



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