

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5339-08  
Bill No.: Perfected SS#2 for SCS for SB 949  
Subject: Elementary and Secondary Education; Department of Elementary and Secondary Education; Teachers  
Type: #Updated  
Date: May 16, 2018  
 # Updated for revised Department of Elementary and Secondary Education response relating to reading intervention.

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Bill Summary: This proposal modifies provisions relating to reading intervention in schools.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
#General Revenue	(\$7,060)	Up to (\$9,598,677)	Up to (\$9,598,677)
<b>#Total Estimated Net Effect on General Revenue</b>	<b>(\$7,060)</b>	<b>Up to (\$9,598,677)</b>	<b>Up to (\$9,598,677)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
#State Schools Money Fund*	\$0	\$0	\$0
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

#\*Revenue and expenditures net to zero.

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 11 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Local Government</b>	<b>(Unknown - possibly substantial)</b>	<b>(Unknown - possibly substantial)</b>	<b>(Unknown - possibly substantial)</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

**Section 167.450**

#Officials from **Department of Elementary and Secondary Education (DESE)** estimate \$7,060 in meeting costs for establishing a uniform format for schools to report information. The format is to be developed with input from school boards. In addition, DESE assumes the following cost to the foundation formula from provision 167.450.8 (summer school requirement):

Grade 3 Enrollment	70,045
Percentage below basic	17.60%
Number below basic	12,328
Percentage basic	20.20%
Number basic	14,149

Total Grade 3 Below Proficient	26,477
Summer School Hours Required	<u>x 60</u>
	1,588,621
Summer School ADA	<u>/ 1,044</u>
	1,522
State Adequacy Target	<u>x \$6,308</u>
<b><u>#Cost to Foundation Formula</u></b>	<b><u>\$9,598,677</u></b>

#This represents the maximum potential cost to the foundation formula. The cost could be less because it is unknown which of these kids are already attending summer school.

In response to a previous version, SCS for SB 949 (LR 5339-04), officials from the **Raytown C-2 School District** assumed this proposal would require at minimum an additional \$3.75 million dollars of expenditures for the district with only \$450,000 in state assistance.

ASSUMPTION (continued)

In response to a previous version, SCS for SB 949 (LR 5339-04), officials from the **Lafayette Preparatory Academy** assumed this proposal would have significant financial implications.

In response to a previous version, SCS for SB 949 (LR 5339-04), officials from the **Kirkville R-III School District** assumed this proposal would not have any fiscal impact on the district. Schools already do this.

In response to a previous version, SCS for SB 949 (LR 5339-04), officials from the **Wellsville-Middletown R-1 School District** assumed the negative fiscal impact of this proposal would be significant in terms of needed additional staff, training, resources and facilities.

In response to a previous version, SCS for SB 949 (LR 5339-04), officials from the **Summersville R2 School District** assumed little to no fiscal impact.

In response to a previous version, SCS for SB 949 (LR 5339-04), officials from **KIPP St. Louis** assumed the cost of remediation programs and evaluation tests would be significant for the school. Given we target students who are behind grade level, we have a significant portion of our student body that is 2-3 grade levels behind grade level. We do not have a formal dyslexia program or testing regiment, so to add all of those in will be a significant expense. The estimate of cost is unknown, but if you imagine a \$75 assessment and \$100 intervention program (that feels low) that would be given to each child, the cost could run upwards of \$175,000 (assuming 50% of our students need the assessment and intervention).

In response to a previous version, SB 949 (LR 5339-01), officials from the **Macon County R-IV School District** assumed this proposal, effectively, is already in place either by law or in practice. Currently, a vast majority of schools identify students in PK or Kindergarten and utilize federal Title I funds to remediate in addition to regular classroom instruction. Many district go above and beyond even those minimal standards. State law already requires retention of third graders. Statistics have clearly shown that at-risk students, as students addressed in this proposal are, who are retained after Kindergarten become even more at-risk of not graduating.

In response to a previous version, SB 949 (LR 5339-01), officials from the **East Carter County R-2 School District** assumed this proposal may necessitate an additional FTE which would be in the \$35,000 to \$45,000 range, depending on experience, plus materials and supplies.

ASSUMPTION (continued)

In response to a previous version, SCS for SB 949 (LR 5339-04), officials from the **Department of Higher Education, University of Missouri System, Missouri State University, Missouri Western State University** and **State Technical College of Missouri** assumed the proposal would have no fiscal impact on their organizations.

In response to a previous version, SCS for SB 949 (LR 5339-04), officials from the **Joint Committee on Administrative Rules** assumed this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to a previous version, SCS for SB 949 (LR 5339-04), officials from the **Office of the Secretary of State (SOS)** stated 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.

**Oversight** notes 17.6% of students who took the state assessment scored Below Basic on the Missouri Assessment Program in 2017. Oversight notes, per DESE's website, current statute §167.645 requires:

- an assessment of students in grades 3-6 (with some exceptions) to determine their reading level
- individualized "Reading Improvement Plans" for students in grades 4-6 who are substantially below grade level in reading
- additional reading instruction for students with Reading Improvement Plans
- retention of students in grade 4 if they are reading below the 3<sup>rd</sup> grade level

ASSUMPTION (continued)

**Oversight** assumes this provision requires a local or statewide screening assessment be administered to students in first to third grade within the first thirty days of school and by January 31<sup>st</sup> for students in kindergarten. Oversight notes an appropriation of \$250,000 (per the CCS SCS HCS for HB 2002) for the planning, design, procurement, and implementation of a K-3 reading assessment system. Oversight will show a cost to general revenue of \$250,000; however, upon further inquiry with members of the Senate, this appropriation was determined to not be related to this bill.

**Oversight** assumes this provision repeals current sections of law relating to reading intervention and establishes a reading intervention program for students in kindergarten to third grade. Oversight notes some school districts indicated additional costs to implement this proposal.

**#Oversight** will show the impact of this provision as up to \$9,598,677.

§167.255 Braille Instruction

In response to a similar proposal, HCS for SB 681 (LR 4760-03), officials from the **Department of Elementary and Secondary Education** assumed the proposal would have no fiscal impact on their organization.

In response to a similar proposal, SB 681 (LR 4760-03), officials from the **Summersville R2 School District** assumed there is no way of determining the impact. Braille instruction would be expensive for districts, even with small numbers of students receiving this instruction.

In response to a similar proposal, SB 681 (LR 4760-03), officials from the **West Plains School District** assumed the cost related to employing a Braille specialist is \$20,000 to \$70,000 annually.

In response to a previous version, SB 681 (LR 4760-03), officials from the **Kirksville R-III School District** assumed the proposal would have a negative fiscal impact on the district.

In response to a similar proposal, SB 681 (LR 4760-03), officials from the **Bakersfield R-IV School District** assumed the estimated cost for the district would be approximately \$150,000 per year.

**Oversight** notes, in previous years, DESE estimated the salary for a Braille instructor at \$60,000 plus \$34,200 [57% (school district benefit percentage)] for a total of \$94,200.

ASSUMPTION (continued)

**Oversight** notes there are 518 school districts in the state that may be impacted by this proposal. DESE was unable to provide Oversight with the number of Braille instructors currently working in the school districts. However, they were able to say that in the 2016-2017 school year 42 school districts provided a course for visual instruction. If half of the 518 school districts needed a Braille instructor, the cost to the school districts is estimated at \$25,900,000 (259 \* \$100,000). Oversight cannot estimate the number school district that would need a Braille instructor as a result of this proposal. Oversight will show the impact of this proposal as unknown, \$100,000 per district that needs a Braille instructor.

Bill as a Whole

Officials from the **State Technical College of Missouri** assume the proposal will have no fiscal impact on their organization.

Officials from the **Wellsville-Middletown R-1 School District** state though many of the stipulations in this proposal the district already does, there are some items that are not done primarily due to either a lack of available qualified staff or a lack of funding, in particular, the summer school requirement.

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>GENERAL REVENUE</b>			
#Cost - DESE - increased call to the foundation formula	\$0	Up to (\$9,598,677)	Up to (\$9,598,667)
<u>Cost</u> - DESE - meeting costs	<u>(\$7,060)</u>	<u>\$0</u>	<u>\$0</u>
<b>#ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$7,060)</u></b>	<b><u>Up to (\$9,598,677)</u></b>	<b><u>Up to (\$9,598,667)</u></b>
 <b>#STATE SCHOOLS MONEY FUND</b>			
<u>#Transfer In</u> - from General Revenue	\$0	Up to \$9,598,677	Up to \$9,598,677
<u>#Transfer Out</u> - to local school districts	<u>\$0</u>	Up to <u>(\$9,598,677)</u>	Up to <u>(\$9,598,677)</u>
<b>#ESTIMATED NET EFFECT ON STATE SCHOOLS MONEY FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>



<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>LOCAL SCHOOL DISTRICTS</b>			
<u>Cost</u> - hiring a Braille instructor	(Unknown, \$100,000 per district that needs a Braille instructor)	(Unknown, \$100,000 per district that needs a Braille instructor)	(Unknown, \$100,000 per district that needs a Braille instructor)
<u>#Revenue</u> - from State Schools Money Fund	\$0	Up to \$9,598,677	Up to \$9,598,677
<u>Cost</u> - implementation of K-3 reading intervention programs	<u>(Unknown - possibly substantial)</u>	<u>(Unknown - possibly substantial)</u>	<u>(Unknown - possibly substantial)</u>
<b>ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICTS</b>	<b><u>(Unknown - possibly substantial)</u></b>	<b><u>(Unknown - possibly substantial)</u></b>	<b><u>(Unknown - possibly substantial)</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This act requires school districts and charter schools to establish a reading intervention program for students in kindergarten to third grade. The program shall be provided to those students who exhibit a reading deficiency or have a formal diagnosis of dyslexia. The program shall contain certain characteristics, as described in the act.

A student who exhibits a reading deficiency shall receive an individual reading improvement plan no later than 30 days after the identification of the reading deficiency for students in first through third grade and by January 31st for kindergarten students. The student's parent shall be notified no later than 15 days after the identification of the reading deficiency.

FISCAL DESCRIPTION (continued)

Beginning in the 2020-2021 school year, students who are not reading at grade level by the end of the second grade shall receive intensive reading intervention.

Each school district and charter school shall review student reading improvement plans and shall provide services as outlined in the act. Each school district and charter school shall also establish an intensive acceleration class for any student not reading proficient or above on the third grade state assessment.

Summer reading camps shall be provided to all third grade students scoring at the lowest achievement level on the third grade statewide English language arts assessment. School districts and charter schools shall annually report certain information relating to student reading proficiency, as set forth in the act, to the Department of Elementary and Secondary Education by September 1st of each year.

The Department shall establish a uniform format for the reporting of such information. The information shall be compiled each year and reported to the State Board of Education, the Governor, and the Joint Committee on Education.

The State Board of Education shall strongly recommend that institutions of higher education and the Department of Elementary and Secondary Education align literacy and reading instruction coursework with knowledge and practice standards from the Center for Effective Reading Instruction (CERI).

Current sections of law relating to reading intervention programs are repealed under the act.

This act requires a student to receive instruction in Braille reading and writing as part of his or her individualized education plan (IEP) unless instruction in Braille or the use of Braille is determined not appropriate for the child. This act modifies the definition of "student".

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 Higher Education  
Office of the Secretary of State  
Joint Committee on Administrative Rules  
Wellsville-Middletown R-1 School District  
Summersville R2 School District  
KIPP St. Louis  
Macon County R-IV School District  
East Carter County R-2 School District  
Raytown C-2 School District  
Lafayette Preparatory Academy  
Kirksville R-III School District  
University of Missouri System  
Missouri State University  
State Technical College of Missouri  
Missouri Western State University

Ross Strobe



Acting Director  
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