

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5339-13
Bill No.: HCS for SS#2 for SCS for SB 949
Subject: Elementary and Secondary Education; Department of Elementary and Secondary Education
Type: Original
Date: May 15, 2018

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

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | | |
|--|------------|------------|------------|--------------------------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 | Fully Implemented (FY 2023) |
| | | | | |
| Total Estimated Net Effect on General Revenue | \$0 | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | | |
|--|------------|------------|------------|--------------------------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 | Fully Implemented (FY 2023) |
| | | | | |
| Total Estimated Net Effect on Other State Funds | \$0 | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 9 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | | |
|---|----------------|----------------|----------------|------------------------------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 | Fully Implemented (FY 2023) |
| | | | | |
| | | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | | |
|---|----------------|----------------|----------------|------------------------------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 | Fully Implemented (FY 2023) |
| | | | | |
| | | | | |
| Total Estimated Net Effect on FTE | 0 | 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 2019 | FY 2020 | FY 2021 | Fully Implemented (FY 2023) |
| Local Government | (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) | (Unknown, possibly substantial) |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the proposal will have no fiscal impact on their organization. DESE defers to local school districts.

In response to a previous version, SCS for SB 949 (LR 5339-04), officials from the **Department of Elementary and Secondary Education (DESE)** estimated \$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.

Oversight assumes the cost noted above by DESE are immaterial. Oversight assumes these costs can be absorbed with existing resources.

Officials from the **Kirkville R-III School District** assume this proposal will have a negative fiscal impact on the district.

Officials from the **Wellsville-Middletown R-1 School District** assume this proposal as currently proposed still imposes a substantial negative fiscal impact on our small rural school. The types of programs and accountability measures stipulated will cost substantially more than the marginal benefit.

In response to a similar proposal, officials from the **Macon County R-IV School District** assume this proposal essentially calls for remediation of reading deficiencies that many schools, especially elementary schools, are currently doing through RTI (intervention strategies and time) and/ or Title I services. One concern that I have in a small, rural school with an overall student:teacher of 8:1 is the reduction of that ratio with respect to this bill. In order to accomplish this the district would be required to hire at least a part time instructor and/or pull a highly qualified instructor across multiple subject areas out of a regular classroom for reading instruction. I have no issues with improving reading for all students but some of the requirements of this proposal will place an extraordinary burden upon my district; burdens that are not funded within this proposal (\$3000 for a teaching assistant - that's 375 hours at \$8/hr, or 2 hours daily) and, therefore, would be locally funded. My district has locally funded a free preschool program in an effort to provide instruction, mainly in reading, for future students. I fear that this program might be cut in order to fund the requirements of this bill when the district already has in place multiple pieces as described in this proposal.

ASSUMPTION (continued)

Districts statewide report proficiency levels of students. The requirement to post these results for students not scoring proficient is cumbersome and could possibly shed a poor light on the district's perceived instruction when instruction may not be the problem.

In response to a similar proposal, officials from the **Sherwood Cass R-VIII School District** assumed this would be a huge cost to the district without additional funding. While the exact cost can't be known the district would have to have more summer school teachers, pay for tutoring outside the school day, and most likely add staffing for the regular school day to screen and provide assistance to the students to meet these standards. For our district, a staff member will cost around \$50,000 to \$60,000. That is a start-up cost just to get this off the ground.

In response to a similar proposal, officials from the **Sarcoxie R-II School District** assumed Reading Recovery Teachers cost about \$4,200 per student, times roughly 450 students not "Proficient" at Sarcoxie. The estimated cost is about \$1.9 million dollars per year.

In response to a similar proposal, officials from the **Milan C-2 Schools** stated this proposal would have catastrophic financial implications. This past year, the district invested several thousand dollars in reading programs. This proposal calls for a massive overhaul of reading programs with little to no financial resources.

In response to a similar proposal, officials from the **Chilowee R-IV School District** assumed this proposal would have a devastating impact on small schools. There are largely unknown fiscal impacts to this legislation. The district would have to purchase a new reading series, hire new teaching staff, find building space (unavailable now), and increase training for staff. This would have an impact greater than \$100,000 range which is 5% of the district's entire budget, without the additional space needed to house the intensive acceleration class.

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

ASSUMPTION (continued)

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 third grade students who took the state assessment scored Below Basic and 20.2% scored 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 3rd grade level

Oversight assumes this proposal 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 31st 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; however, upon further inquiry with members of the Senate, this appropriation was determined to not be related to this bill.

Oversight notes this proposal repeals current sections of law relating to reading intervention. Oversight assumes the following requirements are repealed:

- Fourth grade students reading below third grade level shall be required to attend summer school to receive reading instruction" (167.645.4)
- At the end of such summer school if the student is reading below third grade level, the student shall not be promoted to the fifth grade. (167.645.4)

Oversight notes the effective date of this provision is July 1, 2022. Per DESE's response, Oversight will not show a fiscal impact to the state.

ASSUMPTION (continued)

Oversight assumes this proposal 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 a fiscal impact of an unknown cost to school districts.

§167.225 Braille Instruction

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.

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.

| <u>FISCAL IMPACT -</u> <u>State Government</u> | FY 2019 (10 Mo.) | FY 2020 | FY 2021 | Fully Implemented (FY 2023) |
|---|---------------------|------------|------------|-----------------------------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

| <u>FISCAL IMPACT -</u> <u>Local Government</u> | FY 2019 (10 Mo.) | FY 2020 | FY 2021 | Fully Implemented (FY 2023) |
|---|---|---|---|---|
| LOCAL SCHOOL DISTRICT FUNDS | | | | |
| <u>Cost -</u> implementation of K-3 reading intervention program | \$0 | \$0 | \$0 | (Unknown, possibly substantial) |
| <u>Cost - hiring a</u> Braille instructor | (Unknown, \$100,000 per district that needs a Braille <u>instructor</u>) | (Unknown, \$100,000 per district that needs a Braille <u>instructor</u>) | (Unknown, \$100,000 per district that needs a Braille <u>instructor</u>) | (Unknown, \$100,000 per district that needs a Braille <u>instructor</u>) |
| ESTIMATED NET EFFECT ON SCHOOL DISTRICT FUNDS | (Unknown, \$100,000 per district that needs a Braille <u>instructor</u>) | (Unknown, \$100,000 per district that needs a Braille <u>instructor</u>) | (Unknown, \$100,000 per district that needs a Braille <u>instructor</u>) | (Unknown, possibly <u>substantial</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 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.

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.

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.

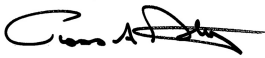
SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Joint Committee on Administrative Rules
Office of the Secretary of State
Sherwood Cass R-VIII
Sarcoxie R-II
Milan C-2 Schools
Summersville R2 School District
West Plains School District

SOURCES OF INFORMATION (continued)

Kirksville R-III School District
Bakersfield R-IV School District
Chilhowee R-IV School District
Macon County R-IV School District
Wellsville-Middletown R-1 School District

Ross Strobe

A handwritten signature in black ink, appearing to read "Ross Strobe".

Acting Director
May 15, 2018