

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0440-01
Bill No.: SB 73
Subject: Elementary and Secondary Education; Department of Elementary and Secondary Education
Type: Original
Date: February 11, 2019

Bill Summary: This proposal requires each local school district and charter school to have on file a policy for reading intervention plans for any pupils of the district and charter school in grades kindergarten through four.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	\$0	\$0 to (Could exceed \$12,850,703)	\$0 to (Could exceed \$12,850,703)
Total Estimated Net Effect on General Revenue	\$0	\$0 to (Could exceed \$12,850,703)	\$0 to (Could exceed \$12,850,703)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
State Schools Money Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*Transfers in and transfers out net to zero.

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
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 2020	FY 2021	FY 2022
Local Government	\$0	(Unknown, possibly substantial)	(Unknown, possibly substantial)

FISCAL ANALYSIS

ASSUMPTION

Oversight notes a request for fiscal impact was sent to the Department of Elementary and Secondary Education on December 5, 2018 and was due back to Oversight by December 21, 2018. Oversight received a response on February 11, 2019. Oversight has presented this fiscal note on the best current information.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the following:

Grade 3 enrollment:	69,045
Percentage below basic	<u>14.80%</u>
Number below basic	10,219
Percentage at basic	<u>36.00%</u>
Number at basic	24,856
Total Grade 3 below Proficient	35,075
Summer School Hours Required	<u>x 60</u>
	2,104,492
Summer School ADA	<u>/ 1,044</u>
	2,016
State Adequacy Target	<u>x \$6,375</u>
Cost to Foundation Formula	\$12,850,703

The language in this proposal is permissive; therefore, this cost represents the maximum potential cost to the foundation formula. The cost could be significantly less depending upon the number of districts that choose to provide summer camps. In addition, the cost could be less because it is unknown which of these kids are already attending summer school.

Oversight notes section 167.645.8 requires schools and charters to repeat subsection 6 and subsection 7 as needed with the target grade level rising. Oversight assumes current statute only requires 30 hours of additional reading instruction or practice outside the regular school day through the end of the sixth grade year (RSMo. 167.645.3 and RSMo. 167.645.5). Oversight assumes subsection 8 of this proposal would expand this requirement to students beyond the sixth grade; therefore, Oversight assumes this could increase the call to the foundation formula.

ASSUMPTION (continued)

Additionally, subsection 7 of this proposal states school districts and charter schools shall offer summer reading camps for third grade students scoring below proficient on the third grade assessment. Oversight assumes subsection 8 allows school districts and charters to continue to provide summer reading camps for students scoring below proficient subsequent to third grade. Oversight assumes the estimate provided by DESE could be applied to students scoring below proficient for each grade beyond third grade.

Oversight notes section 167.645.9 states that the mandatory process of additional reading shall cease upon graduation from high school. Current statute states the mandatory process of additional reading shall cease at the end of sixth grade (RSMo. 167.645.6). Oversight assumes this could increase the call to the foundation formula for required remedial reading hours claimed beyond sixth grade.

While the foundation formula was fully funded in FY 2018, Oversight is unable to predict whether it will be fully funded in future fiscal years. Oversight notes that if the foundation formula is not fully funded then any additional costs would be redistributed to school districts and not result in a cost to General Revenue or the State School Moneys Fund. Therefore, Oversight will show the impact as \$0 (not fully funded and money redistributed) to a cost that could exceed the estimate provided by DESE of \$12,850,703.

Officials from **Springfield Public Schools** assume this proposal will cost \$3,500,000 for additional teachers, training, resources, assessments and reporting.

Officials from **University of Central Missouri** assume the fiscal impact is unknown; however, below is an estimate of costs:

- Professional development for reading intervention plans - \$30,000
- Reading Intervention Specialist - \$75,000 per year
- Reading Intervention Monitoring Software - \$10,000 per year (\$50 per student x 200 students)
- Professional development for Structured Literacy Program - \$10,000 (10 staff x \$1,000)
- Transitional Classroom Teacher - \$50,000 per year
- After School Tutors - \$20,000 per year (4 tutors x \$100 per week x 50 weeks)
- Acceleration Classroom Teacher - \$50,000 per year
- Summer Camp resources and teachers - \$100,000 per year

The estimated total cost is \$345,000 per school.

ASSUMPTION (continued)

Officials from **Sherwood-Cass R-VIII School District** assume this proposal could lead to additional staff to execute the intervention program. Each staff member would cost our district \$45,000-\$65,000. Furthermore, there would be a great deal of time lost by our teachers who are creating the plans. We would need either substitutes or additional stipend pay for time outside the school day to create plans for 350-400 students in the first 30 days.

Officials from **Wellsville-Middletown R-1 School District** assume the cost of following the letter of this proposal may be prohibitive.

Officials from **Kirksville R-III School District** and **Francis Howell School District** assume the proposal will have no fiscal impact on their organizations.

Officials from the **Department of Higher Education, University of Missouri System, Missouri State University** and **State Technical College of Missouri** assume the proposal will have no fiscal impact on their organizations.

Oversight notes school districts indicated costs for staff, professional development, resources, assessments and reporting. Therefore, Oversight will show an unknown cost to school districts to implement this program.

Promulgate Rules

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 \$5,000. 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 require additional resources.

ASSUMPTION (continued)

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

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
<u>Cost</u> - DESE - increased call to the foundation formula	<u>\$0</u>	\$0 to (Could exceed) <u>\$12,850,703</u>	\$0 to (Could exceed) <u>\$12,850,703</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>\$0 to (Could exceed)</u> <u>\$12,850,703</u>	<u>\$0 to (Could exceed)</u> <u>\$12,850,703</u>
STATE SCHOOLS MONEY FUND			
<u>Transfer In</u> - from General Revenue	\$0	\$0 to Could exceed \$12,850,703	\$0 to Could exceed \$12,850,703
<u>Transfer Out</u> - to School Districts	<u>\$0</u>	\$0 to (Could exceed) <u>\$12,850,703</u>	\$0 to (Could exceed) <u>\$12,850,703</u>
ESTIMATED NET EFFECT ON STATE SCHOOLS MONEY FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
SCHOOL DISTRICTS AND CHARTER SCHOOLS			
<u>Revenue</u> - from State Schools Money Fund for summer reading camps	\$0	\$0 to Could exceed \$12,850,703	\$0 to Could exceed \$12,850,703
<u>Costs</u> - implementation of reading intervention program - staff, training, resources, assessments and reporting	<u>\$0</u>	(Unknown, possibly <u>substantial</u>)	(Unknown, possibly <u>substantial</u>)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS AND CHARTER SCHOOLS	<u>\$0</u>	(Unknown, possibly <u>substantial</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 modifies current law regarding reading intervention programs. Each local school district and charter school shall have on file a policy for reading intervention plans for any pupils of the district in grades kindergarten through four, rather than through grade three. Authority to develop guidelines to assist school districts and charter schools in formulating policies for reading intervention plans is transferred from the State Board of Education to local school districts. Under this act, each school district and charter school shall administer a reading assessment or set of assessments to each student within the first thirty days of school for grades one through four, and by January thirty-first for kindergarten.

This act removes the requirement that school districts and charter schools design a reading intervention plan for the student's fourth-grade year if the student's third-grade reading assessment determines the student is reading below second-grade level. The provision is replaced with a requirement that school districts and charter schools offer a reading intervention program to each K-4 student who exhibits a reading deficiency or has a formal diagnosis of dyslexia. The reading intervention program shall be provided in addition to the core reading instruction

FISCAL DESCRIPTION (continued)

provided to all students, and shall meet criteria set forth in the act.

Any K-4 student who exhibits a deficiency in reading at any time, based upon local or statewide screening assessments, shall receive an individual reading intervention plan no later than thirty days after the identification of the deficiency. Such plan shall be created by the teacher and other pertinent school personnel, and shall describe the evidence-based reading improvement services the student shall receive.

Under this act, beginning with the 2020-2021 school year, students who are not reading at grade level by the end of the second grade shall receive intensive reading improvement to remedy the student's specific reading deficiency. Each school district and charter school shall conduct a review of student reading intervention plans for all students who are not reading at grade level by the end of the second grade, and shall address additional support services needed to remedy the areas of deficiency. School districts and charter schools shall provide improvement and support services set forth in the act.

School districts and charter schools are required, under this act, to establish an intensive acceleration class for any student not reading proficient or above on the third-grade state assessment, and shall meet certain criteria set forth in the act.

This act allows school districts and charter schools to provide summer reading camps to all third-grade students scoring below proficient. Such camps shall be staffed with highly effective teachers of reading. Summer reading camps shall include at least sixty hours of instructional time in reading.

This act extends the mandatory process of additional reading instruction from grade six to graduation from high school. Each school district and charter school is required to offer summer school reading instruction to any student with a reading intervention plan. Districts may fulfill the requirement through cooperative arrangements with neighboring districts or virtual schools. The parent or legal guardian of any student who exhibits a deficiency in reading shall be notified in writing no later than fifteen school days after identification of the deficiency. The written notification shall meet certain requirements as set forth in the act.

This act requires the board of each school district and charter school to post, by September first of each year, by building, the number and percentage of all students in grades 3-8 scoring at each proficiency level on the English language arts statewide assessment; by building, the number and percentage of all students in grades 3-8 in each demographic category scoring proficiency level on the English language arts statewide assessment; by district, the number and percentage of all

ASSUMPTION (continued)

students in grades 3-8 scoring at each proficiency level on the English language arts statewide assessment; and by district, the number and percentage of all students in grades 3-8 in each demographic category scoring at each proficiency level on the English language arts statewide assessment.

The Department of Elementary and Secondary Education is also required to report the information in a state-level summary to the State Board of Education, the public, the governor, and the Joint Committee on Education by October first of each year.

This act also repeals provisions of law relating to mandatory retention for reading deficiencies.

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

Springfield Public Schools
Sherwood-Cass R-VIII School District
University of Central Missouri
Wellsville-Middletown R-1 School District
Francis Howell School District
Kirksville R-III School District
Department of Higher Education
State Technical College of Missouri
University of Missouri System
Missouri State University
Office of the Secretary of State
Joint Committee on Administrative Rules



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