

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1825-02
Bill No.: SCS for SB 349
Subject: Elementary and Secondary Education; Department of Elementary and Secondary Education
Type: Original
Date: March 22, 2019

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	(\$12,000 to \$66,632)	\$0 or (\$80,631)	\$0 or (\$81,312)
Total Estimated Net Effect on General Revenue	(\$12,000 to \$66,632)	\$0 or (\$80,631)	\$0 or (\$81,312)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>Other</u> State Funds	\$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 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
General Revenue	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
Total Estimated Net Effect on FTE	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE

☐ 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, Could exceed \$61,588,421)	(Unknown, Could exceed \$61,588,421)

FISCAL ANALYSIS

ASSUMPTION

Officials from **Department of Elementary and Secondary Education (DESE)** estimate a one-time expense, for programming, totaling \$12,000 to meet the reporting requirements.

Oversight notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this bill, DESE estimated the ITSD programming costs to be \$12,000. Oversight notes that an average salary for a current IT Specialist within ITSD is \$51,618, which totals roughly \$80,000 per year when fringe benefits are added. Assuming that all ITSD resources are at full capacity, Oversight assumes ITSD may (instead of contracting out the programming) hire an additional IT Specialist to perform the work required from this bill. Therefore, Oversight will range the fiscal impact from the cost of contracting out the work (\$12,000) to hiring an additional FTE IT Specialist (roughly \$80,000 per year).

Oversight notes section 167.645 subsection 6 requires schools to establish an intensive acceleration class for students not reading proficient or above on the third grade state assessment. Oversight notes this subsection requires DESE to reimburse school districts for additional costs incurred in the implementation and execution of the thirty hours of additional reading instruction minus the revenue generated from the foundation formula. However, it is unclear if students being provided intensive acceleration would be required to complete 30 hours of additional reading instruction.

Officials from the **Blue Springs School District** assume this proposal would require the district to hire a minimum of seven certificated FTE at a cost of approximately \$420,000 to implement.

Officials from **Wellsville-Middletown R-1 School District** assume this proposal has the potential to have a substantial negative fiscal impact on the district.

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

In response to a previous version, SB 349 (2019), officials from the **Lee's Summit R-7 School District** assumed there would be little financial impact, under \$10,000, as the district already utilizes this practice.

In response to a previous version, SB 349 (2019), officials from **Bakersfield R-IV School District** assumed this would cost \$10,000 annually.

ASSUMPTION (continued)

In response to a previous version, SB 349 (2019), officials from **Osage County R-2 School District** assumed this plan is a duplicate action of what schools are already doing for students. The cost for the intensive acceleration class is too high for smaller districts to have without additional funding from DESE. The information that needs to be posted is not always available by September and is a violation of FERPA if you have class sizes that are small enough to distinguish the child with the score that has to be posted.

In response to a previous version, SB 349 (2019), officials from **Parkway Schools** anticipate a cost of \$80,000 to purchase a structured literacy intervention.

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

In response to a previous version, SB 439 (2019), officials from **Missouri State University** assumed the proposal would have no fiscal impact on their organization.

Oversight notes some school districts have indicated a large cost to their district, others indicated they already utilize similar practices and yet others have said they would not be able to implement this proposal without additional funding. Oversight notes the average daily attendance (ADA) numbers for Springfield Public Schools is approximately 24,041. Oversight notes their assumed cost per ADA is estimated at \$146 (\$3.5 million / 24,041). Therefore, Oversight notes, if the school districts in the state (with roughly half of state's ADA) incurred additional costs similar to Springfield Public Schools, the cost to Missouri school districts is estimated at \$61,588,421 ((843,677 total ADA/2)*\$146).

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.

ASSUMPTION (continued)

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.

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 - ITSD costs (ranged from contracting out programming (\$12,000) to hiring additional FTE IT Specialist)	(\$12,000) to <u>(\$66,632)</u>	\$0 to <u>(\$80,631)</u>	\$0 to <u>(\$81,312)</u>
FTE Change - ITSD	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	(\$12,000) to <u>(\$66,632)</u>	\$0 to <u>(\$80,631)</u>	\$0 to <u>(\$81,312)</u>
Estimated Net FTE change for General Revenue	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2020 (10 Mo.)	FY 2021	FY 2022
SCHOOL DISTRICTS AND CHARTER SCHOOLS			
<u>Costs</u> - implementation of reading intervention program - staff, training, resources, assessments and reporting	\$0	(Unknown, Could exceed <u>\$61,588,421)</u>	(Unknown, Could exceed <u>\$61,588,421)</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS AND CHARTER SCHOOLS	\$0	(Unknown, Could exceed <u>\$61,588,421)</u>	(Unknown, Could exceed <u>\$61,588,421)</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 success plans, formerly known as reading intervention programs. Each local school district and charter school shall have on file a policy for reading success plans for any pupils of the district in grades kindergarten through four, rather than through grade three. Each policy shall be aligned with the guidelines developed by the Department of Elementary and Secondary Education for reading intervention plans. 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 the Department. Any guidelines for instruction must meet the needs of the student by ensuring that instruction is explicit and systematic and is based on the five areas of reading. Pre- and post-assessments are necessary to measure student success.

Each local school district and charter school is required to include in an individual pupil's reading success plan, individual and small group reading development activities. The plan shall be developed after consultation with the pupil's parent or legal guardian. Under current law, such provisions are not mandatory.(Section 167.268)

Under current law, each school district and charter school shall administer a reading assessment to each student within 45 days of the end of the third-grade year, unless a student has been determined in the current school year to be reading at grade level or above. Under this act, each school district and charter school shall administer a reading assessment or set of assessments to each student within the first 30 days of school for grades one through four, and by January 31 for kindergarten, unless a student has been determined in the previous school year to be reading at grade level or above. School districts and charter schools shall provide reading success plans to students with an individualized education plan (IEP) that have a reading deficiency, and for students receiving services under the Rehabilitation Act of 1973 whose services plan includes an element addressing reading.

This act removes the requirement that school districts and charter schools design a reading success 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 success plan to each K-4 student who exhibits a reading deficiency that has been identified as being at risk for dyslexia in the statewide dyslexia screening requirement, or has a formal diagnosis of dyslexia. The reading success plan shall be provided in addition to the core reading instruction provided to all students,

FISCAL DESCRIPTION (continued)

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 success plan no later than 30 days after the identification of the deficiency. Such plan shall be created by the teacher and other pertinent school personnel, along with the parent or legal guardian, and shall describe the evidence-based reading improvement services the student shall receive. The reading success plan shall specify if a student was found to be at risk for dyslexia in the statewide dyslexia screening requirement or if the student has a formal diagnosis of dyslexia.

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 intervention to remedy the student's specific reading deficiency. Each school district and charter school shall conduct a review of student reading success 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 provide an intensive acceleration for any student not reading proficient or above on a local or statewide third-grade reading assessment and has a reading success plan, and shall meet certain criteria set forth in the act. Under current law, each student for whom a reading success plan has been designed shall be given another reading assessment to be administered within 45 days of the end of the student's fourth-grade year. If such student is determined to be reading below third-grade level, the student shall be required to attend summer school to receive reading instruction.

The mandatory process of additional reading intervention for reading support outside the regular school day and school year shall cease at the end of the sixth grade. If the student is still not reading at grade level upon completion of the sixth grade, the school district and charter school shall continue to provide a reading success plan to be implemented during the regular school day until such time as the student is reading at grade level, or upon graduation from high school. Each school district and charter school is required to offer summer school reading instruction to any student with a reading success 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 30 school days after identification of the deficiency. The written notification shall meet certain requirements set forth in the act.

FISCAL DESCRIPTION (continued)

This act requires the board of each school district and charter school to post, by September 1 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 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 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 1 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

Department of Elementary and Secondary Education
Joint Committee on Administrative Rules
Blue Springs School District
Springfield Public Schools
Wellsville-Middletown R-1 School District
Lee's Summit R-7 School District
Bakersfield R-IV School District
Osage County R-2 School District
Parkway Schools
Department of Higher Education

SOURCES OF INFORMATION (continued)

Missouri State University
University of Missouri System
State Technical College of Missouri



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March 22, 2019

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March 22, 2019