

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4133S.06C
Bill No.: SCS for SB Nos. 681 & 662
Subject: Education , Elementary and Secondary
Type: Original
Date: February 22, 2022

Bill Summary: This proposal modifies provisions regarding educational outcomes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	(Unknown, could greatly exceed \$227,802)	(Unknown, could greatly exceed \$152,878)	(Unknown, could greatly exceed \$153,958)
Total Estimated Net Effect on General Revenue	(Unknown, could greatly exceed \$227,802)	(Unknown, could greatly exceed \$152,878)	(Unknown, could greatly exceed \$153,958)

Oversight notes DESE's FY 2022 Budget Book included a \$1,000,000 Governor's Recommendation from General Revenue to "support school innovation teams in implementing their waivers approved by the State Board of Education". DESE's FY 2023 Budget Book does not appear to include funding to support innovation waivers. Oversight assumes if there is an appropriation for the program, it will exceed \$250,000.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Evidence-Based Reading Instruction Program Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

*Transfers in from General Revenue and transfers out to School Districts and Charter schools net to zero.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

- ☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- ☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Local Government	(Unknown, Potentially significant)	(Unknown, Potentially significant)	(Unknown, Potentially significant)

FISCAL ANALYSIS

ASSUMPTION

Section 161.097 - Missouri Advisory Board for Educator Preparation

Officials from **Department of Elementary and Secondary Education (DESE)** estimate a one-time meeting cost to align literacy and reading instruction in teacher preparation programs at \$40,140. (Section 161.097)

Section 161.214 School Innovation Waiver

Oversight notes DESE's FY 2022 Budget Book included a \$1,000,000 Governor's Recommendation from General Revenue to "support school innovation teams in implementing their waivers approved by the State Board of Education". DESE's FY 2023 Budget Book does not appear to include funding to support innovation waivers.

Oversight will show a range of impact to General Revenue of \$0 (no additional cost or not appropriated) to an unknown cost to support school innovation teams. Based on FY 2022's Governor Recommend, Oversight assumes the cost could exceed \$250,000.

Oversight assumes there could be a cost to implement this program. School districts may have costs related to improving student readiness and job training, increasing teacher compensation, or improving teacher recruitment and development. Oversight will show a range of impact of \$0 (no school districts participate or no additional cost) to an unknown cost to implement the waiver. Oversight assumes the net impact on school districts would be \$0 if distributions from General Revenue cover all costs or negative net impact if implementation costs exceed state distributions.

Section 161.241 Statewide Literacy Plan

Section 161.241 requires **DESE** to create an Office of Literacy to coordinate staff with roles relating to literacy and align staff work around supporting best practices in reading instruction. DESE assumes that a Coordinator of Literacy would be required as part of this new office at a cost of \$63,480.

This section also requires **DESE** to recruit and employ quality teacher trainers with expertise in reading instruction. Because this is subject to appropriation DESE estimates a cost that could exceed a cost that could greatly exceed \$100,000. This would be subject to appropriation so DESE will show the costs as \$0 – Could Exceed \$100,000. This could be funded by the proposed creation of the "Evidence-Based Reading Instruction Program Fund."

Oversight assumes this provision creates the Evidence-Based Reading Instruction Program Fund. The fund shall consist of moneys appropriated by the General Assembly or from gifts, bequests or donations. Funds are to be distributed to school districts to reimburse school districts and charter schools for efforts to improve literacy. For simplicity, Oversight assumes on the money in the Fund will be used within the year it is received.

Section 167.268 - Develop Reading Guidelines

DESE estimates a one-time meeting cost to develop DESE guidelines for the Office of Literacy at \$44,600. (Section 167.268)

Sections 167.640 and 167.645 - Reading Remediation

Upon further inquiry, **DESE** stated this proposal could impact the call to the foundation formula but they would have no way to estimate the impact.

Oversight assumes there could be an increased call to the foundation formula if remediation hours outside of the traditional school day may count toward the calculation of average daily attendance (Section 167.640). Oversight will show a range of impact of \$0 (no additional remediation hours outside the traditional school day) to an unknown cost to General Revenue for an increase in average daily attendance.

One full term of attendance is 1,044 hours per student. For each full term of attendance, the average state funding per ADA is approximately at \$5,066 (per DESE) or \$4.85 per hour of full term attendance. However, Oversight notes this is an approximation of the cost as the state aid payment can vary greatly by district.

Oversight estimates to reach a revenue impact of \$250,000 would require a change in attendance hours of approximately 52,000 hours or approximately 50 ADA ($52,000 * \$4.85 = \$252,200$). Oversight notes an increase of 50 ADA is approximately a 0.01% increase in total ADA ($50/843,650$); therefore, Oversight assumes it is possible the cost could exceed \$250,000.

In response to a similar proposal, SB 54 (2021), officials from the **Springfield R-XII School District** stated the total fiscal impact to the district is \$6,562,500.

In response to a similar proposal, SB 54 (2021), officials from the **High Point R-III School District** assumed the proposal will have no fiscal impact on their organization.

In response to a similar proposal, HB 2470 (2020), officials from the **Park Hill School District** anticipated a fiscal impact to hire additional staff to implement and monitor the extended requirements. Estimated cost would exceed \$100,000 annually.

In response to a similar proposal, HB 2470 (2020), officials from the **Shell Knob School District** assumed that bill would have a negative fiscal impact.

In response to a similar proposal, HB 2470 (2020), officials from the **Wellsville -Middletown School District** estimated needing at least one possibly two additional elementary teachers, at a cost of \$92,000 per year.

Oversight assumes this proposal would require school districts and charter schools to implement remediation strategies such as:

- small group or individual instruction
- reduced teacher-student ratios
- more frequent progress monitoring
- tutoring or mentoring
- extended school day, week or year
- summer reading programs

Per the Achievement Level Report available on the Missouri Comprehensive Data System, **Oversight** notes the following number of students with scores in the below basic level and the basic level within the Springfield School District:

Springfield School District - School Year 2019

Grade	Below Basic	Basic	Total
Third Grade	470	550	1020
Fourth Grade	245	707	952
Fifth Grade	233	805	1038
Sixth Grade	317	658	975
Total	1,265	2,720	3,985

Based on the cost reported by the Springfield School District, **Oversight** estimates the cost per student reading at below basic and basic (in grades 3 through 6) at approximately \$1,647 (\$6,562,500/3,985).

Statewide - School Year 2019

Grade	Below Basic	Basic	Total
Third Grade	15,664	18,527	34,191
Fourth Grade	8,389	26,406	34,795
Fifth Grade	8,653	28,510	37,163
Sixth Grade	10,938	27,226	38,164
Total	43,644	100,669	144,313

Applying the \$1,647 to the statewide total of students reading at below basic and basic in grades 3 through 6, **Oversight** estimates a cost of \$237,683,511. Without additional information from school districts, Oversight is uncertain if other school districts would experience costs similar to those reported by the Springfield School District. Oversight assumes additional resources, namely additional teacher time, assessments and materials, will be required to implement these changes. Therefore, Oversight will show an unknown cost to school districts that could be significant.

Section 170.014 - Reading Instruction Act

Oversight assumes there could be costs to school districts to expand reading programs through grade five. Currently, the reading programs are established for kindergarten through grade three.

Section 186.080 - Literacy Advisory Council

DESE estimates ongoing annual meeting costs to maintain the Literacy Advisory Council at \$44,600. (Section 186.080)

Responses regarding the proposed legislation as a whole

Officials from the **Department of Higher Education and Workforce Development** and the **Office of the State Treasurer** each assume the proposal will have no fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight received a limited number of responses from school districts related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other school districts were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

Rule Promulgation

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

Officials from the **Office of the Secretary of State (SOS)** note 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 its 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.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE			
<u>Costs</u> - meeting costs to align literacy and reading instruction - §161.097 - p.3	(\$40,140)	\$0	\$0
<u>Costs</u> - DESE - to school districts implementing School Innovation Waivers - §161.214 - p.3	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - DESE - §161.241 - p.3			
Personnel Service	(\$52,900)	(\$64,115)	(\$64,756)
Fringe Benefits	(\$29,704)	(\$35,875)	(\$36,108)
Expense & Equipment	(\$15,858)	(\$8,288)	(\$8,494)
<u>Total Costs</u> - DESE	(\$98,462)	(\$108,278)	(\$109,358)
FTE Change	1 FTE	1 FTE	1 FTE
<u>Costs</u> - to recruit and employ quality teacher trainers - §161.241 - p.3	\$0 to (Could exceed \$100,000)	\$0 to (Could exceed \$100,000)	\$0 to (Could exceed \$100,000)
<u>Transfer Out</u> - to the Evidence-Based Reading Instruction Program Fund - §161.241.9 - p.3-4	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - meeting costs to develop guidelines for the Office of Literacy - §167.268 - p.4	(\$44,600)	\$0	\$0
<u>Costs</u> - increased ADA for remediation hours - §167.640 & §167.645 - p.4	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - annual meetings for literacy advisory council - §186.080 - p. 6	(\$44,600)	(\$44,600)	(\$44,600)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(Unknown, could greatly exceed \$227,802)	(Unknown, could greatly exceed \$152,878)	(Unknown, could greatly exceed \$153,958)
Estimated Net FTE Change on General Revenue	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT – State Government</u> Continued	FY 2023 (10 Mo.)	FY 2024	FY 2025
EVIDENCE-BASED READING INSTRUCTION PROGRAM FUND			
<u>Transfer In</u> - from General Revenue - §161.241.9 - p.3-4	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Income</u> - from gifts, bequests or donations - §161.241.9 - p.3-4	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer Out</u> - to School Districts and Charter Schools - for efforts to improve literacy - §161.241.9 - p.3-4	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON THE EVIDENCE-BASED READING INSTRUCTION PROGRAM FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
SCHOOL DISTRICTS & CHARTER SCHOOLS			
<u>Costs</u> - to implement School Innovation Waivers (improve student readiness and job training, increase teacher compensation, improve teacher recruitment and development) - §161.214 - p.3	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue</u> - distributions to support school districts implementing School Innovation Waivers - §161.214 - p.3	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer In</u> - from the Evidence-Based Reading Instruction Program Fund - §161.241.9 - p.3-4	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain</u> - increased call to the foundation formula for remediation hours outside of the traditional school day - §167.640 - p.4	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - reading success plans and reading intervention for students - §167.640 & §167.645 - p.4-5	(Unknown, Potentially significant)	(Unknown, Potentially significant)	(Unknown, Potentially significant)
<u>Costs</u> - to expand reading programs to grade five - §170.014 - p.6	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS & CHARTER SCHOOLS	(Unknown, Potentially significant)	(Unknown, Potentially significant)	(Unknown, Potentially significant)

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Under this act, the Missouri Advisory Board for Educator Preparation (MABEP) shall include at least three active elementary or secondary classroom teachers and at least three faculty members within approved educator preparation programs. The MABEP shall hold regular meetings that allow members to share needs and concerns and plan strategies to enhance teacher preparation.

Under the act, the State Board of Education shall, in consultation with MABEP, align literacy and reading instruction coursework for teacher education programs. All reading and special education certificates shall include training as outlined in the act. (Section 161.097)

Under this act, a school intervention team, which shall mean a group of persons representing certain schools as set forth in the act, may submit a state innovation waiver plan to the State Board of Education for certain purposes, including improving student readiness for employment, higher education, vocational training, technical training, or any other form of career and job training; increasing the compensation of teachers; or improving the recruitment, retention, training, preparation, or professional development of teachers.

The Board may grant school innovation waivers to exempt schools from requirements imposed by current law, or from any regulations promulgated by the Board or the Department of Elementary and Secondary Education. If a school innovation waiver is granted to a school district or group of school districts, the waiver shall be applicable to every elementary and secondary school within the school district or group of school districts unless the plan specifically provides otherwise.

Any plan for a school innovation waiver shall contain certain information as described in the act, including the specific provision of law for which a waiver is being requested and an explanation for why such provision of law inhibits the goal stated in the plan. The plan shall also demonstrate that the intent of the law can be addressed in a more effective, efficient, or economical manner and that the waiver or modification is necessary to implement the plan.

In evaluating a plan submitted by a school innovation team, the Board shall consider whether the plan meets certain criteria set forth in the act. The Board may propose modifications to the plan in cooperation with the school innovation team.

Any waiver granted under this act shall be effective for no longer than three school years, but school innovation waivers may be renewed. No more than one school innovation waiver shall be in effect with respect to any one elementary or secondary school at one time.

The State Board shall not authorize the waiver of any statutory requirements relating to teacher certification, teacher tenure, or any requirement imposed by federal law. (Section 161.214)

The State Board of Education, in collaboration with the Coordinating Board for Higher Education and the Commissioner's advisory council established by the act, shall develop a plan to establish a comprehensive system of services for reading instruction. The State Board of

Education shall also create an Office of Literacy and shall take other actions relating to improving literacy set forth in the act.

The act also creates the Evidence-based Reading Instruction Program Fund, to be used for purposes set forth in the act. (Section 161.241)

The act changes the term "reading intervention plans" to "reading success plans" throughout the act and applies provisions regarding such plans to charter schools. The development of guidelines for formulating policies for such plans is changed from the State Board of Education to the Department of Elementary and Secondary Education.

Each school district and charter school shall have on file a policy for reading success plans. The reading success plans shall provide all parents and guardians of students with a plan that includes suggestions for regular parent-guided home reading.

Each school district and charter school shall provide intensive reading instruction to students as set forth in the act. (Section 167.268)

The act repeals provisions relating to reading assessments and now states that school districts and charter schools shall assess all students enrolled in kindergarten through 3rd grade at the beginning and end of each school year for their level of reading or reading readiness. Additionally, all school districts and charter schools shall assess any newly enrolled student in grades one through five for their level of reading or reading readiness.

At the beginning of the school year, each school district and charter school shall provide a reading success plan to any student who exhibits a substantial deficiency in reading or has been identified as being at risk of dyslexia.

Each school district or charter school shall ensure the parent or guardian of any student in kindergarten through 3rd grade who exhibits a substantial deficiency in reading and shall provide them information listed in the act.

If a student has a substantial reading deficiency at the end of 3rd grade, promotion or retention of the student shall be discussed by the student's parent or guardian and appropriate school staff. School districts and charter school shall provide students identified as having a substantial reading deficiency with certain services as set forth in the act.

Each school district and charter school shall ensure that intensive reading instruction is provided through a reading development initiative to each kindergarten through 5th grade student who is assessed as exhibiting a substantial reading deficiency. Such instruction shall comply with criteria listed in the act. (Section 167.645)

Each school district and charter school shall provide professional development services to enhance the skills of elementary teachers in responding to children's unique reading issues and needs to increase the use of evidence-based strategies. (Section 170.014.1)

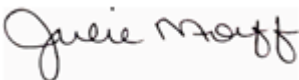
This act establishes the Literacy Advisory Council within the Department of Elementary and Secondary Education. The council shall include 15-20 members appointed by the Commissioner of Education. Members shall include stakeholders and specialists specified in the act. The advisory council shall meet biannually to review best practices in literacy instruction and related policies, and shall make recommendations to the Commissioner and the State Board of Education.

The Department, in conjunction with the Advisory Council, shall identify and create a list of approved materials, resources, and curriculum programs for public school districts and charter schools. A school district or charter school shall use only materials, resources, or curriculum programs from such list. (Section 186.080)

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 and Workforce Development
Office of the State Treasurer
Office of the Secretary of State
Joint Committee on Administrative Rules
Springfield R-XII School District
High Point R-III School
Park Hill School District
Shell Knob School District
Wellsville -Middletown School District



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