

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4162S.01I
Bill No.: SB 660
Subject: Education, Elementary and Secondary; Teachers
Type: Original
Date: February 20, 2022

Bill Summary: This proposal establishes the Show Me Success Diploma Program, the Competency-Based Education Grant Program, the Competency-Based Education Task Force, and a competency-based credit system for high school students.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	(Could exceed \$525,000)	(Could exceed \$683,374)	(Could exceed \$167,156)
Total Estimated Net Effect on General Revenue	(Could exceed \$525,000)	(Could exceed \$683,374)	(Could exceed \$167,156)

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

*Appropriations from General Revenue and grants to school districts net to \$0.
Numbers within parentheses: () indicate costs or losses.

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	0	Up to 2 FTE	Up to 2 FTE
Total Estimated Net Effect on FTE	0	Up to 2 FTE	Up to 2 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	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Sections 160.560 Show Me Success Diploma Program

In response to a similar proposal, HB 624 (2021), officials from the **Office of the State Treasurer (STO)** stated they are estimating anywhere from no fiscal impact up to two FTEs. The overall impact to the State Treasurer's Office will depend on negotiation with the state's 529 program manager to implement these provisions. The STO assumed a possible need for two (2) FTE Analysts, each at \$39,708 annually plus fringe benefits and other expense and equipment.

Oversight notes that subsection 160.560.8 states the Office of the State Treasurer shall provide guidance and assist with the creation, maintenance, and use of an account that has been established under sections 166.400 to 166.455 (MOST program).

Oversight will range the fiscal impact "Up to" the 2 FTE estimated by the STO starting in FY 2023 depending upon the activity and complexity additional accounts.

Oversight assumes this program is optional (may) for school districts. Oversight also assumes school districts would continue to receive state funding for students that utilize this educational path. Therefore, Oversight will assume the proposal will not materially fiscally impact local school districts.

Oversight assumes if a student receives a show me success diploma and enrolls in a postsecondary educational institution, the state will continue to count this student in their funding calculation, and this will not result in a material difference in state aid. Therefore, Oversight will not reflect a fiscal impact for this provision.

161.380, 161.385 & 162.1255 Competency Based Education

Officials from **Department of Elementary and Secondary Education (DESE)** state this proposal requires DESE to facilitate the creation, sharing, and development of assessments and curriculum and training for teachers, and best practices for the school districts that offer competency-based education courses. Costs for development of competency-based assessments will vary depending upon the number of courses/content domains necessary. The department estimates \$1,000,000 costs* for each course/content domain. The department has projected these costs across two fiscal years along with \$25,000 annually for the Competency Task Force support until the work is complete.

*This includes: \$100,000 for test specifications/blueprint review, \$50,000 for passage review, \$100,000 for item writing, \$100,000 for item review, \$100,000 for forms creation, \$300,000 for field testing, and \$300,000 for establishing mastery standards.

DESE projects Section 162.1255.2 may have additional costs to school districts/charter schools and to the vendors they used to determine and report the appropriate attendance hours to DESE.

Bill as whole

Officials from the **Office of the Governor** and the **Missouri House of Representatives** 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.

Officials from the **Missouri Senate** state they anticipate a negative fiscal impact to reimburse 2 Senators for travel to Task Force meetings. It will cost approximately \$256 per meeting.

Oversight assumes the General Assembly could absorb the cost of the Task Force meetings within the current appropriation levels and will not reflect a fiscal impact.

Oversight assumes there could be costs to implement competency based education programs in school districts and charter schools such as costs determine and report the appropriate attendance hours to DESE.

Oversight received no 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, 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

In response to a similar proposal, officials from the **Joint Committee on Administrative Rules** assumed 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 - STO - 160.560.8 p. 3</u>		Up to....	Up to....
Personnel Service	\$0	(\$80,210)	(\$81,012)
Fringe Benefits	\$0	(\$49,664)	(\$49,908)
Expense & Equipment	\$0	(\$28,500)	(\$11,236)
<u>Total Costs - STO</u>	\$0	(\$158,374)	(\$142,156)
FTE Change	0	Up to 2 FTE	Up to 2 FTE
<u>Costs – DESE – Competency-Based Education Task Force - 161.385 p. 3</u>	(\$25,000)	(\$25,000)	(\$25,000)
<u>Costs – DESE – development of competency-based assessments (PER COURSE/CONTENT DOMAIN) p. 3</u>	(\$500,000 to Unknown)	(\$500,000 to Unknown)	\$0
<u>Transfer Out – to the Competency-Based Education Grant Program Fund – unknown number and amount of grants 161.380.3</u>	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Cost – DESE – potential cost to foundation formula associated with students taking competency-based courses 162.1255.2 & 3</u>	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Could exceed <u>\$525,000</u>)	(Could exceed <u>\$683,374</u>)	(Could exceed <u>\$167,156</u>)
Estimated Net FTE Change on General Revenue	0	Up to 2 FTE	Up to 2 FTE
<u>FISCAL IMPACT – State Government Continued</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025

COMPETENCY-BASED EDUCATION GRANT PROGRAM FUND			
Transfer In – from General Revenue - 161.380	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Income – gifts, contributions, grants and/or bequests - 161.380	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
ESTIMATED NET EFFECT TO THE COMPETENCY-BASED EDUCATION GRANT 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			
<u>Income</u> - grants from DESE - 161.380	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - implementing competency- based education program	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT TO SCHOOL DISTRICTS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</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 establishes the Show Me Success Diploma Program, the Competency-Based Education Grant Program, the Competency-Based Education Task Force, and a competency-based credit system for high school students.

SHOW ME SUCCESS DIPLOMA PROGRAM

This act establishes the Show Me Success Diploma Program as an alternative pathway to graduation for high school students. A student may earn the Show Me Success Diploma beginning at the end of the tenth grade. By July 1, 2023, the Department of Elementary and Secondary Education shall develop detailed requirements for students to become eligible for the Show Me Success Diploma.

Students who earn a Show Me Success Diploma may elect to remain in high school. Alternatively, a student having earned the diploma may instead enroll in a qualifying postsecondary educational institution. For each student enrolled in such an institution, an amount equal 90% of the pupil's proportionate share of the state, local, and federal aid that the district or charter school receives for such student shall be deposited into a higher education savings account that lists the student as the beneficiary. (Section 160.560)

COMPETENCY-BASED EDUCATION GRANT PROGRAM

This act establishes the Competency-Based Education Grant Program. By application, the Department of Elementary and Secondary Education shall award grants from the fund to eligible school districts for the purpose of providing competency-based education programs. The Department shall facilitate the creation, sharing, and development of course assessments, curriculum, training and guidance for teachers, and best practices for the school districts that offer competency-based education courses. (Section 161.380)

COMPETENCY-BASED EDUCATION TASK FORCE

This act establishes the Competency-Based Education Task Force to study and develop competency-based education programs in public schools. The Task Force shall conduct interviews and at least three public hearings to identify promising competency-based education programs and obstacles to implementing such programs. Before December first of each year, the Task Force shall present its findings and recommendations to the Speaker of the House of Representatives, the President Pro Tempore of the Senate, the Joint Committee on Education, and the State Board of Education.

(Section 161.385)

COMPETENCY-BASED HIGH SCHOOL CREDITS

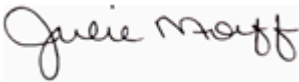
Under this act, school districts and charter schools shall receive state school funding under the foundation formula for high school students who are taking competency-based courses offered by their school district or charter school.

Attendance of a student enrolled in a competency-based course shall equal the product of the district or charter school's prior year average attendance percentage multiplied by the total number of attendance hours normally allocable to a non-competency-based course of equal credit value. (Section 162.1255)

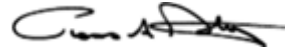
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the State Treasurer
Department of Elementary and Secondary Education
Office of the Secretary of State
Joint Committee on Administrative Rules
Office of the Governor
Missouri House of Representatives
Missouri Senate



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February 20, 2022



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February 20, 2022