

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4668H.02A
 Bill No.: HB 2365 as amended
 Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education; Children and Minors
 Type: Original
 Date: May 11, 2022

Bill Summary: This proposal modifies provisions relating to the early learning quality assurance report program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue*	(\$83,301 to \$8,799,903)	(\$89,902 to \$8,819,706)	(\$90,800 to \$8,822,298)
Total Estimated Net Effect on General Revenue	(\$83,301 to \$8,799,903)	(\$89,902 to \$8,819,706)	(\$90,800 to \$8,822,298)

*Participation in the program is voluntary. Also, Oversight assumes DESE may be able to utilize federal monies to fund the program. Oversight has ranged the fiscal impact of the early learning quality assurance report program from \$0 (few participants and/or may be able to be covered by existing federal funding) to the high end of the range provided by DESE.

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

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
	\$0 to (\$8,550,000)	\$0 to (\$8,550,000)	\$0 to (\$8,550,000)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0 to (\$8,550,000)	\$0 to (\$8,550,000)	\$0 to (\$8,550,000)

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	1 FTE to 3 FTE	1 FTE to 3 FTE	1 FTE to 3 FTE
Total Estimated Net Effect on FTE	1 FTE to 3 FTE	1 FTE to 3 FTE	1 FTE to 3 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	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

In response to the previous version, officials from **Department of Elementary and Secondary Education (DESE)** stated, according to national standards, a quality assurance system contains multiple components, including but not limited to: Instructional Quality, Onsite Assessment, Coaching/Consultation/Technical Assistance, Program Structure (health, safety, policies & procedures), Parent and Community Engagement, Child Screening and Assessment, Staff Qualifications, and Professional Development. Each of these components are broken down below.

National data has shown, on average, a 25 percent participation rate in voluntary quality assurance systems. Based on this statistic, DESE is estimating approximately 894 programs will participate in this Quality Assurance Report Program.

555 school districts + 3,021 licensed providers = 3,576 * 25% = 894 programs

Each program would need an annual onsite assessment of the quality of the program's environment using a tool with rigorous validity and reliability standards. Assessments are approximately \$500 each.

Each program has on average 5 classrooms.
894 programs * 5 classrooms = 4,470 classrooms

Each classroom would need coaching, consultation, and technical assistance to enhance teachers' existing knowledge, develop or refine skills and strategies, and foster teacher self-reflection delivered through 12 virtual (1 hr each) and 6 on-site visits (4 hrs each).

\$50 rate/hr * 12 virtual visits * 1 hour = \$600
\$50 rate/hr * 6 on-site visits * 4 hours = \$1,200
\$1,800 coaching, consultation, and technical assistance per classroom
Average of 5 classrooms * \$1,800 = \$9,000 per program

Because this program will be subject to appropriations, DESE will provide a range of potential impacts. The Quality Assurance Report Program may be funded through a mix of general revenue and federal grants. Therefore, DESE will show an impact range of \$0 - \$8.5 million for both general revenue and federal funding.

Programs	50	100	250	500	900
Cost	\$475,000	\$950,000	\$2,375,000	\$4,750,000	\$8,550,000

DESE estimates 1 supervisor FTE per 300 programs (3 FTE for 894 programs).

Officials from the **Department of Mental Health (DMH)** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for DMH.

Oversight notes the high end of the cost provided by DESE assumed a 25% provider participation rate for school districts and licensed providers (3,576 total programs * 25% = 894 participants) which DESE indicated was the national average for voluntary quality assurance programs. Currently, the pilot program has 6 cohort groups with 94 early learning programs.

Based on information obtained during the course of a Sunset Review, **Oversight** notes the QAR program is utilizing two funding sources. One source is General Revenue dollars and the other source of funds is the [Preschool Development Grant Birth through Five \(PDG B-5\)](#). DESE utilized two contracts with the Columbia Public Schools to administer the QAR program. One contract was for the utilization of General Revenue (GR) through Missouri Preschool Program (MPP) and the other contract was for the use of the PDG B-5 funds.

Funds were used to complete assessment visits and assessments using the rating scales from [Environment Rating Scales Institute](#) (ERSI) as well as professional development opportunities such as [Conscious Discipline](#) trainings and best practice trainings from [Child Care Aware](#).

Based on information provided by DESE, **Oversight** notes the following General Revenue expenditures for the QAR program:

Table 1: QAR General Revenue Actual/Planned Expenditures and Appropriations

	Actual Expenditures	Planned Expenditures	Appropriation
FY 2018	\$0	\$59,713	\$59,713
FY 2019	\$57,922	\$57,922	\$59,713
FY 2020	\$36,706	\$310,122	\$319,713
FY 2021	\$112,743	\$116,122	\$119,713
FY 2022	N/A	N/A	\$119,713

In FY 18 the total appropriations were restricted. In FY 20 expenditures were lower as onsite assessments and consultations could not be completed because centers were closed and the appropriation was restricted due to COVID-19. In FY 21 the Governor held a reserve of \$3,591 (\$119,713 - \$3,591 = \$116,122).

In the course of the Sunset Review for the QAR program, Oversight requested copies of invoices submitted to DESE by the Columbia Public Schools for the QAR program funded through the PDG B-5 grant. Based on the invoices provided, Oversight notes the following expenditures by grant/calendar year:

- Grant Year 2019 (06/01/2019 to 12/30/2019) - \$1,136,889
- Grant Year 2020 (05/01/2020 to 12/30/2020) - \$629,840
- Grant Year 2021 (02/01/2021 to 12/30/2021) - \$354,289

Oversight assumes this proposal would cost approximately \$707,092 annually to maintain current services to existing cohort groups. Oversight notes this cost is a rough estimate based on a three year average of GR and PDG expenditures by fiscal year.

Oversight notes federal funds such as the PDG B-5 grant are currently being used to fund the QAR program and could potentially be used in future years depending on the availability of grant funds. Oversight notes, as of November 2021, there was over \$6,000,000 in unobligated PDG funds per the [PDG B-5 2021 Dashboard](#). In addition, Child Care Development Fund (CCDF) funds may be a potential source of funding for the QAR program.

Oversight assumes the removal of the pilot language could result in expanded participation although doesn't necessarily require it. Oversight will range the cost for General Revenue from \$0 (off-setting federal dollars) to \$8,550,000 annually depending on the level of participation.

In addition, Oversight will show a range of costs of \$0 (no federal funds used or no federal funds available) to \$8,550,000 annually depending on the level of participation.

Senate Amendment 1

Oversight assumes this amendment re-imposes the sunset provision and extends it for six years after 2022 (to **FY 2028**).

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE			
<u>Costs - DESE - §161.217 (p.3)</u>			
Personnel Service	(\$41,780 to \$125,340)	(\$50,637 to \$151,912)	(\$51,144 to \$153,431)
Fringe Benefits	(\$25,663 to \$76,989)	(\$30,977 to \$92,933)	(\$31,162 to \$93,485)
Expense & Equipment	(\$15,858 to \$47,574)	(\$8,288 to \$24,861)	(\$8,494 to \$25,482)
<u>Total Costs -</u>	(\$83,301 to \$249,903)	(\$89,902 to \$269,706)	(\$90,800 to \$272,398)
FTE Change	1 FTE to 3 FTE	1 FTE to 3 FTE	1 FTE to 3 FTE
<u>Costs - DESE - on-site assessments, coaching, consultation and technical assistance - §161.217 (p.3)</u>	\$0 to (\$8,550,000)	\$0 to (\$8,550,000)	\$0 to (\$8,550,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$83,301 to \$8,799,903)	(\$89,902 to \$8,819,706)	(\$90,800 to \$8,822,298)
Estimated Net FTE Change on General Revenue	1 FTE to 3 FTE	1 FTE to 3 FTE	1 FTE to 3 FTE
FEDERAL FUNDS			
<u>Costs - DESE - on-site assessments, coaching, consultation and technical assistance - §161.217 (p.3)</u>	\$0 to (\$8,550,000)	\$0 to (\$8,550,000)	\$0 to (\$8,550,000)
ESTIMATED NET EFFECT ON FEDERAL FUNDS	\$0 to (\$8,550,000)	\$0 to (\$8,550,000)	\$0 to (\$8,550,000)

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	\$0	\$0	\$0

FISCAL IMPACT – Small Business

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

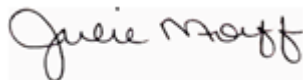
FISCAL DESCRIPTION

This bill removes the Department of Health and Senior Services and the Department of Social Services from the program collaboration as their prior role is now combined in the Office of Childhood under the Department of Elementary and Secondary Education. The bill removes the label of pilot program from the early learning quality assurance reporting program and authorizes the program to provide continuous improvement and ongoing updated consumer education.

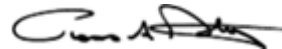
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Mental Health



Julie Morff
Director
May 11, 2022



Ross Strobe
Assistant Director
May 11, 2022