

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4106S.02I
 Bill No.: SB 804
 Subject: Department of Elementary and Secondary Education; Education, Elementary and Secondary; Teachers
 Type: Original
 Date: January 9, 2024

Bill Summary: This proposal establishes accountability measures for all public elementary and secondary schools.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|------------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| FUND AFFECTED | FY 2025 | FY 2026 | FY 2027 |
| General Revenue | More than (\$4,057,053) | More than (\$4,222,104) | More than (\$1,243,243) |
| Total Estimated Net Effect on General Revenue | More than (\$4,057,053) | More than (\$4,222,104) | More than (\$1,243,243) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---------------------------------------------------------------|------------|------------|------------|
| FUND AFFECTED | FY 2025 | FY 2026 | FY 2027 |
| 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 2025 | FY 2026 | FY 2027 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|-----------------------------------------------------------|----------------|----------------|----------------|
| FUND AFFECTED | FY 2025 | FY 2026 | FY 2027 |
| General Revenue | 11 FTE | 11 FTE | 11 FTE |
| | | | |
| Total Estimated Net Effect on FTE | 11 FTE | 11 FTE | 11 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 2025 | FY 2026 | FY 2027 |
| | | | |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from **Department of Elementary and Secondary Education (DESE)** assume Sections 160.522 and 161.855, as outlined, would have a significant impact on the school accountability report card (APR). Changes in reporting requirements, methodology, data collection, deadlines and publishing would require a new system to be developed. In addition, to meet the requirements, DESE estimates needing a minimum of eleven (11) additional FTE (6 Supervisors, 1 Coordinator, 2 Research Analysts, and 2 Data Specialist). These FTE would be responsible, at a minimum, for working with a contractor for the development of the new system, working with/training school districts, gathering/verifying data, developing the annual report and publishing that report. These staff are required due to the new deadlines with a short turn around for data collection, verification, and reporting.

DESE also states with changes to the APR effecting MSIP6 and accreditation systems which lead to potential changes to the SAT there would also be an unknown impact to the Foundation Formula.

Officials from **Office of Administration – Information Technology (ITSD)** state it is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity. Due to the significant changes to the school accountability report card DESE assumes a new system would need to be developed with the new calculations, data required, and reporting. The cost of developing a new system would be a minimum of \$6,000,000 (\$3,000,000 in both FY 25 and FY 26).

Oversight does not have any information to the contrary. Therefore, Oversight will reflect estimates provided by DESE in the fiscal note.

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.

Oversight did not receive any 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.

| <u>FISCAL IMPACT – State Government</u> | FY 2025 (10 Mo.) | FY 2026 | FY 2027 |
|-------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|
| GENERAL REVENUE | | | |
| <u>Costs</u> - DESE - foundation formula changes | (Unknown) | (Unknown) | (Unknown) |
| <u>Costs</u> – OA-ITSD – new system for APR | Could exceed (\$3,000,000) | Could exceed (\$3,000,000) | \$0 |
| <u>Costs</u> - DESE – development, training, and publishing the new APR | | | |
| Personnel Service | (\$565,680) | (\$692,392) | (\$706,240) |
| Fringe Benefits | (\$356,932) | (\$433,580) | (\$438,948) |
| Expense & Equipment | (\$134,441) | (\$96,132) | (\$98,055) |
| <u>Total Costs</u> – DESE | <u>(\$1,057,053)</u> | <u>(\$1,222,104)</u> | <u>(\$1,243,243)</u> |
| FTE Change | 11 FTE | 11 FTE | 11 FTE |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | More than <u>(\$4,057,053)</u> | More than <u>(\$4,222,104)</u> | More than <u>(\$1,243,243)</u> |
| Estimated Net FTE Change on General Revenue | 11 FTE | 11 FTE | 11 FTE |

| <u>FISCAL IMPACT – Local Government</u> | FY 2025 (10 Mo.) | FY 2026 | FY 2027 |
|-----------------------------------------|---------------------|------------|------------|
| | | | |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</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 accountability measures for all public elementary and secondary schools.

The act adds "student growth" to the categories of information required to be included in the school accountability report cards of all school districts, public schools, and public charter schools under current law. The act describes how student growth shall be calculated, with reference to a comparison of students' performance on statewide assessments in the current academic year to their performance in prior years.

By July 15 of each year, the DESE shall provide a confidential version of the school accountability report cards to each school building, school district, and charter school. By August 15 of each year, DESE shall publish the school accountability report cards on the DESE website, and each school building and school district shall publish its report card on its website. By August 15 of each year, DESE shall include in its annual budget request sufficient resources in personnel and equipment to prepare the report cards.

The act also establishes provisions relating to the preparation of annual performance ratings for public schools based on students' academic performance. The act sets forth a methodology for calculating the annual performance ratings for elementary and secondary schools and school districts based on students' year-to-year academic growth and achievement. For elementary schools, year-to-year student growth and overall student achievement shall each be weighted at 50% in the calculation, as specified in the act. For secondary schools, DESE shall create a college and career readiness measure that is based on statistical models that identify schools' contributions to students' long-term outcomes separately from their prior achievement. DESE shall consider certain factors when measuring college and career readiness, such as Advanced Placement scores and International Baccalaureate program scores. For secondary schools, 60% of the annual performance rating score shall be based on a combination of the attainment of college and career readiness credentials and student growth, as described in the act, and 40% of the score shall be based on a combination of student achievement on end-of-course exams and the five-year high school graduation rate.

Beginning with the 2026-27 school year and in all subsequent school years, the annual performance rating for secondary schools shall be calculated using a methodology that includes a combination of the attainment of college and career readiness credentials determined by DESE as described in the act, along with student growth, together weighted at 60% in the calculation. Students' performance on end-of-course exams and the five-year high school graduation rate shall be jointly weighted at 40% in such calculation.

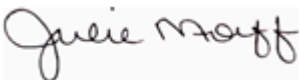
Each school that has students who are enrolled in the school for the full academic year and who are tested using the statewide assessments shall receive an annual performance rating score and an annual report card. However, a school shall not earn an annual performance rating score based on students' academic performance if fewer than 10 students are tested in the statewide assessments.

DESE shall promulgate rules to implement the provisions of this act and shall additionally have the authority to promulgate rules including incentives or rewards for schools and school districts that receive an annual performance rating score of 90% or more or that increase their score by 10% over a three-year period.

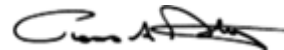
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Office of the Secretary of State
Joint Committee on Administrative Rules



Julie Morff
Director
January 9, 2024



Ross Strobe
Assistant Director
January 9, 2024