

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0070S.01I
 Bill No.: SB 360
 Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education
 Type: Original
 Date: January 2, 2025

Bill Summary: This proposal creates the Education Freedom Act and modifies provisions relating to the assessment of public elementary and secondary schools.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue	(\$168,028)	(\$33,011)	(\$33,836)
Total Estimated Net Effect on General Revenue	(\$168,028)	(\$33,011)	(\$33,836)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

- 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 2026	FY 2027	FY 2028
Local Government	Unknown To (Unknown)	Unknown To (Unknown)	Unknown To (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** state:

Section 160.518 makes changes to the assessment. DESE is showing no impact other than Information Technology (ITSD) costs as there are federal requirements for the assessment system that will continue to be in place under the Every Student Succeeds Act (ESSA).

DESE is a consolidated agency under Office of Administration – Information Technology (OA-ITSD). It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

The Annual Report Card is a set of data processes (ETLs) that gather data that DESE has collected from districts using the MOSIS application/system. Database changes may be needed, as well as report and ETL modifications.

There is language which adds growth requirements to be reported as measured in statewide assessment systems as well as language that requests charter schools to be reported in this process. It is assumed the changes are needed in the data processes that are ETL's support by ITSD-DESE. It is assumed the data changes required for this are mostly available but some are not.

OA-ITSD estimates the project would take 1,533.60 hours at a contract rate of \$105 for a total cost of **\$161,028** in FY 2026 with on-going support costs of **\$33,011** in FY 2027, and **\$33,836** in FY 2028.

Section 160.522 eliminates the need for the DESE to generate a report card at the school and district level. However, this language conflicts with the requirement under the Elementary and Secondary Education Act (ESEA) as amended by Every Student Succeeds Act (ESSA). DESE will continue to generate a required report card to meet the federal requirements.

Section 161.092, while allowing schools to choose alternative accreditation systems, does not prevent DESE from continuing to provide the accreditation services that are done now. There would be no fiscal impact as DESE assumes accreditation work would continue to be needed.

Oversight is uncertain if DESE will need to continue to generate a report card at the school district level or perform accreditation work. For purposes of this fiscal note, Oversight will adopt DESE's assumption that these activities will continue and there will be no fiscal impact to DESE other than ITSD costs. However, should this assumption be incorrect, this would change the impact presented in this fiscal note.

In response to similar legislation, SB 814 (2024), officials from the **Sedalia School District** assumed it is difficult to pinpoint the exact impact not knowing the details if specific summary assessments might be required and purchased. The district is spending so much on assessments currently that they do not see this being an issue. In fact, this could very well reduce spending by allowing districts to streamline testing and have more local control of this process. Additionally, districts might save further monies by reducing the amount of time needed in the current system thus freeing up more time for actual instruction. A possible reduction in staff could also be realized and offer further savings.

Oversight notes under the act, school districts and charter schools shall create, purchase, or adopt an interim assessment system that measures students' knowledge at the beginning of each school year and measures academic growth throughout the same school year. Such an assessment system shall meet certain criteria outlined in the act.

The act repeals the requirement for school districts and charter schools to provide their school accountability report cards to legislators by December first annually, as well as the requirement for the State Board of Education to approve the inclusion of charter school data in a school district's school accountability report card.

Oversight is unable to determine each school district's needs regarding the provisions in this proposal. Therefore, Oversight will reflect an unknown savings as stated above by Sedalia School District to an unknown additional cost to school districts.

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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE			
<u>Costs</u> – DESE/OA-ITSD – Annual Report Card Changes §160.518	<u>(\$168,028)</u>	<u>(\$33,011)</u>	<u>(\$33,836)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$168,028)</u>	<u>(\$33,011)</u>	<u>(\$33,836)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
SCHOOL DISTRICTS			
<u>Savings</u> – reduction in staff, streamlining testing, and reduced reporting	Unknown	Unknown	Unknown
<u>Costs</u> - create, purchase, or adopt an interim assessment	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (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 "Education Freedom Act". The act modifies provisions relating to the statewide assessment system, school accountability report cards, and the powers and duties of the State Board of Education.

STATEWIDE ASSESSMENT SYSTEM (Section 160.518)

The act repeals provisions of current law that authorize the State Board of Education to develop a statewide assessment system and a standardized assessment instrument based on academic performance standards. Instead, the State Board shall develop a statewide summative assessment system that satisfies the requirements of federal law, and the State Board shall use the results of the assessments only for the purpose of compliance with federal law and the determination of performance districts in the calculation of state aid. The State Board shall not use assessment results to classify school districts and charter schools.

The act repeals a provision of current law that the statewide assessment system shall permit the academic performance of students in each school to be tracked only against prior academic performance in the same school.

Under the act, school districts and charter schools shall create, purchase, or adopt an interim assessment system that measures students' knowledge at the beginning of each school year and measures academic growth throughout the same school year. Such assessment system shall meet certain criteria outlined in the act.

The act repeals provisions of law relating to the State Board of Education's authority to suggest criteria for a school to demonstrate that its students learn the knowledge, skills, and competencies measured by the statewide assessment system at exemplary levels. The act further repeals provisions relating to "Outstanding School Waivers" that exempt certain schools from meeting requirements relating to the authority of the State Board to classify school districts.

SCHOOL ACCOUNTABILITY REPORT CARDS (Section 160.522)

The act repeals provisions of law authorizing the Department of Elementary and Secondary Education to produce a school accountability report card for each public school district, public school building, and charter school in the state. Under the act, districts and charter schools shall report certain accountability data annually to the media, to all district and charter school patrons, and to the Department.

The act repeals provisions of law relating to the identification of priority schools that fail to meet acceptable standards of student achievement set by the State Board of Education. The act also repeals provisions relating to the identification of attendance centers that are categorized as requiring school improvement strategies.

The act repeals the requirement for school districts and charter schools to provide their school accountability report cards to legislators by December first annually, as well as the requirement for the State Board of Education to approve the inclusion of charter school data in a school district's school accountability report card.

POWERS AND DUTIES OF THE STATE BOARD OF EDUCATION (Section 161.092)

The act repeals provisions of current law authorizing the State Board of Education to classify public schools in the state and establish requirements for the schools of each class. The act provides that the State Board of Education shall identify a minimum of two national school accreditation agencies from which any district may seek to obtain accreditation. Any district accredited by at least one of these agencies shall be considered to be fully accredited for all legal purposes. The State Board may adopt a system of accreditation that school districts may utilize for accreditation purposes, but the State Board shall not use any such system to classify any district that chooses to utilize a national school accreditation agency as provided in the act.

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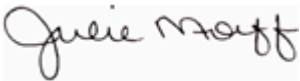
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This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Sedalia School District



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Director
January 2, 2025



Jessica Harris
Assistant Director
January 2, 2025