

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1037-06
Bill No.: Truly Agreed and Finally Passed CCS for HCS for SB 319
Subject: Education, Elementary and Secondary: Assessments
Type: Original
Date: May 21, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	Less than \$834,000	Less than \$884,000	Less than \$884,000
State School Moneys	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	Less than \$834,000	Less than \$884,000	Less than \$884,000

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
School Districts	(\$500,000)	(\$500,000)	(\$500,000)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Treasurer** indicated this proposal would have no fiscal impact on their agency.

Statewide Assessment System for Academic Performance

Officials from the **Department of Elementary and Secondary Education (DESE)** would require a new dis-aggregated form at the school district level to track the number of limited English proficient students until they have been in an English speaking school for three years. There will be a one-time \$50,000 fee to set up this form. There would also be some tracking of student expenses, but those would be minimal.

Retesting

Officials from DESE assume the removal of testing requirements would reduce costs to the state by \$1,804,000.

Reading Improvement Plan/Promotion of Students

DESE officials estimate a \$500,000 impact to local school districts for designing a reading improvement plan; 30 hours of additional reading instruction or practice outside the regular school day during the 4th grade; subsequent assessments; and increased enrollment in summer school. There may be some additional state aid going to districts due to a potential increase in summer school enrollments; however, an amount is not known. On a statewide basis, the amount would likely be in excess of \$100,000, but DESE officials indicated the precise amount could not be estimated. (For example 400 additional students would cause about \$108,000 in additional aid.) This would affect the State Schools Moneys Fund.

Reimbursement to school districts for additional personnel costs incurred in the implementation and execution of thirty hours of additional reading instruction would depend upon the level of implementation by school districts; therefore, a cost cannot be determined.

Making available information regarding students receiving remediation would have minimal fiscal impact to the districts; they would need to track this information (if they don't already) and incur printing costs.

ASSUMPTION (continued)

After-School Retreat Reading and Assessment Grant Program

Subject to appropriation, beginning in FY 03, the "After School Retreat Reading and Assessment Grant Program Fund" shall be administered by DESE to award grants to school districts for the development and implementation of after-school programs consistent with the terms of the proposal.

Officials from the **Department of Elementary and Secondary Education (DESE)**, in response to the "After-School Retreat Reading and Assessment Grant Program", assume they would need 1.0 FTE Supervisor and 1.0 FTE Adm. Asst. to establish grant criteria, provide copies of criteria to all school districts, promulgate grant application forms, review proposals, award grants, and administer the program. Cumulative costs to develop grant application forms, print copies of grant criteria and distribute to all school districts, and acquire grant reader services should be less than \$100,000. The **Oversight Division** assumes that until an appropriation amount is estimated and the number of potential grant applications is determined, the personnel cost cannot be calculated, but that certain personnel costs and related expenses would be incurred.

The grant amounts to be distributed by the program are not specified. For the program to be significant the amount to be appropriated for this purpose is assumed to be in excess of \$100,000; however an unknown cost is assumed by DESE.

This bill creates an After School Retreat Reading and Assessment Grant Program. Officials with the **Office of Secretary of State (SOS)** assume the Department of Elementary and Secondary Education (DESE) will promulgate rules to implement this bill. Based on experience with other divisions, the rules, regulations and forms issued by DESE could require as many as approximately 8 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in Code. These costs are estimated. The estimated cost of a page in the Missouri Register is \$23.00. The estimated cost of a page in the Code of State Regulations is \$27.00. The actual costs could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded and withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
GENERAL REVENUE			
<u>Savings</u> - Removal of Testing Requirements	\$1,084,000	\$1,084,000	\$1,084,000
<u>Cost</u> - Increased Transfers to State School Moneys Fund	(Greater than \$100,000)	(Greater than \$100,000)	(Greater than \$100,000)
<u>Cost</u> - Department of Elementary and Secondary Education (DESE) Development of Tracking Form for Limited English Proficient students	(\$50,000)		
<u>Cost</u> - DESE - After-School Retreat Reading and Assessment Grant Program Personnel and Related Costs	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> - Appropriation to the After School Retreat Reading and Assessment Grant Program	Greater than (\$100,000)	Greater than (\$100,000)	Greater than (\$100,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>Less than \$834,000</u>	<u>Less than \$884,000</u>	<u>Less than \$884,000</u>

AFTER SCHOOL RETREAT READING AND ASSESSMENT GRANT PROGRAM

Income - DESE Appropriation from General Revenue	Greater than \$100,000	Greater than \$100,000	Greater than \$100,000
Cost - DESE After School Retreat Reading and Assessment Grant Program	Greater than (\$100,000)	Greater than (\$100,000)	Greater than (\$100,000)

ESTIMATED NET EFFECT ON AFTER SCHOOL RETREAT READING AND ASSESSMENT GRANT PROGRAM	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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STATE SCHOOL MONEYS FUND

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
<u>Income</u> - Transfers from General Revenue Fund	Greater than \$100,000	Greater than \$100,000	Greater than \$100,000
<u>Cost</u> - Increased Distributions to School Districts	Greater than (\$100,000)	Greater than (\$100,000)	Greater than (\$100,000)
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2002	FY 2003	FY 2004
SCHOOL DISTRICTS			
<u>Income</u> - Increased State Aid for Summer School	Greater than \$100,000	Greater than \$100,000	Greater than \$100,000
<u>Income</u> - After-School Retreat Reading and Assessment Grant Program	Greater than \$100,000	Greater than \$100,000	Greater than \$100,000
<u>Cost</u> - Reading Improvement Plan Development, Remediation, Assessments	(\$500,000)	(\$500,000)	(\$500,000)
<u>Cost</u> - Summer School	Greater than (\$100,000)	Greater than (\$100,000)	Greater than (\$100,000)
<u>Cost</u> - After School Retreat Reading and Assessment Grant Program	Greater than (\$100,000)	Greater than (\$100,000)	Greater than (\$100,000)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>(\$500,000)</u>	<u>(\$500,000)</u>	<u>(\$500,000)</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

STATEWIDE ASSESSMENT SYSTEM FOR ACADEMIC PERFORMANCE -
 Section 160.518

This proposal provides that scores on assessment tests developed pursuant to Chapter 160 or Section 160.518 of any student for whom English is a second language shall not be counted until such time as such student as been educated for three full years in a school in this state, or in any

DESCRIPTION (Continued)

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other state, in which English is the primary language.

RETESTING - Section 167.640

Eliminates the mandatory retesting requirement in the following year for students scoring in the lowest level of proficiency on any assessment.

READING IMPROVEMENT PLAN - PROMOTION OF STUDENTS - Section 167.645

Requires that certain public school students receive summer school reading instruction. Local school districts are required to select a reading assessment mechanism and to assign third-grade and older students who are reading below grade level to be assessed for summer school placement. Special education students, students with limited English proficiency, students receiving services under Section 504 of the Rehabilitation Act of 1973 or students who have been determined to have a cognitive ability insufficient to meet the reading requirements set out in this section are exempted from the required reading assessment. Third-grade students who read below the second grade level shall be required to complete at least thirty additional hours of reading instruction or practice outside the regular school day during the fourth grade and may also be required to attend summer school instruction. Students between grades four and six who transfer to the school district are also required to be assessed if not reading at or above grade level. The Department of Elementary and Secondary Education may reimburse all verifiable costs incurred by school districts in providing the additional 30 hours of reading instruction.

Students who complete summer school instruction shall be reassessed. If determined to be reading below third grade level, the district shall notify the student's parents or guardians, and the student shall not be promoted to fifth grade. No student shall be denied promotion more than once solely for inability to meet the reading standards set out in this section. The process shall be repeated as necessary through the end of the sixth grade, with the target grade level rising accordingly. Mandatory retention in grade shall not apply to grades subsequent to fourth grade. If a student is reading below the fifth-grade level at the end of sixth grade, a notation will be made in the student's record that he or she is reading below minimal levels.

School districts are permitted to coordinate their summer school reading instruction programs with other summer school programs and may fulfill the requirement of offering such summer reading instruction by arrangement with neighboring districts.

The State Board of Education shall not use data concerning the number of students receiving additional reading instruction as part of its accreditation program for school districts. Each district shall make available, upon request, the number and percentage of students receiving

DESCRIPTION (Continued)

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remedial instruction under this act.

**AFTER-SCHOOL RETREAT READING AND ASSESSMENT GRANT PROGRAM -
Section 167.680**

Beginning with the 2002-2003 school year, this bill establishes a competitive grant program for development of after-school reading and assessment programs. The Department of Elementary and Secondary Education will establish criteria for the award of grants, with preference given to districts having a higher percentage of at-risk students. If the amount appropriated, along with other available funds for the grants, is not sufficient to fund all approved grants, the grant amounts will be prorated.

This legislation contains an emergency clause.

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 Secretary of State
Office of the State Treasurer



Jeanne Jarrett, CPA
Director
May 21, 2001