

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4150-06  
Bill No.: Perfected SS for SCS for SB 1059  
Subject: Teachers; Education, Elementary and Secondary  
Type: Original  
Date: April 9, 2002

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$210,000 to Unknown)	(\$210,000 to Unknown)	(\$210,000 to Unknown)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$210,000 to Unknown)</b>	<b>(\$210,000 to Unknown)</b>	<b>(\$210,000 to Unknown)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Federal Funds - IDEA Funding	\$0 to (\$153,500,000)	\$0 to (\$153,500,000)	\$0 to (\$153,500,000)
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0 to (\$153,500,000)</b>	<b>\$0 to (\$153,500,000)</b>	<b>\$0 to (\$153,500,000)</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
School Districts	(\$0 to Unknown)	(\$0 to Unknown)	(\$0 to Unknown)

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 10 pages.

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## FISCAL ANALYSIS

### ASSUMPTION

#### Sections 160.011; 160.530; 160.531; 161.092; 163.011; 166.260 - Family Literacy

Officials from the **Department of Elementary and Secondary Education (DESE)** assumes that there are two funding components in this proposed legislation:

Section 160.530 - Allocation at some level of the 1% for critical needs to family literacy. This allocation appears to be at the discretion of the Commissioner of Education.

Section 160.531 - Take an amount off the top of the foundation formula to schools and distribute it to establish and fund family literacy programs. The cost estimate for FY 03 is approximately \$534,565 if the foundation formula for FY 03 is increased by \$175 million. Therefore, \$534,565 would be subtracted from the amount to go to districts through the formula, potentially resulting in a proration factor less than 1.00.

**Oversight** assumes the language in the proposal is permissive regarding allowing public schools to establish family literacy programs, therefore, costs determined by DESE have been ranged.

Officials from the **Kansas City Missouri School District** interpreted the proposed legislation to have a positive fiscal impact since it appears to have a funding source.

#### Section 161.092 - Provisional Certification

According to DESE, Missouri currently has a 2-year, non-renewable provisional certification which allows teachers, certified in other states, with two year's experience to obtain full certification upon passing of the PRAXIS or a similar test in their state. This portion of the proposal would appear to create a 5-year provisional situation.

Therefore, out-of-state teachers who would normally be eligible for full certification in Missouri, would be limited to provisional status. The amendment would also allow non-certified, non-prepared, individuals from out of state to get provisional certification in Missouri. In addition the state board of education would be required to issue provisional certification regardless of current employment.

The effect of this amendment could result in the Department's issuing an untold number of certificates to out-of-state individuals who do not hold a certificate in another state. DESE assumes an unknown cost to issue these provisional certificates.

### ASSUMPTION (continued)

Section 160.518 - Alternate Assessments for Special Education Students

According to the DESE, this section appears to place specifications on which students with disabilities are permitted to participate in an alternate assessment. The Individuals With Disabilities Education Act (IDEA) requires the IEP team to make such decisions on behalf of students with disabilities. The amendment also would authorize school districts to develop their own tests. IDEA requires there be statewide assessments and state-created alternate assessments versus different assessments being developed and used by individual school districts.

DESE assumes these IDEA violations could result in the State losing some or all pertinent federal IDEA funds which, for FY03, is estimated to be \$153.5 million.

Section 160.720 - Accountability for Priority and Performance Schools

The **Department of Elementary and Secondary Education (DESE)** stated that, based on 2001 MAP data and calculating 21% of the school districts which might fall into the retesting criteria, 22,274 students in Step 1 and 3,613 in Level Not Determined would have to be retested. At \$8.00 per retest, the total cost would be approximately \$210,000.

The additional year of intensive professional development assistance to teachers and administrators would add costs to school districts to contract and/or provide the professional development needed. DESE was unable to identify the number of teachers and administrators who would require the additional year; therefore, the impact to local school districts is unknown.

There is minimal fiscal impact (less than \$500) upon DESE to meet with the metropolitan districts involved in a settlement agreement for desegregation to review the accountability compliance statement. **Oversight** assumes that cost could be absorbed.

Section 168.400 - Teacher Assistants

Officials from the **Department of Elementary and Secondary Education** and the **Coordinating Board for Higher Education** indicated this portion of the proposed legislation would have no fiscal impact on their agencies.

Section 170.014 - Phonics Instruction

Officials from the **Department of Elementary and Secondary Education (DESE)** estimated that after July 1, 2005, DESE may experience increased costs to verify applicants' successful completion of instruction in explicit systematic phonics at the university or college level;  
ASSUMPTION (continued)

however, DESE did not expect this cost to exceed \$100,000. In addition, the proposal could pose a delay in certification for those students who are currently working toward certification but have not completed all requirements.

Official from the **Kansas City Missouri School District** indicated that since the proposed legislation does not address funding for existing staff, it is unknown if teachers will be expected to pay for college level courses in explicit systematic phonics or if the school districts will have to pay for current staff tuition costs to implement this legislation.

Officials from the **Coordinating Board for Higher Education (CBH)** anticipate minimal cost to certify curriculum changes in programs required at the university or college level. CBH did state that there could be costs to the universities and colleges to implement any needed curriculum changes that may be needed to implement this legislation.

Officials from the **Secretary of State's Office (SOS)** assumed the rules, regulations and forms issued by the Department of Elementary and Secondary Education and the State Board of Education could require as many as 20 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 the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27. The actual costs could be more or less the SOS's estimated cost of \$1,230 for FY 2003. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or 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.

Officials from the **Saint Louis Public Schools** indicated there may be undetermined costs related to this proposed legislation, but were unable to give an estimate of those costs at this time.

FISCAL IMPACT - State Government

FY 2003  
(10 Mo.)

FY 2004

FY 2005

**GENERAL REVENUE**

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Cost - Department of Elementary and Secondary Education(DESE)</u>			
Verification of course completion (Section 170.014)	Less than (\$100,000)	Less than (\$100,000)	Less than \$100,000)
<u>Cost - DESE</u>			
Reimbursements to School Districts for retesting requirements (Section 160.720)	(\$210,000)	(\$210,000)	(\$210,000)
<u>Cost - DESE</u>			
Issuance of Provisional Certificates (Section 161.092)	(Unknown)	(Unknown)	(Unknown)
<u>Cost - Colleges and Universities</u>			
Implementation of Curriculum Changes (Section 170.014)	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$210,000 to Unknown)</u></b>	<b><u>(\$210,000 to Unknown)</u></b>	<b><u>(\$210,000 to Unknown)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Loss - IDEA Funding (Section 160.518)</u>	(\$0 to \$153,500,000)	(\$0 to \$153,500,000)	(\$0 to \$153,500,000)
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>(\$0 to \$153,500,000)</u></b>	<b><u>(\$0 to \$153,500,000)</u></b>	<b><u>(\$0 to \$153,000,000)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<b>SCHOOL DISTRICTS</b>			
<u>Income</u> - Reimbursement for testing fees (Section 160.720)	\$210,000	\$210,000	\$210,000
<u>Cost</u> - Retesting Requirements (Section 160.720)	(\$210,000)	(\$210,000)	(\$210,000)
<u>Cost</u> - Professional Development (Section 160.720)	(Unknown)	(Unknown)	(Unknown)
<u>Loss</u> - Decreased state aid from funds subtracted from distributions to establish and fund family literacy programs (Section 160.531)	\$0 to (\$534,565)	\$0 to (\$534,565)	\$0 to (\$534,565)

<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICTS</b>	<b><u>(\$0 to Unknown)</u></b>	<b><u>(\$0 to Unknown)</u></b>	<b><u>(\$0to Unknown)</u></b>
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FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposed legislation grants administrative rule waivers for performance schools and augments accountability standards for priority schools.

SECTION 160.720 - ACCOUNTABILITY FOR PRIORITY AND PERFORMANCE  
SCHOOLS

This proposed legislation specifies that the Governor will recognize schools (as identified by the Department of Elementary and Secondary Education) that demonstrate high student achievement and designate such institutions as 'performance' schools. Said performance schools (or districts) will be eligible for waivers of certain administrative rules, to be identified by the Department of Elementary and Secondary Education (DESE), including waivers of administrative rule that result in a meaningful reduction in administrative burden on the districts recognized in this section.

DESCRIPTION (continued)

DESE will identify as 'priority' schools that are either: academically deficient; unaccredited; provisionally accredited; or not meeting any of the accreditation standards on student performance based upon the state-wide assessment system.

In order to address these areas of deficiency, the Board of Education of any priority school district will submit an accountability compliance statement to DESE on or before August 15 that: identifies and analyzes areas of deficiency in student performance by school, grade and academic content area; provides a comprehensive strategy for addressing these areas of deficiency; and assures disclosure of these areas of deficiency in the school accountability report card; reviews the school discipline provisions and ensure that the district's discipline policies are consistent with Sections 160.261, 167.023, 167.026, 167.117, 167.161 to 167.171 and 167.335, RSMo.

Any resource reallocation plan must include at least one of the following elements: reduction in class size for areas of academic concern; establishment of full-day kindergarten or pre- school programs; establishment of after-school, tutoring and other programs offering extended time for learning; employment of national board-certified teachers or regional resource teachers, along with appropriate salary enhancements for such teachers; establishment of programs of teacher home visitation; or the creation of "school within a school" programs to achieve smaller learning communities within priority schools.

The proposal would allow the St. Louis City District, which has a desegregation settlement academic improvement plan, to submit that plan for review so that elements that occur in the accountability compliance plan and the desegregation academic improvement plan can be reviewed by DESE to prevent duplication of effort.

DESE will develop a program of administrator mentoring which focuses on the needs of priority schools and priority school districts.

DESE will withhold state funding to any district until that district submits an accountability compliance statement.

SECTIONS 160.011; 160.051; 160.531; 161.092; 163.011; 166.260 - FAMILY LITERACY

This proposed legislation allows public schools to establish family literacy programs and adds funding for family literacy programs to the priority list of "Statewide areas of critical need for learning and development" and makes family literacy personnel eligible to receive a portion of the funds already allocated to address these statewide areas of critical need for learning and development. Also, proposal allows local boards of education to include family literacy programs in the "child at-risk in education programs" which utilize moneys already distributed to school

DESCRIPTION (continued)

districts by means of the state aid formula.

The proposal mandates that a portion of the state school aid appropriation to the Department of Elementary and Secondary Education (DESE) shall be distributed by DESE to establish and fund family literacy programs in school attendance centers declared academically deficient or school districts declared unaccredited or provisionally accredited. This amount shall be the lesser of either: 5% of any increase from the total line 14 revenue compared to the total line 14 revenue amount distributed to all school districts in fiscal year 2002; or 1.5% percent of the total line 14 distribution.

*Section 166.260* - This proposal adds family literacy programs to the definition of "eligible pupils" within the "Children At-Risk Program.

*Section 161.092* - The proposal requires the State Board of Education to make an annual report to the General Assembly and the Governor concerning coordination with other agencies and departments of government that support family literacy programs.

This section also requires the State Board of Education to grant provisional certification to a person with more than five years teaching experience in that curriculum area and approximate grade level in another state, and permit full certification upon the satisfactory completion of five years teaching in Missouri public schools.

#### SECTION 160.518 - ALTERNATE ASSESSMENTS FOR SPECIAL EDUCATION STUDENTS

This proposed legislation provides that the state board of education identify one or more preexisting developmentally appropriate alternate assessments to the Missouri Assessment Program (MAP) for students who receive special educational services.

Any special education student shall be eligible to be assessed by such alternate assessment upon a determination by the student's individual education program team that an alternate assessment is better suited than the standard MAP test to assess the student's knowledge, skills and competencies and who either functions at an academic level at least four grand levels below that student's level on the general assessment based on the student's age or possesses an Intelligence Quotient (IQ) between fifty and seventy.

A school district or a special school district wishing to utilize an alternative standardized assessment shall submit a written proposal to DESE delineating the assessment such district aspires to use. The primary skill area to be assessed shall be independent living skills, which DESCRIPTION (continued)

includes how effectively the student addresses common life demands and how well the student



meets standards for personal independence expected for someone in the student's age group, sociocultural background, and community setting.

#### SECTION 168.400 - TEACHER ASSISTANTS

This section provides that DESE shall promulgate rules to allow all teacher education students who have been employed for at least two years as teacher assistants to utilize their teacher assistant experience to bypass the practice teaching evaluation and observation process. These rules shall allow the certified teacher working with the teacher assistant to observe and evaluate said teacher assistant's practice teaching.

#### SECTION 170.014 - PHONICS INSTRUCTION

This proposed legislation mandates that all public schools offer explicit systematic phonics instruction in grades kindergarten through three as a significant component of their reading program. Explicit systematic phonics is defined in the proposal.

The proposal also asserts that no teacher shall be certified (on and after July 1, 2005) to teach reading in public schools in grades kindergarten through three, either as a reading specialist or as a classroom teacher, unless that teacher has successfully completed instruction in explicit systematic phonics at the university or college level.

#### SECTION 1

1. No measure of "adequate yearly progress", as such term is defined in Section 1111(b) of the federal No Child Left Behind Act which was adopted in 2002 as H.R. 1 or any regulations promulgated thereunder, shall be adopted by DESE or the state board of education or otherwise go into effect unless and until such measure has been approved by the General Assembly.

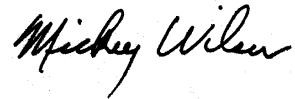
2. The department of elementary and secondary education and the state board of education shall not submit an initial plan for implementation of federal requirements under Section 1111(b) of the federal No Child Left Behind Act which was adopted in 2002 as H.R. 1 that anticipates the development and submission to the United States Department of Education of a measure of adequate yearly progress prior to the earlier of (i) the close of the regular session of the General Assembly in 2003, or (ii) the date required for such a submission pursuant to duly adopted regulations promulgated by the United States Department of Education.

#### DESCRIPTION (continued)

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  
Administrative Rules Division  
Kansas City Missouri School District  
Coordinating Board for Higher Education  
St Louis Public Schools



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Acting Director  
April 9, 2002