

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1825-01
Bill No.: SB 349
Subject: Elementary and Secondary Education; Department of Elementary and Secondary Education
Type: Original
Date: March 1, 2019

Bill Summary: This proposal requires each local school district and charter school to have a policy for reading intervention plans for any pupils in grades kindergarten through four.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	(\$12,000 to \$66,632)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue	(\$12,000 to \$66,632)	\$0 or (Unknown)	\$0 or (Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
State Schools Money Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Transfers in and transfers out net to zero.

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
Total Estimated Net Effect on FTE	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	\$0	(Unknown, Could exceed \$61,588,421)	(Unknown, Could exceed \$61,588,421)

FISCAL ANALYSIS

ASSUMPTION

Oversight notes a request for fiscal impact was sent to the Department of Higher Education on February 7, 2019 and was due back to Oversight by February 22, 2019. Oversight received a response on March 1, 2019. Oversight has presented this fiscal note on the best current information.

Officials from **Department of Elementary and Secondary Education (DESE)** estimate a one-time expense, for programming, totaling \$12,000 to meet the reporting requirements.

Oversight notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this bill, DESE estimated the ITSD programming costs to be \$12,000. Oversight notes that an average salary for a current IT Specialist within ITSD is \$51,618, which totals roughly \$80,000 per year when fringe benefits are added. Assuming that all ITSD resources are at full capacity, Oversight assumes ITSD may (instead of contracting out the programming) hire an additional IT Specialist to perform the work required from this bill. Therefore, Oversight will range the fiscal impact from the cost of contracting out the work (\$12,000) to hiring an additional FTE IT Specialist (roughly \$80,000 per year).

Oversight notes section 167.645 subsection 7 of this proposal states fourth grade students reading below the third grade level shall be required to attend forty hours of summer school. Current statute states they are required to attend summer school, but does not specify how many hours.

Oversight notes section 167.645 subsection 6 requires schools to establish an intensive acceleration class for students not reading proficient or above on the third grade state assessment which includes thirty hours of additional reading instruction.

Oversight assumes section 167.645 subsection 8 would require subsection 6 and 7 to be repeated with the target grade level rising beyond sixth grade. Oversight notes current statute only requires it through sixth grade. Oversight assumes this could increase the call to the foundation formula by an unknown amount.

While the foundation formula was fully funded in FY 2018, Oversight is unable to predict whether it will be fully funded in future fiscal years. Oversight notes that if the foundation formula is not fully funded then any additional costs would be redistributed to school districts and not result in a cost to General Revenue or the State School Moneys Fund.

ASSUMPTION (continued)

Oversight has requested additional data, but has not received the additional information at the time the fiscal note was prepared. Upon further inquiry, DESE indicated there potentially could be costs; however they have no way of knowing if the school is already providing 40 hours of reading instruction outside the normal school hours. DESE noted 167.645.3 requires a minimum of thirty hours of additional reading instruction or practice outside of the regular school day for students in grades 4 through 6 whose reading assessment indicates the student is reading below the target grade level. So this may not result in a significant increase of remediation hours claimed. With data currently obtained from the districts, DESE has no way to know if it would result in an increase of remedial hours claimed for state aid.

Oversight will range the fiscal impact from \$0 (not fully funded and money redistributed or no additional cost) to an unknown cost from an increase in remedial reading and/or summer school.

Officials from **Springfield Public Schools** assume this proposal will cost \$3,500,000 for additional teachers, training, resources, assessments and reporting.

Officials from **Wellsville-Middletown R-1 School District** assume this proposal has the potential to have a substantial negative fiscal impact on the district.

Officials from the **Lee's Summit R-7 School District** assume there would be little financial impact, under \$10,000, as the district already utilizes this practice.

Officials from **Bakersfield R-IV School District** assume this would cost \$10,000 annually.

Officials from **Osage County R-2 School District** assume this plan is a duplicate action of what schools are already doing for students. The cost for the intensive acceleration class is too high for smaller districts to have without additional funding from DESE. The information that needs to be posted is not always available by September and is a violation of FERPA if you have class sizes that are small enough to distinguish the child with the score that has to be posted.

Officials from **Parkway Schools** anticipate a cost of \$80,000 to purchase a structured literacy intervention.

Officials from the **Department of Higher Education, Missouri State University, University of Missouri System** and **State Technical College of Missouri** assume the proposal will have no fiscal impact on their organization.

ASSUMPTION (continued)

Oversight notes some school districts have indicated a large cost to their district, others indicated they already utilize similar practices and yet others have said they would not be able to implement this proposal without additional funding. Oversight note the average daily attendance (ADA) numbers for Springfield Public Schools is approximately 24,041. Oversight notes their assumed cost per ADA is estimated at \$146 (\$3.5 million / 24,041). Therefore, Oversight notes, if the school districts in the state (with roughly half of state's ADA) incurred additional costs similar to Springfield Public Schools, the cost to Missouri school districts is estimated at \$61,588,421 ((843,677 total ADA/2)*\$146).

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
<u>Cost</u> - DESE - increased call to the foundation formula for remedial reading and/or summer school	\$0	\$0 to (Unknown)	\$0 to (Unknown)
<u>Cost</u> - DESE - ITSD costs (ranged from contracting out programming to hiring additional FTE IT Specialist)	(\$12,000) to <u>(\$66,632)</u>	\$0 to <u>(\$80,631)</u>	\$0 to <u>(\$81,312)</u>
FTE Change - ITSD	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	(\$12,000) to <u>(\$66,632)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
Estimated Net FTE change for General Revenue	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
STATE SCHOOLS MONEY FUND			
<u>Transfer In</u> - from General Revenue	\$0	\$0 to Unknown	\$0 to Unknown
<u>Transfer Out</u> - to School Districts	<u>\$0</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT ON STATE SCHOOLS MONEY FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2020
 (10 Mo.)

FY 2021

FY 2022

**SCHOOL DISTRICTS AND
 CHARTER SCHOOLS**

Revenue - from State Schools Money
 Fund for remedial reading and/or summer
 school

\$0 \$0 to Unknown \$0 to Unknown

Costs - implementation of reading
 intervention program - staff, training,
 resources, assessments and reporting

(Unknown,
 Could exceed
\$0 \$61,588,421 \$61,588,421)

**ESTIMATED NET EFFECT ON
 SCHOOL DISTRICTS AND
 CHARTER SCHOOLS**

(Unknown,
 Could exceed
\$0 \$61,588,421 \$61,588,421)

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This act modifies current law regarding reading success programs, formerly known as reading intervention programs. Each local school district and charter school shall have on file a policy for reading success plans for any pupils of the district in grades kindergarten through four, rather than through grade three. Each policy shall be aligned with the guidelines developed by the Department of Elementary and Secondary Education for reading intervention plans. Authority to develop guidelines to assist school districts and charter schools in formulating policies for reading intervention plans is transferred from the State Board of Education to the Department. Any guidelines for instruction must meet the needs of the student by ensuring that instruction is explicit and systematic and is based on the five areas of reading. Pre- and post-assessments are necessary to measure student success.

Each local school district and charter school is required to include in an individual pupil's reading success plan, individual and small group reading development activities. The plan shall be developed after consultation with the pupil's parent or legal guardian. Under current law, such provisions are not mandatory.(Section 167.268)

Under current law, each school district and charter school shall administer a reading assessment

FISCAL DESCRIPTION (continued)

to each student within 45 days of the end of the third-grade year, unless a student has been determined in the current school year to be reading at grade level or above. Under this act, each school district and charter school shall administer a reading assessment or set of assessments to each student within the first 30 days of school for grades one through four, and by January 31 for kindergarten, unless a student has been determined in the previous school year to be reading at grade level or above. School districts and charter schools shall provide reading success plans to students with an individualized education plan (IEP) that have a reading deficiency, and for students receiving services under the Rehabilitation Act of 1973 whose services plan includes an element addressing reading.

This act removes the requirement that school districts and charter schools design a reading success plan for the student's fourth-grade year if the student's third-grade reading assessment determines the student is reading below second-grade level. The provision is replaced with a requirement that school districts and charter schools offer a reading success program to each K-4 student who exhibits a reading deficiency that has been identified as being at risk for dyslexia in the statewide dyslexia screening requirement, or has a formal diagnosis of dyslexia. The reading success program shall be provided in addition to the core reading instruction provided to all students, and shall meet criteria set forth in the act.

Any K-4 student who exhibits a deficiency in reading at any time, based upon local or statewide screening assessments, shall receive an individual reading success plan no later than 30 days after the identification of the deficiency. Such plan shall be created by the teacher and other pertinent school personnel, along with the parent or legal guardian, and shall describe the evidence-based reading improvement services the student shall receive. The reading success plan shall specify if a student was found to be at risk for dyslexia in the statewide dyslexia screening requirement or if the student has a formal diagnosis of dyslexia.

Under this act, beginning with the 2020-2021 school year, students who are not reading at grade level by the end of the second grade shall receive intensive reading intervention to remedy the student's specific reading deficiency. Each school district and charter school shall conduct a review of student reading success plans for all students who are not reading at grade level by the end of the second grade, and shall address additional support services needed to remedy the areas of deficiency. School districts and charter schools shall provide improvement and support services set forth in the act.

School districts and charter schools are required, under this act, to establish an intensive acceleration class for any student not reading proficient or above on the third-grade state assessment, and shall meet certain criteria set forth in the act. Under current law, each student for

FISCAL DESCRIPTION (continued)

whom a reading success program has been designed shall be given another reading assessment to be administered within 45 days of the end of the student's fourth-grade year. If such student is determined to be reading below third-grade level, the student shall be required to attend summer school to receive, under this act, 40 hours of reading instruction.

Under current law, the mandatory process of additional reading intervention shall end at the end of the sixth grade. Under this act, such intervention shall end once the student's reading deficiency has been remedied and the student is reading on grade level, or upon graduation from high school. Each school district and charter school is required to offer summer school reading instruction to any student with a reading success plan. Districts may fulfill the requirement through cooperative arrangements with neighboring districts or virtual schools.

The parent or legal guardian of any student who exhibits a deficiency in reading shall be notified in writing no later than 30 school days after identification of the deficiency. The written notification shall meet certain requirements set forth in the act.

This act requires the board of each school district and charter school to post, by September 1 of each year, by building, the number and percentage of all students in grades 3-8 scoring at each proficiency level on the English language arts statewide assessment; by building, the number and percentage of all students in grades 3-8 in each demographic category scoring proficiency level on the English language arts statewide assessment; by district, the number and percentage of all students in grades 3-8 scoring at each proficiency level on the English language arts statewide assessment; and by district, the number and percentage of all students in grades 3-8 in each demographic category scoring at each proficiency level on the English language arts statewide assessment.

The Department is also required to report the information in a state-level summary to the State Board of Education, the public, the Governor, and the Joint Committee on Education by October 1 of each year.

This act also repeals provisions of law relating to mandatory retention for reading deficiencies.

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
Springfield Public Schools
Wellsville-Middletown R-1 School District
Lee's Summit R-7 School District
Bakersfield R-IV School District
Osage County R-2 School District
Parkway Schools
Department of Higher Education
Missouri State University
University of Missouri System
State Technical College of Missouri



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March 1, 2019

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