

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4943-03
Bill No.: Perfected HCS for HB 1250
Subject: Education, Elementary and Secondary; Elementary and Secondary Education Department
Type: Original
Date: April 16, 2014

Bill Summary: This proposal establishes guidelines for statewide student assessments.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Up to \$50,231,378)	(\$118,832)	(\$120,050) or Up to \$1,287,677
Total Estimated Net Effect on General Revenue Fund	(Up to \$50,231,378)	(\$118,832)	(\$120,050) or Up to \$1,287,677

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
State School Moneys Fund*	\$0	\$0	\$0*
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0*

*Offsetting Transfers In and Out are \$0 or \$1,287,677 in FY 2017

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 11 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 FTE

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	\$1,167,627 to (Unknown - Could exceed \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** state that the following schedule represents estimated costs necessary to meet the requirements of the proposal:

\$29,000,000	Development, administration, scoring, and reporting assessments
\$ 4,200,000	Standard setting
\$10,000,000	Paper version of assessments
\$ 2,000,000	K-3 competency based instruction/promotion
\$ 2,000,000	20 contracted staff at a mean cost for salary and benefits of \$100,000 each
<u>\$ 2,930,000</u>	Indirect (allowable administrative costs)
<u>\$50,130,000</u>	

Oversight assumes that since a statewide assessment system is already in place (§160.518 and §160.526), it is unknown if already existing components could be included in the new statewide assessment system. For fiscal note purposes only, Oversight will assume a cost of (Up to \$50,130,000) for the new system.

DESE states 2.0 FTE supervisors will be required to support the system as described.

Oversight has, for fiscal note purposes only, adjusted the starting salaries of the positions requested to that of the current salary posted on DESE web site vacancy notices for similar positions. Oversight has also not calculated travel expense for these positions.

DESE assumes the language of the proposal, as written, does not ensure that the assessment system is a state summative assessment system that is compliant with the requirements of No Child Left Behind/Elementary and Secondary Education Act (NCLB/ESEA); therefore, approximately \$550 million in federal educational funds may be at risk.

Oversight assumes the NCLB/ESEA compliance issue is speculative and, for fiscal note purposes only, will assign no fiscal impact on federal funds.

ASSUMPTION (continued)

Officials from the **Kansas City Public School District (KCPS)** state they cannot determine fiscal impact until such time as the Department of Elementary and Secondary Education has promulgated rules. KCPS does believe there will be program, technology update, and training costs associated with any implementation of the proposed legislation. Potential impact may be in the hundreds of thousands of dollars.

Officials from the **Fulton School District (FSD)** assume the actual plan, when completed, would determine the fiscal impact on their school district. FSD assumes they have adequate resources budgeted that would be reallocated to the new plan.

The following schools provided responses to the introduced version of this bill:

Officials from the **Francis Howell School District** assumed no impact to their district.

Officials from the **Blue Springs School District** assume that, if passed, this proposal would cost their school district approximately \$280,000.

Officials from the **Nixa School District** indicated this proposal would have a large cost in both time and money.

Officials from the **Parkway School District** estimated a fiscal impact between \$1 million and \$1.5 million to rewrite their curriculum and assessments.

Officials from the following school districts: Branson, Caruthersville, Charleston R-I, Cole R-I, Columbia, Fair Grove, Fulton, Harrison R-IX, Independence, Jefferson City, Johnson County R-7, Kirksville, Kirbyville R-V, Lee's Summit, Malden R-I, Malta Bend, Mexico, Monroe City R-I, Pattonville, Raymore-Peculiar R-III, Raytown, Riverview Gardens, Sedalia, Sikeston, Silex, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, St. Charles, Sullivan, Warren County R-III, and Waynesville did not respond to **Oversight's** request for fiscal impact.

House Amendment 1- Student Data Security

§160.517

DESE assumes there is no cost to the amendment if it is determined that schools are "inside" the department. If it is determined that schools are "outside" the department, local school districts

ASSUMPTION (continued)

would likely incur significant expense obtaining the written consent of the required parties. DESE defers to school districts regarding the extent of such costs.

Oversight assumes schools are considered "inside the department" and, for fiscal note purposes only, will assign no fiscal impact.

House Amendment 2 - Pilot Assessments

§160.517

DESE assumes the inability to use statewide pilot assessments for the 2014-15 for Title 1 federal accountability might put in jeopardy the waiver for No Child Left Behind (NCLB). This would limit the local school districts ability to make determinations for Title 1 funds.

Oversight assumes the concern regarding the NCLB waiver is speculative and, for fiscal note purposes only, will assume no impact.

House Amendment 3 - Requires the Department of Elementary and Secondary Education to develop a process that rewards districts that provide free full day kindergarten

§160.047

According to officials from the **Department of Elementary and Secondary Education (DESE)**, this section has the potential to increase the formula call. However, until the formula is fully funded it will not reflect an increased cost to the state.

DESE assumes that if the formula was fully funded the formula call could increase in the following manner:

There are only three school districts in the state that do not have full day kindergarten. Students in half day Kindergarten programs are only counted as .5 FTE. The school districts are Rockwood, Lindbergh and Webster Groves.

ASSUMPTION (continued)

	<u>Students</u>		<u>FTE</u>		<u>WADA</u>		<u>Additional</u>
					<u>Payment</u>		<u>State Aid</u>
Rockwood	1,179	x	0.5	=	589.5	x	1,634 = \$ 963,243
Lindbergh	191	x	0.5	=	95.5	x	637 = \$ 60,834
Webster Groves	300	x	0.5	=	150.0	x	957 = <u>\$ 143,550</u>
							<u>\$1,167,627</u>

Oversight will assume the formula could be fully funded in FY 16 and, for fiscal note purposes only, will show a range of : \$0 or (\$1,167,627) in FY 17.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE			
<u>Transfer Out</u> - Department of Elementary and Secondary Education (DESE) - Increased State Aid (§160.047)	\$0	\$0	\$0 or (\$1,167,627)
<u>Costs</u> - DESE - Development of Statewide Student Assessment System (§§160.517 & 160.518)			
Personal Services	(\$63,280)	(\$76,695)	(\$77,462)
Fringe Benefits	(\$32,276)	(\$39,118)	(\$39,509)
Equipment and Expense	(\$5,822)	(\$3,019)	(\$3,079)
Statewide Assessment System	(Up to \$50,130,000)	\$0	\$0
Total DESE Costs	(Up to \$50,231,378)	(\$118,832)	(\$120,050)
FTE Change - DESE	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Up to \$50,231,378)	(\$118,832)	(\$120,050 or Up to \$1,287,677)
Estimated Net FTE Change for General Revenue	2 FTE	2 FTE	2 FTE
STATE SCHOOL MONEYS FUND			
<u>Transfer In</u> - Increased State Aid (§160.047)	\$0	\$0	\$0 or \$1,167,627
<u>Transfer Out</u> - School Districts - Increased State Aid (§160.047)	\$0	\$0	\$0 or (\$1,167,627)
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	\$0	\$0	\$0

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
LOCAL POLITICAL SUBDIVISIONS			
<u>Transfer In</u> - School Districts - Increased State Aid (§160.047)	\$0	\$0	\$0 or \$1,167,627
<u>Costs</u> - School Districts - Implementation of Statewide Student Assessment System (§§160.517 & 160.518)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown - Could exceed \$100,000)</u>	<u>(Unknown - Could exceed \$100,000)</u>	<u>\$1,167,627 to (Unknown - Could exceed \$100,000)</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill revises the law on student assessment as follows:

§160.517.1

Prohibits the state and the Department of Elementary and Secondary Education (DESE) from contracting with an out-of-state company to develop and implement statewide assessments after June 30, 2017, unless the in-state request for proposal for assessment is greater than the amount appropriated.

Requires DESE to create a question database for each grade-level standards from suggestions submitted by teachers and to develop a process for soliciting and reviewing submissions.

Nothing in this subsection shall be construed to prevent the required use of the ACT assessment or other existing assessment of college and career readiness.

FISCAL DESCRIPTION (continued)

§160.517.2

Requires DESE to move towards administering statewide assessments online throughout the year rather than at the end of the course or the end of school year after June 30, 2017. Until that goal is achieved, DESE must ensure that alternative assessment methods remain available.

§160.517.3

Restricts the number of end-of-course assessments used in determining an annual performance report or accreditation status to no more than five.

§160.517.4

Restricts the amount and scope of student data collected in the assessment process to that of the 2013-14 school year.

§160.517.5

School districts shall implement competency-based instruction and promotion policies and procedures for in kindergarten through third grade in the 2015-16 school year.

DESE shall establishes policies and procedure on the subject which districts may adopt.

§160.518

Revises the existing law on assessment to:

- Require the updating of the assessment system;
- Delete the restriction on the use of the assessment system to only comparison of a school's current performance to its past performance;
- Eliminate the Outstanding Schools Waiver; and
- Delete the obsolete requirements for yearly testing and waivers of the resource and process standards.

FISCAL DESCRIPTION (continued)

House Amendment 1 - Student Data Security

§160.517

Neither DESE nor any entity contracting with DESE for assessment shall share personally identifiable teacher or student data from assessment outside DESE without written consent of the teacher, the student's parent, or the student, if the student is an emancipated minor.

DESE may allow aggregate student or teacher data from assessment to be transmitted to an executive agency of:

- (1) The federal government for purposes of determining compliance with federal mandates and programs based on child 13 counts; or
- (2) The state government for purposes of determining compliance with state mandates or for purposes of an audit.

House Amendment 2 - Pilot assessments

§160.517

The Department of Elementary and Secondary Education shall pilot assessments from the Smarter Balance Consortium during the 2014-15 school year for every school district and charter school in the state. The results of the statewide pilot shall not be used for high stakes accountability or public school district accreditation decisions or teacher evaluation for the 2014-15 school year

House Amendment 3 - Requires the Department of Elementary and Secondary Education to develop a process that rewards districts that provide free full day kindergarten

§160.047

This section requires DESE to develop a process and scoring guide that awards additional performance points on the School Improvement Program to a school district that provides free full-day kindergarten to students who qualify for free or reduced-price lunch, students under an individualized education program, and students who are identified as at-risk as specified in the bill.

FISCAL 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

School Districts

Kansas City

Fulton

Francis Howell

Blue Springs

Nixa

Parkway



Mickey Wilson, CPA
Director
April 16, 2014

Ross Strobe
Assistant Director
April 16, 2014