

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0061-07
Bill No.: SCS for HCS for HB 50
Subject: Education, Elementary and Secondary: Promotion of Elementary School Pupils
Type: Original
Date: April 27, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	Unknown to \$905,915	Unknown to \$942,588	Unknown to \$37,009
State School Moneys	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	Unknown to \$905,915	Unknown to \$942,588	Unknown to \$37,009

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	(Greater than \$500,000)	(Greater than \$500,000)	(Greater than \$500,000)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 9 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Prosecution Services** indicated any costs to their agency resulting from this legislation could be absorbed.

Responses from various agencies to specific sections of the proposal are as follows:

ASSESSMENT OF SPECIAL EDUCATION STUDENTS

Officials of the **Department of Elementary and Secondary Education** would request a Supervisor to monitor and approve children as being at a certain level of development by reviewing diagnostic information and to determine and confirm the developmentally appropriate MAP for each student.

SCHOOL ACCOUNTABILITY

Officials of the **Department of Elementary and Secondary Education** stated that they would develop a standard form for school accountability report cards with existing resources.

They noted that school districts currently report per-pupil expenditures for the district as-a - whole and for each building in a district which has pupils at the same grade level as another building in the district. Therefore some schools are not be affected by the requirement to report building level expenditures. The proposal would require school districts to report average per-pupil expenditures by attendance center as reported to the Department. Depending on the record keeping system a district would have in place and the level of record keeping currently practiced, this requirement could be a significant additional cost to school districts.

RETESTING AND PROMOTION OF STUDENTS

According to officials from the **Department of Elementary and Secondary Education (DESE)**, the removal of retesting requirements would reduce costs to the state by \$1,084,000.

Officials from DESE estimated costs of \$500,000 to school districts for designing reading improvement plans, thirty (30) hours of additional instruction or practice outside of regular school days during fourth grade, subsequent assessments, and increased summer school enrollments.

DESE officials assume there could be some additional state aid going to districts due to a potential increase in summer school enrollments. On a statewide basis, the amount would be estimated to be in excess of \$100,000 per year, but DESE officials indicated the precise amount

ASSUMPTION (continued)

could not be estimated. (For example 400 additional students would cause about \$108,000 in additional aid.)

Officials of DESE also noted that they would have to develop a new dis-aggregated form at the school district level to track the limited English proficiency students so that their assessment scores would not be counted in district ratings until those students had gone to a Missouri public school for three years. They assume the Department could absorb costs for system changes but would need a \$50,000 fee to set up a new form with the Assessment Program.

They noted that exempting students who receive special education services from "retake" provisions would save the state about \$86,200. (There were, last school year, 8,890 Individualized Education Program students who scored in Step 1 on the 2000 MAP. Assuming an average cost of \$9.70 per student per retest, savings would be \$86,233.)

TEACHER LICENSES

Official from the **Department of Corrections (DOC)** stated that currently DOC cannot predict the number of new cases which may result from the creation of the offense(s) outlined in this proposal. An increase in cases depends on the utilization by prosecutors and the actual sentences imposed by the court.

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase in costs through supervision provided by the Board of Probation and Parole (FY 99 average of \$2.47 per offender, per day). Although probation would result in some additional costs, it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

Officials from the **Office of the Attorney General (AGO)** assume that additional cases would be filed because all school districts would be able to refer cases pursuant to Section 168.071, RSMo, Therefore, the AGO projects a need for one Assistant Attorney General I to handle the additional caseload.

Officials from the **Office of Elementary and Secondary Education (DESE)** indicated there would be no fiscal impact to their agency as a result of this portion of the legislation.

PHONICS INSTRUCTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume in-service materials development would begin in FY 2004, and in-service costs for currently

ASSUMPTION (continued)

certified teachers would begin in FY 2005. They also assume they would need a Director and a Program Specialist II (\$29,136) beginning in FY 2004.

The Department would amend certification standards to include requirements included in this proposal. Costs for new test development are estimated at \$250,000 per test for two new tests; \$250,000 for developing a constructive response test. (They also note that they will need to develop new tests again in three to five years.)

In service costs were estimated as follows:

67,000 x 33% Kindergarten - Third Grade staff = 22,110 teachers requiring training
22,110 teachers x \$75 per day x 5 days of training = \$8,291,250
22,110 teachers x \$100 training materials = \$2,210,000
22,110 teachers x \$50 food costs = \$1,105,000
22,110 substitute teachers x \$50 per day x 5 days = \$5,527,500
Travel for teachers and trainers (mileage, room) = 8,840,000
Trainer fees (cluster of 24 at \$5,000 per week) = 4,604,200

Total costs \$30,577,950 x 9% inflation = \$33,329,966 estimate costs for FY 2005.

DESE assumes fiscal impact to public school districts would be for notifying parents of methods used to teach reading in Kindergarten through Third Grade. However, testing fees would be assessed to teachers. Competency tests of \$65 each x 3,200 in-state applicants and 1,500 out-of-state applicants = \$305,500, beginning in FY 2006, when all teachers who teach reading as a specialist or in a classroom must pass competency tests in phonics instruction.

Although the costs for in-service training would not occur until after the scope of the fiscal note, **Oversight** assumes that only reading teachers would need to be trained, about 3,200 teachers. Total costs, using the Department's other assumptions concerning costs would be \$4,823,876.

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
GENERAL REVENUE FUND			
<u>Savings</u> - Removal of Testing Requirements	\$1,084,000	\$1,084,000	\$1,084,000
<u>Savings</u> - Fewer MAP Test Retakes	\$86,200	\$86,200	\$86,200
<u>Cost</u> - Office of the Attorney General			
Personal Service (1 FTE)	(\$26,250)	(\$32,288)	(\$33,095)
Fringe Benefits	(\$8,072)	(\$9,928)	(\$10,177)
Expense and Equipment	<u>(\$16,872)</u>	<u>(\$12,412)</u>	<u>(\$12,784)</u>
Total <u>Cost</u> - AGO	(\$51,194)	(\$54,628)	(\$56,056)
<u>Cost</u> - Department of Elementary and Secondary Education (DESE)			
Personal Service (3 FTE)	(\$40,672)	(\$50,027)	(\$153,358)
Fringe Benefits	(\$13,556)	(\$16,674)	(\$48,481)
Expenses and Equipment	<u>(\$8,863)</u>	<u>(\$6,283)</u>	<u>(\$25,296)</u>
Total Administrative <u>Cost</u> to DESE	(\$63,091)	(\$72,984)	(\$227,135)
<u>Cost</u> - DESE			
Test Development			(\$750,000)
Total <u>Cost</u> to DESE	<u>(\$63,091)</u>	<u>(\$72,984)</u>	<u>(\$977,135)</u>
<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> - DESE	(\$50,000)	\$0	\$0
New Assessment Program Form			
<u>Cost</u> - Reimbursements of verifiable costs for 30 hours of additional reading instruction	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>UNKNOWN TO \$905,915</u>	<u>UNKNOWN TO \$942,588</u>	<u>UNKNOWN TO \$37,009</u>
STATE SCHOOL MONEYS FUND			
<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> - Reimbursements for 30 hours of additional reading instruction	Unknown	Unknown	Unknown
<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> - Additional Reporting Requirements	(Unknown)	(Unknown)	(Unknown)
<u>Cost</u> - Informing Parents of Reading Instruction Methods and Materials	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>(Greater than \$500,000)</u>	<u>(Greater than \$500,000)</u>	<u>(Greater than \$500,000)</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This legislation makes various revisions pertaining to elementary and secondary education.

ASSESSMENT OF SPECIAL EDUCATION STUDENTS (160.518) -Provides that Missouri Assessment Program (MAP) tests may be given at a developmentally appropriate level different from actual grade level for students receiving special education services, upon prior request of the school district and subject to approval of DESE. DESE may refuse to allow testing at the level requested and may require testing at the student's actual grade level. This act provides that a student whose disability does not prevent them from taking a test at grade level, as determined by the student's IEP committee, shall take the test at grade level.

SCHOOL ACCOUNTABILITY (160.522) -Current law requires the State Board of Education to adopt a policy for public reporting of information by school districts. This bill requires an annual report for each building in a district to be made available in several ways, including but not limited to, providing the report when a student enrolls or receives grades, in newspapers, or on the Internet. The bill deletes the requirement for the development of multiple reporting models and substitutes a standard form, which districts may use, and deletes the information required on

DESCRIPTION (Continued)

extracurricular activities and their costs, as well as deleting the requirement for reporting the number of hours of attendance, while retaining the requirement for days of attendance. Instead of reporting financial information on a building level only when a district has 2 or more buildings that hold the same grades, the bill requires reporting financial information on the district as a whole and by attendance center.

URBAN SCHOOL DISTRICTS (162.481) - Exempts Columbia 93 School District and Lee's Summit R-VII from a change in school board term otherwise required pursuant to section 162.481, RSMo, upon becoming an "urban school district" as defined in section 160.011, RSMo.

A "seven-director school district" shall also be an "urban school district" if it contains all or the greater part of a city with a population in excess of 70,000 persons. Both Columbia (2000 pop. of 84,531) and Lee's Summit (2000 pop. of 70,700) have reached the minimum population threshold by reason of the 2000 federal decennial census (figures were announced in March 2001), and the designation shall become effective for the coming school year.

Under the bill, the school board terms for Columbia and Lee's Summit district shall remain at three years, rather than increasing to six years, as provided for districts which become "urban". Similar language was previously enacted for Springfield, to allow for three-year board member terms.

RETESTING (167.640) - Eliminates the mandatory retesting requirement in the following year for students scoring in the lowest level of proficiency on any assessment.

PROMOTION OF STUDENTS (167.645) - The act 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 and students receiving services under Section 504 of the Rehabilitation Act of 1973 and which addressing reading 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. The Department of Elementary and Secondary Education shall 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 and if necessary receive further summer school placement, through the sixth grade. 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

DESCRIPTION (Continued)

level. 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.

Special needs students are exempt from this section.

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 remedial instruction under this act.

This portion of the act is similar to SCS/SB 239 and the perfected version of HB 50.

ASSESSMENT OF STUDENTS WITH LIMITED ENGLISH PROFICIENCY (167.648) - The performance of any student with limited English proficiency on the Missouri Assessment Program (MAP) shall not be considered in the accreditation of a school district for the first five years such student is educated in a Missouri public school.

TEACHER LICENSES (161.229, 161.231, 168.021, 168.071, 168.073, 168.077, 168.082) - Makes numerous changes to the process by which teachers' licenses may be revoked, suspended, or denied and requires that certain non-certificated employees undergo a background check. A successfully completed background check is included in the requirements for licensure. The list of grounds for discretionary revocation or denial of license shall include: 1) deception in obtaining a license, 2) revocation of existing license from another jurisdiction and 3) violation of a consent agreement. "Furnishing child pornography to a minor" is added to the list of offenses that require license revocation.

The proposal clarifies that the State Board of Education as well as the school district may file licensure charges, that cases may be settled informally by agreements or voluntary surrender of license, and that licensure decisions are subject to judicial review. The SCS requires district employees and school board members who have direct knowledge of charges or convictions of any certificate holder that would result in license revocation or denial to report the charges to the superintendent, who must then notify DESE. Indemnity provisions for employees who make such disclosures are set out. Failure to report is a class A misdemeanor.

The bill adds sections that document the existence of attorney-client and work-product privilege

DESCRIPTION (Continued)

of the department and that prohibit the disclosure of test scores, investigatory reports, and similar information concerning applicants or certificate holders except with written consent of the person whose records are involved or of the district where the person works or worked at the time of the incident that prompted the investigation. The person's address and licensure status are not confidential.

A section outlining the subpoena powers of the department is added. DESE shall waive requirements for ESL certification to allow local school districts to base employment of teachers for ESL students on certain factors listed in the bill

PHONICS INSTRUCTION (170.014) - Requires that public schools ensure that developmentally appropriate phonics instruction is provided in kindergarten through grade 3 as part of a balanced program of reading instruction. The State Board of Education must provide in-service training in such instruction. Teacher competency tests in grammar and developmentally appropriate phonics instruction will be required after July 1, 2005. School districts are required to make an effort to inform parents about reading instruction methods and materials used in kindergarten through grade 3.

The proposal 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. The proposal would not affect Total State Revenue.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Office of Secretary of State
Elections
Office of Attorney General
Office of Prosecution Services
Office of State Public Defender
Department of Corrections



Jeanne Jarrett, CPA
Director
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