

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3671H.05C
Bill No.: HCS for HB 2652
Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education
Type: Original
Date: March 23, 2022

Bill Summary: This proposal changes procedures and practices for public schools and school districts.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	(Could exceed \$431,753)	(Could exceed \$437,568)	(Could exceed \$438,940)
Total Estimated Net Effect on General Revenue	(Could exceed \$431,753)	(Could exceed \$437,568)	(Could exceed \$438,940)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 FTE

- ☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- ☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 160.518, 160.545, 161.092 - Annual Performance and Accreditation

Officials from **Department of Elementary and Secondary Education (DESE)** state the proposed legislation provides that any school district with fifty-one percent or more of its attendance centers in the bottom five percent of the annual performance report shall be classified as provisionally accredited or unaccredited.

The department assumes 120 attendance centers would make up the five percent of those performing in the bottom five percent. DESE assumes that this could mean up to 60 school districts could become unaccredited. Such action would require the Department of Elementary and Secondary Education to conduct hearings for those districts that are unaccredited at least twice a year for a total of 120 hearings per school year. At a cost of \$2,500 per hearing, the department estimates a total cost of \$300,000 per year for hearing costs, various travel and mileage and meals.

The department also will require 2 FTE to fulfill the requirements of the legislation. 1.0 FTE at the Supervisor level and 1.0 FTE for an Administrative Assistant.

Depending on the development/requirements of the new assessments, there could be a fiscal impact in regards to data collection, processing and reporting. Therefore, DESE will show a fiscal impact of a range to unknown.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the costs provided by DESE for fiscal note purposes.

Oversight notes, according to the 2019-2020 Statistics of Missouri Public Schools provided by DESE, the state has 70 Elementary School Districts and 448 Districts maintaining High School (for a total of 518....10% is 52 and 25% is 129). Also, the number of public school buildings is:

Number of School Building	count	10%	25%
High Schools	568	57	142
Jr. High Schools	49	5	12
Middle Schools	295	30	74
Elementary	1,221	122	305
Other	143	14	36
Charter High Schools	17	2	4
Charter Middle Schools	17	2	4
Charter Elementary Schools	42	4	11
State Board Operated Programs	40	4	10
Missouri Course Access & Virtual Schools	2	0	1
TOTAL	2,394	239	599

10% = 239
 25% = 599

According to DESE, the following school districts were Provisionally Accredited as of January 2022:

- 041-004 Gilman City R-IV
- 078-002 Hayti R-II
- 048-072 Hickman Mills C-1
- 096-109 Normandy Schools Collaborative
- 096-111 Riverview Gardens

162.084 - Notification

In response to a similar proposal, HB 942 (2021), officials from the **Springfield School District** assumed a cost for the notification process, goals process – assuming 10% unaccredited and 25 provisionally accredited – costing \$50,000.

Oversight assumes there could costs associated with notifying parents of performance scores and academic proficiency and growth goals.

168.021 - Visiting Scholars' Certificate

In response to a similar proposal, HB 1928 (2022), officials from the **DESE** assumed the proposal would have no fiscal impact on their organization.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for this provision.

168.110 - Differentiated Placement on Salary Schedule

In response to a similar proposal, HB 1770 (2022), officials from the **Department of Elementary and Secondary Education** assumed the proposal would have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note in this agency for this section.

In response to a similar proposal, HB 1770 (2022), officials from **Joint Committee on Public Employee Retirement (JCPER)** stated this proposal has no direct fiscal impact to the Joint Committee on Public Employee Retirement. The JCPER's review of the proposal indicates that its provisions may constitute a "substantial proposed change" in future plan benefits as defined in section 105.660(10). It is impossible to accurately determine the fiscal impact of SB 1098 without an actuarial cost statement prepared in accordance with section 105.665. Pursuant to section 105.670, an actuarial cost statement must be filed with the Chief Clerk of the House of Representatives, the Secretary of the Senate, and the Joint Committee on Public Employee Retirement as public information for at least five legislative days prior to final passage.

In response to a similar proposal, HB 1770 (2022), officials from the **Kansas City Public School Retirement System** and the **Public Schools and Education Employee Retirement Systems** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight assumes there could be costs for school districts if teachers in hard-to-staff subject areas receive differentiated placement on the salary schedule to increase compensation.

Based on the responses provided by Public Schools and Education Employee Retirement Systems and the Kansas City Public School Retirement System, **Oversight** will assume there is no impact to employer contribution rates from this provision. If this assumption is incorrect, this could potentially change the fiscal impact as presented in this fiscal note.

Responses regarding the proposed legislation as a whole

In response to a similar proposal, HB 942 (2021), officials from the **High Point R-III School District** stated the proposal would fiscally impact their district, but did not elaborate.

Oversight received a limited number of responses from school districts related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other school districts were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE			
<u>Costs</u> – DESE §161.092 p.3			
Personal Service	(\$58,000)	(\$70,296)	(\$70,999)
Fringe Benefits	(\$42,037)	(\$50,698)	(\$50,953)
Expense & Equip.	(\$31,716)	(\$16,574)	(\$16,988)
<u>Total Costs</u> – DESE	(\$131,753)	(\$137,568)	(\$138,940)
FTE Change – DESE	2 FTE	2 FTE	2 FTE
<u>Costs</u> – DESE – additional hearing costs due to increase in # of unaccredited attendance centers and school districts - §161.092 p.3	(\$300,000)	(\$300,000)	(\$300,000)
<u>Costs</u> – DESE – data collection and other administrative functions - §161.092 p.3	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Could exceed \$431,753)	(Could exceed \$437,568)	(Could exceed \$438,940)

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
SCHOOL DISTRICTS			
<u>Costs</u> – to display annual performance report rating and ranking - §161.092	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Costs</u> - to notify parents of performance scores and goals - §162.084 p.4	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Costs</u> - differentiated placement of hard-to-staff teachers on the salary schedule - §168.110 p.5	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill modifies the public school accreditation and statewide assessment system. The bill allows for the statewide assessment system to track student performance from different schools if a student has transferred from one school to another. The bill defines "attendance center" as an individual public elementary or secondary school, and directs the State Board of Education (SBE), to collect and disseminate information on the attendance center level rather than the current overall district level. The bill adds race and ethnicity to the annual reporting requirements currently established, and requires that the report include improvement suggestions to be research-based with citations.

The bill expands on the SBE classification and accreditation rule making authority by providing new categories of classification with specific methodology for making accreditation determinations. Districts with 51% or more of the district's attendance centers in the bottom 5% of scores on the annual performance report will be classified as unaccredited or provisionally accredited and only districts in the top 10% will be classified as accredited with distinction.

This bill expands on the SBE's rule making authority for academic achievement and academic performances. by requiring that academic growth account for no less than 40% of the total accreditation score, and providing further instruction for the calculation of performance. The bill provides the SBE guidance on new rule making authority for local education agencies (LEA) that have attendance centers that become unaccredited and provisionally accredited. LEAs must develop and submit a research-based improvement plan developed in partnership with independent school improvement experts, parents and teachers. LEAs are encouraged to develop innovation zones and partner with nonprofit organizations with expertise in school redesign and improvement. Any attendance center, school district, or charter school that is classified as provisionally accredited or unaccredited shall inform all parents of students of the classification, along with details on student options and future school improvement plans.

Any attendance center that is a charter school and unaccredited for four consecutive years shall be reconstituted in partnership with an accredited charter organization or be closed and any LEA shall provide students attending any attendance center that has been provisionally accredited for four consecutive years the option to transfer to a higher performing attendance center within the district.

The Department of Elementary and Secondary Education (DESE) shall recognize and publish attendance centers that are accredited with distinction and demonstrate significant academic growth, and will display on the department's website the annual performance report rating, the

ranking percentage for each school district and attendance center, along with the accreditation status (Section 161.092 RSMo).

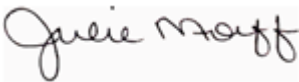
Districts and charter schools that are determined to be in the bottom 5% of scores on the annual performance report must mail letters to the parents or guardians of each student with specified information relating to the students options, and the plans of the school to improve academic proficiency and growth goals in reading and math in the next three years (Section 162.084). The bill expands language relating to the visiting scholars certificate to allow certificates to be issued to individuals employed to fill vacant positions in hard-to-staff schools or subject areas (Section 168.021).

The bill allows school districts to include differentiated placement of teachers on the salary schedule to provide increased compensation to recruit and retain teachers in hard-to-staff subject areas and schools (Section 168.110).

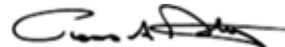
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Springfield School District
High Point R-III School District



Julie Morff
Director
March 23, 2022



Ross Strobe
Assistant Director
March 23, 2022