

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5359-01
Bill No.: HB 1425
Subject: Education, Elementary and Secondary; Elementary and Secondary Education Department
Type: Original
Date: February 13, 2012

Bill Summary: This proposal requires each school district to establish a comprehensive program for student academic progression.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(Unknown - Could Exceed \$100,000)	(Unknown - Could Exceed \$100,000)	(Unknown - Could Exceed \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown - Could Exceed \$100,000)	(Unknown - Could Exceed \$100,000)	(Unknown - Could Exceed \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

- 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 2013	FY 2014	FY 2015
Local Government	(Unknown - Expected to Exceed \$100,000)	(Unknown - Expected to Exceed \$100,000)	(Unknown - Expected to Exceed \$100,000)

FISCAL ANALYSIS

ASSUMPTION

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500.

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.

According to officials from the **Joint Committee on Administrative Rules (JCAR)**, this proposal should not create any additional fiscal impact above current appropriations to JCAR.

According to officials from the **Department of Elementary and Secondary Education (DESE)**, the requirements of this proposal will create additional costs to school districts. The adoption of the different types of remediation plans will require additional staff. DESE assumes that most of the remediation will occur during the school day; however, if it occurred after the school day, then there is the possibility of increased ADA, resulting in increased state aid.

DESE currently collects data on promotion and on retention. DESE does not have data on remediation; nor do they have data related to "promoted for good cause". To capture this, DESE would add data items and/or code sets to what is currently in place that would cost less than \$50,000. DESE does not know how much it would cost the school districts.

DESE will require 1.0 FTE accounting specialist to coordinate information and 10.0 FTE regional managers.

Oversight assumes it is unknown how many students and/or districts will be affected by this proposal so it is unknown how many additional DESE personnel will be needed. For fiscal note purposes only, **Oversight** will range the cost to DESE as (Unknown - Could Exceed \$100,000).

ASSUMPTION (continued)

DESE provided the following assumptions regarding district personnel needed to implement this proposed legislation:

Vocabulary instruction program - \$1,000 minimum per district	\$522,000
Progress monitoring system - \$5,000 minimum per district	\$2,610,000
Reading diagnostic tool - \$2,500 minimum per district	\$1,305,000
Reading intervention program - \$5,200 minimum per district	\$2,714,400
Intervention Teacher/Parent Educator – 1 FTE per elementary school @ \$50,000 + benefits	\$62,050,000
Alternative Classroom Teacher – 1 FTE per elementary school @ \$50,000 + benefits	\$62,050,000
Speech Therapist – 1 FTE per elementary (could be shared within district) \$55,000 + benefits	\$68,255,000
Professional Development for teachers to address learning styles - \$20,000 minimum per district	\$10,440,000
Parent at-home reading materials - \$3,000 per elementary school	\$1,566,000
SUBTOTAL	\$211,512,400
Scientifically research based reading program for each district that doesn't have one - \$20,000 minimum per district	Unknown
Summer school will include teachers, staff, and operating costs	Unknown
Reduced class size will necessitate hiring additional teachers	Unknown
TOTAL	\$211,512,400 to Unknown

ASSUMPTION (continued)

Oversight assumes it is unknown how many students will be affected, personnel needed to implement this provision may already be in place, or the extent to which programs will be implemented. In addition, implementation dates for some of the proposed legislation are beyond the scope of this fiscal note. For fiscal note purposes only, **Oversight** will assume an (Unknown - Expected to Exceed \$100,000) cost for this proposal.

Officials from the **Mexico School District** state no fiscal impact can be determined at this time.

Officials from the **Special School District of St Louis County (SSD)** assume they would need to add six teachers to comply with this proposed legislation. The average salary of the new teachers would be \$53,500 and the benefits per teacher would be \$15,800 for a total compensation cost estimated to be \$415,800.

In response to a similar proposal from last year (HB 639 - FN 1115-01), officials from the **Blue Springs School District** assumed this proposal will cost their district a minimum of \$180,000 per year to implement this proposed legislation.

In response to the same proposal, officials from the **Parkway School District** stated this proposal would likely have no fiscal impact on their district.

This proposed legislation was sent to the following school districts, none of which responded to a request for fiscal impact: Branson, Columbia, Fair Grove, Francis Howell, Independence, Jefferson City, Kirksville, Lee's Summit, Nixa, Raytown, Sedalia, Sikeston, Silex, Spickard, Springfield, St Charles, St Joseph, St Louis City, Sullivan, Center, Harrisonville, North Kansas City, Raytown-Peculiar, Charleston, Calhoun, Caruthersville, Kansas City, Gilliam, Hayti, Jennings, Morgan County, Normandy, Riverview Gardens, Malta Bend, Swedeborg.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
GENERAL REVENUE			
<u>Cost</u> - Department of Elementary and Secondary Education - Personnel and program costs	(Unknown - Could Exceed <u>\$100,000</u>)	(Unknown - Could Exceed <u>\$100,000</u>)	(Unknown - Could Exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Unknown - Could Exceed \$100,000)</u>	<u>(Unknown - Could Exceed \$100,000)</u>	<u>(Unknown - Could Exceed \$100,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost</u> - School Districts - Personnel and program costs	(Unknown - Expected to Exceed <u>\$100,000</u>)	(Unknown - Expected to Exceed <u>\$100,000</u>)	(Unknown - Expected to Exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>(Unknown - Expected to Exceed \$100,000)</u>	<u>(Unknown - Expected to Exceed \$100,000)</u>	<u>(Unknown - Expected to 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 proposed legislation requires each school district to establish a comprehensive program for student academic progression which includes standards for evaluating each student's performance; specific level of reading performance for each grade level, including when remediation will be required; and appropriate alternative placement for a student who has been retained for two or more years. A district must allocate its remedial and supplemental instruction resources to students who are not reading at grade level by the end of third grade and to students who do not meet the district's standards for progression. Student progress will be monitored using district performance levels and the state assessment for reading.

If a student is not meeting proficiency requirements, a plan for targeted instruction must be developed. If a student's deficiency remains unremediated, he or she may be retained. All students who do not meet minimum grade level standards for reading will continue to receive additional instruction until they are reading at grade level, graduate from high school, or are no longer subject to compulsory school attendance.

Any student in kindergarten through third grade who exhibits a substantial deficiency in reading will be given intensive instruction as soon as the deficiency is identified. Beginning in the 2014-2015 school year, retention will be required of students who are not proficient in reading by the end of third grade

Students who are retained must be given intensive intervention for their specific deficiencies. By school year 2016-2017, each district must review student progress monitoring plans for struggling readers and intensive programs for others. Midyear promotion to fourth grade is allowed under certain specified circumstances. The proposal lists instructional options that parents may choose including an initiative targeted to third graders at risk of being retained and an intensive acceleration class for students who score below the basic level on the reading portion of the state assessment.

Each district must annually report individual results to each parent and the aggregated data to the State Board of Education within the Department of Elementary and Secondary Education. The state board is authorized to enforce the bill's provisions, and the department must provide any needed technical assistance to district school boards.

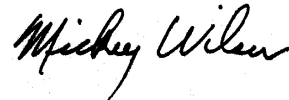
The proposal repeals the provisions that require a student to read no more than a year below grade level by the fourth grade or to be retained.

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

L.R. No. 5359-01
Bill No. HB 1425
Page 8 of 8
February 13, 2012

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Office of Secretary of State
 Administrative Rules Division
Joint Committee on Administrative Rules
School Districts
 Mexico
 Special School District of St Louis County
 Blue Springs
 Parkway



Mickey Wilson, CPA
Director
February 13, 2011