

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0781H.04C
Bill No.: HCS for HB 368
Subject: Education, Elementary and Secondary; Elementary and Secondary Education,
Department of
Type: Original
Date: April 19, 2021

Bill Summary: This proposal requires each local school district and charter school to have on file a policy for reading success plans for certain students.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	(\$20,000)	(\$20,000 to Unknown)	(\$20,000 to Unknown)
Total Estimated Net Effect on General Revenue	(\$20,000)	(\$20,000 to Unknown)	(\$20,000 to Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
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 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

☒ 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 2022	FY 2023	FY 2024
Local Government	\$0	(Unknown, Potentially significant)	(Unknown, Potentially significant)

FISCAL ANALYSIS

ASSUMPTION

Officials from **Department of Elementary and Secondary Education (DESE)** state, due to sections 167.268 and 167.645, potentially, more students could be attending summer school which could affect the foundation formula but there would be no way for our department to estimate that number.

Per section 186.080, DESE would be required to establish a literacy advisory council and hold two meetings annually. The estimated cost for these meetings is \$20,000.

Oversight assumes this proposal removes the requirement that a student attend summer school if they are reading below third-grade at the third-grade level. However, Oversight assumes this proposal also states that Charter Schools are now required to offer summer school reading instruction to students with reading success plans and Charter Schools may require students to attend summer school as a condition of promotion to fourth grade.

Upon further inquiry, **DESE** stated this proposal does remove the requirement in subsection 167.645.7 but subsection 167.645.9 still requires summer school to be offered to any student with a reading success plan. The Department does not believe the changes in this legislation will significantly change the amount of ADA reported for summer school. Charter schools are now included and could increase the call on the formula if more charter schools students would now be attending summer school.

Oversight will adopt DESE's assumption that this could result in an increased call to the foundation formula. Oversight will show a range of impact of \$0 (no additional summer school attendance or no appropriation) to an unknown cost to General Revenue with subsequent gain in revenue to school districts.

Oversight notes, per section 163.011, "Full-time equivalent average daily attendance of summer school students" shall be computed by dividing the total number of hours, except for physical education hours that do not count as credit toward graduation for students in grades nine, ten, eleven, and twelve, attended by all summer school pupils by the number of hours required in section 160.011 in the school term."

One full term of attendance is 1,044 hours per student. For each full term of attendance, the average state funding per ADA is approximately at \$5,066 (per DESE) or \$4.85 per hour of full term attendance. For each additional hour of summer school attendance, Oversight estimates the cost to be approximately \$4.85. However, Oversight notes this is an approximation of the cost as the state aid payment can vary greatly by district.

Oversight notes Charter Schools reported 1,058,885 hours of summer school attendance in 2018, based on information provided by DESE from a previous year.

Oversight estimates to reach a revenue impact of \$250,000 would require a change in attendance hours of approximately 52,000 hours or approximately 50 ADA ($52,000 * \$4.85 = \$252,200$). An increase of 52,000 hours would be a 4.9% increase in Charter School summer attendance; therefore, Oversight assumes it is possible the impact could reach the \$250,000 threshold.

Officials from the **Department of Higher Education and Workforce Development** assume the proposal will 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 for this agency.

In response to a similar proposal, SB 54 (2021), officials from the **Springfield R-XII School District** stated the total fiscal impact to the district is \$6,562,500.

In response to a similar proposal, SB 54 (2021), officials from the **High Point R-III School District** assumed the proposal will have no fiscal impact on their organization.

In response to a similar proposal, HB 2470 (2020), officials from the **Park Hills School District** anticipated a fiscal impact to hire additional staff to implement and monitor the extended requirements. Estimated cost would exceed \$100,000 annually.

In response to a similar proposal, HB 2470 (2020), officials from the **Shell Knob School District** assumed that bill would have a negative fiscal impact.

In response to a similar proposal, HB 2470 (2020), officials from the **Wellsville -Middletown School District** estimated needing at least one possibly two additional elementary teachers, at a cost of \$92,000 per year.

Per the Achievement Level Report available on the Missouri Comprehensive Data System, **Oversight** notes the following number of students with scores in the below basic level and the basic level:

Springfield School District - School Year 2019

Grade	Below Basic	Basic	Total
Third Grade	470	550	1020
Fourth Grade	245	707	952
Fifth Grade	233	805	1038
Sixth Grade	317	658	975
Total	1265	2720	3985

Based on the cost reported by the Springfield School District, **Oversight** estimates the cost per student reading at below basic and basic (in grades 3 through 6) at approximately \$1,647 (\$6,562,500/3,985).

Statewide - School Year 2019

Grade	Below Basic	Basic	Total
Third Grade	15,664	18,527	34,191
Fourth Grade	8,389	26,406	34,795
Fifth Grade	8,653	28,510	37,163
Sixth Grade	10,938	27,226	38,164
Total	43,644	100,669	144,313

Applying the \$1,647 to the statewide total of students reading at below basic and basic in grades 3 through 6, **Oversight** estimates a cost of \$237,683,511. Without additional information from school districts, Oversight is uncertain if other school districts would experience costs similar to those reported by the Springfield School District. Oversight assumes additional resources, namely additional teacher time, assessments and materials, will be required to implement these changes. Therefore, Oversight will show an unknown cost to school districts that could potentially be significant.

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 that we have received from state agencies and political subdivisions; however, other school districts were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State** notes many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain within their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE			
<u>Costs</u> - increased call to the foundation formula for Charter School Summer School ADA 167.268 & 167.645 - pg. 3	\$0	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - annual meetings for literacy advisory council - 186.080 - pg. 3	(\$20,000)	(\$20,000)	(\$20,000)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	(\$20,000)	(\$20,000 to Unknown)	(\$20,000 to Unknown)

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
SCHOOL DISTRICTS & CHARTER SCHOOLS			
<u>Revenue Gain</u> - distributions in state aid to Charter Schools for Summer School - 167.268 & 167.645 - pg. 3	\$0	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - reading success plans and reading intervention for students - pg.5	\$0	(Unknown, Potentially significant)	(Unknown, Potentially significant)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS & CHARTER SCHOOLS	\$0	(Unknown, Potentially significant)	(Unknown, Potentially significant)

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 literacy and reading education, including provisions related to reading success plans, formerly known as reading intervention plans.

Under this act, the State Board of Education shall require literacy and reading coursework for teacher education programs aligned to certification for teachers in early childhood, elementary,

language arts, English, special reading, and special education. Such coursework shall include the core components of reading, oral and written language development, identification of reading deficiencies and language difficulties, the administration of assessments, and the application of assessment data to the classroom. (Section 161.097)

The State Board of Education, in collaboration with the Coordinating Board for Higher Education and the Literacy Advisory Council established under this act, shall develop a plan to establish a comprehensive system of services for reading instruction.

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 success plans. Authority to develop guidelines to assist school districts and charter schools in formulating policies for reading success plans is transferred from the State Board of Education to the Department. Any guidelines for instruction shall meet the needs of the student by ensuring that instruction is explicit and systematic and diagnostic, and based on certain elements set forth in the act. Each school shall provide supplemental reading instruction under a reading success plan to any student who exhibits a reading deficiency. (Section 167.268)

Each school district and charter school shall provide training on the administration of reading assessments to all K-5 teachers and any other personnel who provide literacy instruction.

Under current law, each school district and charter school shall administer a reading assessment 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 to students receiving services under the Rehabilitation Act of 1973 whose services plan includes an element addressing reading.

This act repeals 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 plan 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 plan shall be provided in addition to the core reading instruction provided to all students, and shall meet criteria set forth in the act.

If a student who is provided a reading success plan is determined to not be reading at or above grade level by the end of 2nd grade, the student shall receive structured literacy instruction as well as additional support and services. For students in grades 6-12, schools shall continue to address the reading deficiencies of any student for whom the deficiency creates a barrier to success in school.

A reading success plan shall be created no later than 45 days after the identification of a reading 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 current law, each student for whom a reading success plan 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. This act repeals such requirement, and instead requires such student to be referred for an evaluation for an IEP plan and the district shall provide appropriate intensive structured literacy instruction on an individualized basis. If the student does not qualify for an IEP, the student shall continue to receive appropriate, intensive structured literacy instruction on an individualized basis until the student is reading at grade level.

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.

The parent or legal guardian of any K-5 student who exhibits a deficiency in reading shall be notified as set forth in the act.

These provisions shall become effective on July 1, 2022.

(Section 167.645, Section B)

This act establishes the Literacy Advisory Council within the Department of Elementary and Secondary Education. The council shall include 15-20 members appointed by the Commissioner of Education. Members shall include stakeholders and specialists specified in the act. The advisory council shall meet biannually to review best practices in literacy instruction and related policies, and shall make recommendations to the Commissioner and the State Board of Education.

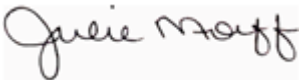
The Department, in conjunction with the Advisory Council, shall identify and create a list of approved materials, resources, and curriculum programs for public school districts and charter

schools. A school district or charter school may use only materials, resources, or curriculum programs from such list. (Section 186.080)

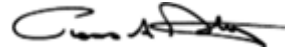
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Office of the Secretary of State
Joint Committee on Administrative Rules
Springfield R-XII School District
High Point R-III School District
Park Hills School District
Shell Knob School District
Wellsville -Middletown School District



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April 19, 2021



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