

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3505H.02C  
 Bill No.: HCS for HB 1851  
 Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education  
 Type: Original  
 Date: March 8, 2024

Bill Summary: This proposal changes provisions governing the statewide assessment system for public schools.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	More or Less than (\$757,418)	More or Less than (\$52,770)	Could exceed (\$54,089)
<b>Total Estimated Net Effect on General Revenue</b>	<b>More or Less than (\$757,418)</b>	<b>More or Less than (\$52,770)</b>	<b>Could exceed (\$54,089)</b>

\*Oversight notes DESE has stated that further analysis would be needed to determine the true impact for Section 160.522. Therefore, Oversight will reflect a more or less than impact for the estimates provided by DESE which includes generation of growth calculation modifications, support local development of assessments, and ITSD programming costs.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>Unknown to (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from **Department of Elementary and Secondary Education (DESE)** state:

#### Section 160.518

DESE assumes the changes to the assessment system can be absorbed by current FTE and federal funding for this system.

This section would also require DESE to support local development of curriculum-embedded assessments by developing model units with embedded assessments. Without knowing how many school districts would request this assistance, how many assessments would be involved for how many curriculum areas DESE is unable to estimate a potential cost. If multiple pieces of legislation are passed and/or a significant number of school districts require assistance DESE will seek additional FTE through the appropriations process.

#### Section 160.522.7

DESE assumes this section would require the generation of growth calculation modifications. DESE estimates the cost for development, revisions, verification or processes and statistical accuracy at **\$500,000**.

#### Section 161.092

DESE assumes that allowing schools to choose alternative accreditation systems does not prevent DESE from continuing to provide the accreditation services that are done now. There would be no fiscal impact as DESE assumes accreditation work would continue to be needed.

#### Section 160.522 and 1601.855

Officials from **Office of Administration – Information Technology (OA-ITSD)** state it is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

The Annual Performance Report (APR) would be affected as it's generated annually by ITSD-DESE for DESE's review and publishing of districts performance. It is assumed that many and most of these asks in this proposal are not part of the APR today. Further analysis would be needed to determine the true impact, as this is a high-level guess/estimate as to the impacts. This estimate is for the APR data processes (ETL's) which are executed manually for each APR cycle. There is an assumption that the data is brought into DESE's databases through other estimates in this summary analysis of this FN.

ITSD estimates the project would take 1,360.80 hours at a contracted rate of \$105 for a total cost of **\$257,418** in FY 2025, **\$52,770** in FY 2026, and **\$54,089** in FY 2027.

**Oversight** notes DESE has stated that further analysis would be needed to determine the true impact for Section 160.522. Therefore, Oversight will reflect a more or less than impact for the estimates provided by DESE.

**Oversight** notes Section 160.518.2 states for the 2026-27 school year and all subsequent school years, local school districts and charter schools shall develop or adopt curriculum-embedded measures of student learning that are authentic and relevant to a student's learning and experiences. Such measures may include portfolios, performance-based assessments, and projects with public demonstrations. Therefore, Oversight will reflect an unknown cost to school districts and charter schools to implement this provision.

**Oversight** notes the proposal modifies provisions of the School Turnaround Program (§161.1090) to reflect updates to the State Accountability System and to designate schools as comprehensive support and improvement schools or targeted support and improvement schools. Oversight is uncertain if this will change the number of districts that are in need of intervention. For purposes of this fiscal note, Oversight will not reflect an impact from this provision. However, should this assumption be incorrect, this would change the impact presented in this fiscal note.

**Oversight** notes that this proposal repeals Section 162.084 which required mailings and reporting for districts or charter schools that are in the bottom 5% on the annual performance report. Oversight is unable to determine how many districts or charter schools this would impact. Therefore, Oversight will reflect a \$0 to unknown savings on the fiscal note.

In response to a similar proposal, SB 814 (2024), officials from the **Sedalia School District** assume it is difficult to pinpoint the exact impact not knowing the details if specific summary assessments might be required and purchased. The district is spending so much on assessments currently that they do not see this being an issue. In fact, this could very well reduce spending by allowing districts to streamline testing and have more local control of this process. Additionally, districts might save further monies by reducing the amount of time needed in the current system thus freeing up more time for actual instruction. A possible reduction in staff could also be realized and offer further savings.

**Oversight** notes the proposal replaces current language with an updated specified list describing what the assessment system should be comprised of, including but not limited to: aligning to state standards; accessing to national norms, measuring growth during and across years; and shall only be used for the purpose of compliance with federal law. These assessments and systems should be developed with the input of teachers, administrators, students, parents, and the community to give a complete picture of student learning and meet statewide academic standards.

**Oversight** is unable to determine each school district’s needs regarding the provisions in this proposal. Therefore, Oversight will reflect an unknown savings as stated above by Sedalia School District to an unknown additional cost to school districts.

**Oversight** received zero 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, 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 2025 (10 Mo.)	FY 2026	FY 2027
<b>GENERAL REVENUE</b>			
<u>Costs</u> – DESE -assist local development of curriculum-embedded assessments §160.518	\$0	\$0	\$0 to (Unknown)
<u>Costs</u> – DESE – Growth Calculation Modifications - §160.522.7	(\$500,000)	\$0	\$0
<u>Costs</u> – DESE/ITSD – APR programming costs §160.522	More or Less than (\$257,418)	More or Less than (\$52,770)	More or Less than (\$54,089)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>More or Less than (\$757,418)</b>	<b>More or Less than (\$52,770)</b>	<b>Could exceed (\$54,089)</b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>SCHOOL DISTRICTS &amp; CHARTER SCHOOLS</b>			
<u>Savings</u> – reduction in staff, streamlining testing, and reduced reporting	\$0	\$0	Unknown
<u>Savings</u> – required mailings repealed §162.084	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Costs</u> – develop/adopt curriculum-embedded assessments §160.518	\$0	\$0	(Unknown)
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICTS &amp; CHARTER SCHOOLS</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>Unknown to (Unknown)</b>

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 language relating to the Statewide Assessment System by requiring that the State Board of Education (SBE) make the system student-centered and use assessments across the school year that support teaching, learning, and program improvement, so that a summative profile is developed of the student's learning.

The bill replaces current language with an updated specified list describing what the assessment system should be comprised of, including but not limited to: aligning to state standards; accessing to national norms, measuring growth during and across years; and shall only be used for the purpose of compliance with federal law.

The bill additionally repeals existing language relating to exemplary levels and the "Outstanding School Waivers" and requires the SBE to identify and recognize a minimum of two national school accreditation agencies and allows for districts that have an accreditation from either of the national agencies to be considered fully accredited for state purposes.

Beginning with the 2026-27 school year, schools must create ways to measure student learning that are meaningful and relate to students' real-life experiences. These measures can include things like portfolios, assessments based on performance, and projects with public demonstrations.

The Department of Elementary and Secondary Education may offer feedback and support by creating model units with embedded assessments or identifying high-quality curricula. The results of these assessments may be added to the school report card, along with any comments from the Department's review.

The bill modifies the school accountability report card requirements and allows local assessment results and local quality indicators to be included. The bill further modifies the reporting elements to include among other data points student growth, charter school tax rate and operating budget, and criteria relating to the federal accountability system.

The bill requires the SBE to identify and recognize by July 1, 2025, a minimum of two national school accreditation agencies and beginning in the 2027-28 school year allow for districts that have an accreditation from either of the national agencies to be considered fully accredited for state purposes.

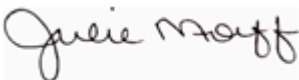
The bill modifies provisions of the School Turnaround Program to reflect updates to the State Accountability System and to provide comprehensive support and improvement schools or targeted support and improvement schools with assistance.

The bill repeals Section 162.084, RSMo relating to required mailings and reporting for districts or charter schools that are in the bottom 5% on the annual performance report.

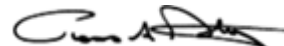
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Department of Elementary and Secondary Education



Julie Morff  
Director  
March 8, 2024



Ross Strobe  
Assistant Director  
March 8, 2024