

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4000H.02C  
 Bill No.: HCS for HB 2184  
 Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education; Children and Minors  
 Type: Original  
 Date: March 7, 2024

Bill Summary: This proposal modifies provisions governing school performance measures.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	Unknown to (Could exceed \$5,016,787)	Unknown to (Could exceed \$3,877,414)	Unknown to (Could exceed \$886,797)
<b>Total Estimated Net Effect on General Revenue</b>	<b>Unknown to (Could exceed \$5,016,787)</b>	<b>Unknown to (Could exceed \$3,877,414)</b>	<b>Unknown to (Could exceed \$886,797)</b>

\* Oversight notes the costs to General Revenue include OA-ITSD costs, impact to foundation formula, meeting costs, revised assessment reporting, ISRs, and material, psychometric and measurement work, new performance level descriptors, as well as 5 FTE for the Department of Elementary and Secondary Education.

<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>
General Revenue	5 FTE	5 FTE	5 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>5 FTE</b>	<b>5 FTE</b>	<b>5 FTE</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>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume sections 160.522 and 161.855 as outlined would have a significant impact on the school accountability report card (APR). Changes in reporting requirements, methodology, data collection, deadlines and publishing would require a new system to be developed. The generation of growth calculation modifications in section 160.522 would also require development, verification of processes and statistical accuracy for a cost of **\$500,000**.

In addition, in order to meet the requirements, DESE estimates needing a minimum of five (5) additional FTE. These FTE would be responsible, at a minimum, for working with a contractor for the development of the new system, working with/training school districts, gathering/verifying data, developing the annual report and publishing that report. These staff are required due to the new deadlines with a short turn around for data collection, verification, and reporting.

With changes to the APR effecting MSIP6 and accreditation systems which lead to potential changes to the SAT there would also be an unknown impact to the Foundation Formula.

Section 160.522.9 would require revision of performance-level descriptors (PLD) and define grade-level equivalence therein. DESE would need to conduct on-site review/revise meetings with panelists – meeting costs and stipends for six meeting days with 160 panelists [Four grade-span groups (primary, elementary, middle school, high school) of 10 participants in each of four subjects (mathematics, English language arts, science, social studies).] representing various regions of the state. **\$587,040**

Contractor facilitation of review/revise meetings and generation of new performance level descriptors (PLDs) that define range, threshold and are suitable for reporting. **\$65,500**

Psychometric and measurement work to incorporate five new PLDs into the prior four PLD structure. **\$175,000**

Revise building, district and statewide assessment reporting; revise individual student reports (ISRs) and related material. **\$100,000**

Costs associated with statute-required notifications and public meetings upon revision of the MSIP 6 Comprehensive Guide. **\$5,000**

Officials from the **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. Due to the significant changes to the school accountability report card DESE assumes a

completely new system would need to be developed with the new calculations, data required, and reporting. The cost of developing a new system would be a minimum of **\$6,000,000**. DESE assumes it will take two years to develop this new system and has spread the cost over two fiscal years.

MSIP 6 and ESSA accountability plan calculations will change, necessitating reprogramming of procedures and reports with a cost of **\$142,884** in FY 2025 with ongoing support costs.

**Oversight is uncertain if DESE has included the full fiscal impact in their response.** In response to similar legislation, SB 804 (2024), DESE assumed the need for 11 FTE. There have been inconsistencies with responses on similar legislation. For the purposes of this fiscal note, Oversight will adopt DESE's assumption that these are the necessary costs to implement the provisions of this proposal. However, should this assumption be incorrect, this would change the impact presented in this fiscal note.

**Oversight** is unable to determine each school district's needs regarding the provisions in this proposal. Therefore, Oversight will reflect an unknown savings as 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.

#### **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 (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. 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 \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with its core budget. Therefore, the SOS reserves 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 2025 (10 Mo.)	FY 2026	FY 2027
<b>GENERAL REVENUE</b>			
<u>Costs</u> – DESE – Growth Calculation Modifications §160.522	(\$500,000)	\$0	\$0
<u>Costs</u> – DESE/ITSD – New System for APR §160.522 and §161.855	Could exceed (\$3,000,000)	Could exceed (\$3,000,000)	\$0
<u>Costs</u> – DESE/ITSD – programming costs - §160.522.9	(\$142,884)	(\$29,291)	(\$30,023)
<u>Costs</u> – DESE – Panelist meetings for grade level data - §160.522.9	(\$587,040)	\$0	\$0
<u>Costs</u> – DESE – New Performance Level Descriptors - §160.522.9	(\$65,500)	(\$65,500)	(\$65,500)
<u>Costs</u> – DESE – Psychometric and Measurement Work - §160.522.9	(\$175,000)	(\$175,000)	(\$175,000)
<u>Costs</u> – DESE – Revise Assessment Reporting, ISRs and Material §160.522.9	(\$100,000)	(\$100,000)	(\$100,000)
<u>Costs</u> – DESE – Public Meetings - §160.522.9	(\$5,000)	\$0	\$0
<u>Costs/Savings</u> – modifications to SAT impact to foundation formula	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
<u>Costs</u> – DESE - §160.522 and 161.855			
Personnel Service	(\$232,060)	(\$284,041)	(\$289,722)
Fringe Benefits	(\$152,526)	(\$185,189)	(\$187,391)
Expense & Equipment	(\$56,777)	(\$38,393)	(\$39,161)
<u>Total Costs - DESE</u>	<u>(\$441,363)</u>	<u>(\$507,623)</u>	<u>(\$516,274)</u>
FTE Change	5 FTE	5 FTE	5 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>Unknown to (Could exceed <u>\$5,016,787</u>)</b>	<b>Unknown to (Could exceed <u>\$3,877,414</u>)</b>	<b>Unknown to (Could exceed <u>\$886,797</u>)</b>

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
Estimated Net FTE Change on General Revenue	5 FTE	5 FTE	5 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>SCHOOL DISTRICTS</b>			
<u>Costs/Savings</u> – modifications to SAT impact to foundation formula	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
<u>Costs/Savings</u> – implement provisions of this proposal	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICTS</b>	<b>Unknown to (Unknown)</b>	<b>Unknown 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 adds student growth to the categories of information required to be included in the school accountability report cards of all school districts, public schools, and public charter schools under current law. The bill describes how student growth shall be calculated, with reference to a comparison of students' performance on statewide assessments in the current academic year to their performance in prior years.

By July 15 of each year, the Department of Elementary and Secondary Education (DESE) shall provide a confidential version of the school accountability report cards to each school building, school district, and charter school. By August 15 of each year, DESE shall publish the school accountability report cards on the DESE website, and each school building and school district shall publish its report card on its website. By August 15 of each year, DESE shall include in its annual budget request sufficient resources in personnel and equipment to prepare the report cards.

Beginning with the 2026-27 school year and in all subsequent school years, the bill also establishes provisions relating to the preparation of annual performance ratings for public schools based on students' academic performance. The bill sets forth a methodology for calculating the annual performance ratings for elementary and secondary schools and school districts based on students' year-to-year academic growth and achievement. For elementary

schools, year-to-year student growth and overall student achievement shall each be weighted at 50% in the calculation, as specified in the bill. For secondary schools, DESE shall create a college and career readiness measure that is based on statistical models that identify schools' contributions to students' long-term outcomes separately from their prior achievement. DESE shall consider certain factors when measuring college and career readiness, such as Advanced Placement scores and International Baccalaureate program scores. For secondary schools, 60% of the annual performance rating score shall be based on a combination of the attainment of college and career readiness credentials and student growth, as described in the bill, and 40% of the score shall be based on a combination of student achievement on end-of course exams and the five-year high school graduation rate.

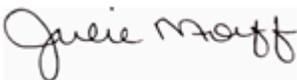
Each school that has students who are enrolled in the school for the full academic year and who are tested using the statewide assessments shall receive an annual performance rating score and an annual report card. However, a school shall not earn an annual performance rating score based on students' academic performance if fewer than 10 students are tested in the statewide assessments.

DESE shall promulgate rules to implement the provisions of this bill, and shall additionally have the authority to promulgate rules including incentives or rewards for schools and school districts that receive an annual performance rating score of 90% or more or that increase their score by 10% over a three-year period.

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  
Office of the Secretary of State  
Joint Committee on Administrative Rules



Julie Morff  
Director  
March 7, 2024



Ross Strope  
Assistant Director  
March 7, 2024