

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6553H.011  
 Bill No.: HB 2872  
 Subject: Department of Elementary and Secondary Education; Elementary and Secondary Education; Children and Minors  
 Type: Original  
 Date: January 27, 2026

Bill Summary: This proposal creates, repeals, and modifies provisions relating to literacy of elementary school students.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	(\$4,013,374 to \$16,392,373)	(\$3,905,053 to \$12,034,052)	(\$3,910,736 to \$12,039,735)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$4,013,374 to \$16,392,373)</b>	<b>(\$3,905,053 to \$12,034,052)</b>	<b>(\$3,910,736 to \$12,039,735)</b>

\***Oversight** notes this proposal establishes the Missouri Universal Reading Screener to assess all students in grade one through grade three and charges DESE with the administration of these assessments at no cost to school districts or charter schools. Furthermore, DESE is to remit \$500 to each school district or charter school for each 4th grade student who exhibited a substantial reading deficiency.

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<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.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	2 FTE	2 FTE	2 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>2 FTE</b>	<b>2 FTE</b>	<b>2 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.

**ESTIMATED NET EFFECT ON LOCAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Local Government</b>	<b>More or less than \$797,625 to \$7,976,624</b>	<b>More or less than \$797,625 to \$7,976,624</b>	<b>More or less than \$797,625 to \$7,976,624</b>

\*Oversight notes DESE is to remit \$500 to each school district or charter school for each 4th grade student who exhibited a substantial reading deficiency.

## FISCAL ANALYSIS

### ASSUMPTION

#### §161.097 - Missouri Advisory Board for Educator Preparation

Officials from **Department of Elementary and Secondary Education (DESE)** note §161.097 states educator preparation programs shall not include instruction in the three-cuing system model of reading instruction and requires DESE to annually review and publicly report on the compliance of educator preparation programs (EPP). DESE will require a Director FTE position to monitor, review, and report on EPP compliance to fulfill the requirements of this section at a cost of \$83,134 with the associated salary and \$12,506 for expenses and equipment and \$7,424 ongoing.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect an impact of one FTE for their agency.

Oversight notes that the proposal prohibits school districts and charter schools from using a three-cueing system to teach students to read. Oversight is unable to determine how many schools use this system. Oversight assumes there could be a potential cost to those schools to implement and purchase materials for a new literacy system. Therefore, Oversight will reflect a \$0 or unknown impact on the fiscal note.

Oversight notes in the summer of 2022, the Missouri legislature approved the Evidence-Based Reading Instruction Program Fund (Senate Bill 681, Section 161.241, RSMo) to be used to reimburse LEAs for efforts to improve student literacy. DESE administers this funding and provides support to LEAs as they move through the application process.

Oversight notes the [Missouri Read, Lead, Exceed](#) is the state's comprehensive plan to dedicate \$25 million in state funding and just over \$35 million in federal relief funding to support student literacy. DESE provides the state-approved evidence-based reading instructional materials list that serves as a resource for schools to select materials. Local Education Agencies (LEAs) are not required to select materials from this list. However, LEAs that are eligible to request reimbursement for instructional materials must select materials from this list.

#### §161.241 - System of Services for Reading Instruction.

Officials from **DESE** note §161.241 would require DESE to remit \$500 to each school district or charter school for each 4th grade student who exhibited a substantial reading deficiency in any grade K-3 or who was identified as dyslexic and subsequently scored at the proficient level or higher in reading on the annual summative ELA assessment administered to 4th grade students. Based on there being 63,813 K-3 students currently on a Reading Success Plan, DESE estimates this payment to cost between \$797,625.00 and \$7,976,625.00 each year. DESE calculated the maximum cost of this payment by using all 63,813 students X \$500 = \$31,906,500/ 4 grade

levels (K-3) = 7,976,625.00 if every student currently on the Reading Success Plan meets the criteria. However, if only 10% of the 63,813 students meet the criteria ( $6381 \times 500 = \$3,190,650 / 4 \text{ grade levels} = \$797,625.00$ ) then the cost would be \$797,625.

ITSD assumes there will be a need to modify and add to current programming to support the requirements in the bill related to payments for substantial reading deficiency. This data is not currently collected, and the MOSIS system will need to be changed to collect this data. It is assumed the APR/Report Card data processes (ETL's) which are executed manually each APR cycle will be affected and the databases would require modifications. ITSD estimates these changes to cost a total of \$184,842.

**Oversight** assumes future enrollment could change the number of students who exhibit reading deficiencies in any grade K-3 or meet other requirements. Therefore, Oversight will reflect more or less than \$1,063,550 to \$7,976,624 cost to DESE for remittals and the corresponding revenue gain to school districts.

#### §167.340 – Read to be Ready Program

**Oversight** notes §167.340.2 would change provisions relating to currently eligible kindergarten students, receiving reading improvement instruction that do not meet district objectives. Oversight notes such students could no longer be counted for additional average daily attendance for state school aid during their reading improvement instruction time if such time fell outside of normal school hours.

Upon further inquiry, DESE provided Oversight that the total Remedial ADA for 2025 is 529.57 or a .0007 of the total ADA for the year. Therefore, Oversight will assume the impact is immaterial and will not be reflected to DESE or school districts in the fiscal note.

#### §167.645 - Missouri Universal Reading Screener

Officials from **DESE** assume §167.645 establishes the Missouri Universal Reading Screener to assess all students in grade one through grade three and charges DESE with the administration of these assessments at no costs to school districts or charter schools. DESE assumes it will need to develop the Missouri Universal Reading Assessment or contract out the development through an RFP process. If DESE were to develop the assessment, DESE estimates the cost of this development to be between \$3M-\$5M in year one and \$750,000 for maintenance and updates in following years. This estimate is based on similar projects in other states and the cost of the MAP tests. However, if DESE contracted the development through a Request for Proposal (RFP) the cost for development would be \$0 as the assessment would be a shelf product of the contractor. Costs would then purely be on the administration of the assessment. DESE assumes the administration of the test to cost between \$2.8M-\$3M based on current costs for reading assessment vendors (<https://dese.mo.gov/media/pdf/evidence-based-reading-instructional-materials-ebrip-guidance-2025>) to be \$8 per student and there being an average of 63,313 students per grade first through third ( $8 \times 63,313 \times 3 = 1,519,512$ ). The additional specifications for

five distinctive performance levels as called for in this legislation will add additional expense, raising costs to \$2.8M- \$3M for the administration of the assessments.

Additionally, this section requires that each school district report to DESE information regarding student retention and promotion, percentage of students in grades K-3 with reading deficiency, percentage of students retained in grades K-3 due to reading deficiencies, and total number and percentage of students in grade three who were promoted with good cause exemptions. DESE assumes this report will require changes to the MOSIS system and will require 1 Data Analyst FTE to monitor and maintain reports at a cost of \$71,887 with the associated salary and \$12,506 for expenses and equipment in year one and \$7,424 ongoing.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect an impact in the fiscal note for their agency as estimated by DESE.

Oversight notes §167.645.5(5) state that if the child has a substantial reading deficiency that is not corrected by the end of grade three, the child shall not be promoted to grade four unless the child qualifies for a good cause exemption. Oversight notes school funding in Missouri is tied to attendance and enrollment counts. Therefore, the district still gets funding for that extra retained student, but costs such as teachers, classrooms and materials must be covered. It is unclear how many students this would affect however, Oversight will reflect a zero (no students are retained) or unknown cost for the expenses not covered by state funding.

Oversight notes §167.645.12 requires each school district and charter school are required ensure that intensive reading instruction through a reading development initiative shall be provided to each K-5 student who are exhibiting a deficiency in reading. This proposal changes the effected group of students to grade one through three. Therefore, Oversight will show an unknown savings to school districts as they are providing instruction through development initiatives to a smaller group of students.

#### Responses regarding the proposed legislation as a whole

Officials from the **Department of Higher Education and Workforce Development** and **Office of the State Treasurer** 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 these agencies.

Officials from the **High Point R-III School District** assume the proposal will have a fiscal impact on their organization but did not provide any additional information.

**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. 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. 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 (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 2027 (10 Mo.)	FY 2028	FY 2029
<b>GENERAL REVENUE</b>			
<u>Cost – DESE (§161.097) p.3</u>			
Personal Service	(\$69,278)	(\$84,797)	(\$86,493)
Fringe Benefits	(\$41,477)	(\$50,441)	(\$51,123)
Expense & Equipment	(\$11,269)	(\$7,573)	(\$7,724)
<b>Total Costs – DESE</b>	<b>(\$122,024)</b>	<b>(\$142,811)</b>	<b>(\$145,340)</b>
FTE Change – DESE	1 FTE	1 FTE	1 FTE
<u>Cost – DESE (§161.241) Reading success plan p.4</u>	(\$797,625 to \$7,976,624)	(\$797,625 to \$7,976,624)	(\$797,625 to \$7,976,624)
<u>Cost – DESE/ITSD (§161.241) Programming cost p.4</u>	(\$184,842)	(\$37,892)	(\$38,839)
<u>Cost – DESE (§167.645) p.5</u>			
Personal Service	(\$59,906)	(\$73,325)	(\$74,791)
Fringe Benefits	(\$37,708)	(\$45,827)	(\$46,417)
Expense & Equipment	(\$11,269)	(\$7,573)	(\$7,724)
<b>Total Costs – DESE</b>	<b>(\$108,883)</b>	<b>(\$126,725)</b>	<b>(\$128,932)</b>
FTE Change – DESE	1 FTE	1 FTE	1 FTE
<u>Cost – DESE (§167.645) Missouri universal reading screener development p.4</u>	\$0 or (\$5,000,000)	\$0 or (\$750,000)	\$0 or (\$750,000)
<u>Cost – DESE (§167.645) Missouri universal reading screener administration p.4</u>	(\$2,800,000 to \$3,000,000)	(\$2,800,000 to \$3,000,000)	(\$2,800,000 to \$3,000,000)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>(\$4,013,374 to \$16,392,373)</b>	<b>(\$3,905,053 to \$12,034,052)</b>	<b>(\$3,910,736 to \$12,039,735)</b>
Estimated Net FTE Change on General Revenue	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Cost</u> – School Districts (§161.097) implement new literacy system p.3	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue Gain</u> – School Districts (§161.241) Reading Success Plan p.4	\$797,625 to \$7,976,624	\$797,625 to \$7,976,624	\$797,625 to \$7,976,624
<u>Savings</u> – School Districts (§167.645) Reading instruction for smaller student group p.5	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> – School Districts (§167.645) Expenses for retained students p.5	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>More or less than \$797,625 to \$7,976,624</b>	<b>More or less than \$797,625 to \$7,976,624</b>	<b>More or less than \$797,625 to \$7,976,624</b>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

EDUCATOR PREPARATION PROGRAMS (Sections 161.097 and 186.080, RSMo.)

The bill requires educator preparation programs to instruct teacher candidates on the selection and use of "high-quality" reading curricula and instructional materials that do not include the three-cueing system, as defined in current law.

This bill prohibits educator preparation programs from including instruction in, or endorsement of, the three-cueing system.

The bill repeals provisions establishing the literacy advisory council and allowing for its recommendations to the Commissioner of Education and the State Board of Education.

The bill also repeals a requirement for teacher candidates to be instructed on best practices in the field of literacy instruction as recommended by the literacy advisory council.

Beginning July 1, 2027, the Department of Elementary and Secondary Education (DESE) must annually review and publicly report on the compliance of educator preparation programs with literacy and reading instruction requirements of current law and those established in the bill. The review must evaluate whether instruction is grounded in the components of evidence-based reading instruction and whether prohibited practices, such as the three-cueing system, are excluded from coursework. Educator preparation programs not in compliance with these requirements will not be approved to certify new teachers.

#### STATE AID FOR READING INSTRUCTION (Section 161.241)

The bill provides that the current Evidence-Based Reading Instruction Program Fund may be used to fund reading tutoring programs inside regular school hours, rather than only outside regular school hours.

Subject to appropriation, DESE will remit to each school district and charter school \$500 for each fourth grade student who exhibited a substantial reading deficiency in any of grades kindergarten to grade three, or who was identified as dyslexic, and who subsequently scores at the proficient level or higher in reading on the annual summative English language arts assessment administered to fourth grade students.

#### IDENTIFICATION OF READING DEFICIENCIES (Sections 167.268, 167.340, and 167.645)

The bill establishes the "Missouri Universal Reading Screener", a uniform, universal, literacy-based reading assessment administered to students in grade one through grade three. The screening must be administered three times per year in every school district and charter school in the State. The screener will score each student in one of the following categories: "below basic", "basic", "grade-level", "proficient", or "advanced". Proficiency benchmarks associated with these categories will be determined by DESE.

Each school district and charter school must assess all students in grade one through grade three on the Missouri Universal Reading Screener during three annual administration windows established by DESE. DESE will provide the screener to school districts and charter schools at no cost. The screener may also be used to comply with dyslexia screening requirements established in current law. Student results on the screener must not be used to make decisions concerning the accreditation of a public school or school district.

The bill repeals a provision requiring school districts and charter schools to assess newly enrolled students in grade one through grade five on a reading assessment selected from a stateapproved list.

A student who scores "basic" on the Missouri Universal Reading Screener shall be identified as having a reading deficiency. A student who scores "below basic" on the screener shall be identified as having a substantial reading deficiency.

Beginning with the 2027-28 school year, a school district or charter school must notify the parent of a student with a substantial reading deficiency that if the child's substantial reading deficiency is not corrected by the end of third grade, the child will not be promoted to fourth grade unless the child qualifies for a good cause exemption. Retention of a third-grade student with a substantial reading deficiency is mandatory unless the child qualifies for a good cause exemption or scores "basic" or higher on a retest opportunity through the Missouri Universal Reading Screener, as specified in the bill.

A good cause exemption may be granted to students who are English language learners or who have individualized education plans or 504 plans developed under federal law. A good cause exemption may also be granted to a student who has already been retained at least once in kindergarten to third grade.

To request a good cause exemption, a student's teacher must submit documentation to the school principal recommending the student's promotion, including the type of exemption being requested and the child's existing reading improvement plan or individualized education plan, as appropriate. The school principal must discuss the recommendation with the teacher and determine whether the student qualifies for a good cause exemption. If the school principal determines that the student qualifies for the good cause exemption, the school principal will make the recommendation in writing to the superintendent, who shall accept or reject the school principal's recommendation in writing.

The school district shall assist schools with notifying parents of students who are retained of the reasons for the retention, along with a description of the proposed interventions and supports that will be provided to the child to remedy the identified area or areas of reading deficiency in the following school year.

Intensive reading instruction provided to students exhibiting a reading deficiency or substantial reading deficiency cannot include the three-cueing system, as defined in current law, to teach word reading.

By October 1 annually, each school board must submit a written report to DESE that contains certain information regarding reading instruction, such as the board's policies regarding student retention and promotion, the number and percentage of students identified as having reading deficiencies or substantial reading deficiencies, the number and percentage of all students retained in kindergarten to third grade due to substantial reading deficiencies, and the total number and percentage of third-grade students who were promoted with good cause exemptions, as specified in the bill.

### THREE-CUEING SYSTEM MODEL OF READING INSTRUCTION (Section 170.014)

Current law provides that instruction in word reading cannot rely primarily on the "three-cueing system", defined as any model of reading instruction based on meaning, structure and syntax,

and visual cues, also be known as "MSV". The bill repeals this provision and instead provides that instruction in word reading shall not use the three-cueing system in any form.

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  
Office of the State Treasurer  
Joint Committee on Administrative Rules  
High Point R-III School District



Julie Morff  
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January 27, 2026



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January 27, 2026