

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5748H.011
 Bill No.: HB 2938
 Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education; Children and Minors
 Type: Original
 Date: March 22, 2024

Bill Summary: This proposal creates "Earned Autonomy Schools Waivers" for school districts and enacts other education reform measures.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|---|---|---|
| FUND AFFECTED | FY 2025 | FY 2026 | FY 2027 |
| General Revenue* | More or Less than (\$567,251) to (\$848,582) | More or Less than (\$415,752) to (\$724,660) | More or Less than (\$421,847) to (\$734,332) |
| Total Estimated Net Effect on General Revenue | More or Less than (\$567,251) to (\$848,582) | More or Less than (\$415,752) to (\$724,660) | More or Less than (\$421,847) to (\$734,332) |

* The fiscal note reflects a range of impact of \$0 (no hearings) to costs of less than \$100,000 (hearings by the State Board) and costs for advisory council meetings as estimated by DESE in the fiscal note. It also reflects 3 to 5 FTE to complete the school performance reviews, processing the waivers, operation of the online program, processing permits and certificate applications, and providing technical assistance to oversee this program. Oversight notes that with these costs combined, the potential impact could exceed \$250,000.

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

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|-------------------|-------------------|-------------------|
| FUND AFFECTED | FY 2025 | FY 2026 | FY 2027 |
| General Revenue | 3 to 5 FTE | 3 to 5 FTE | 3 to 5 FTE |
| Total Estimated Net Effect on FTE | 3 to 5 FTE | 3 to 5 FTE | 3 to 5 FTE |

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 2025 | FY 2026 | FY 2027 |
| | | | |
| Local Government | \$0 or (Unknown) to Unknown | \$0 or (Unknown) to Unknown | \$0 or (Unknown) to Unknown |

FISCAL ANALYSIS

ASSUMPTION

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

Section 160.519 would require the "Missouri Earned Autonomy Schools Waivers Advisory Council" to be created. DESE assumes the responsibility for supporting the council would fall with the department. DESE estimates the membership as outlined; six members representing the House and Senate, 18 members appointed by the governor would meet annually a minimum of five days for a total annual meeting cost of \$78,090.

In addition, DESE assumes the responsibility of completing the school performance reviews and processing waivers would fall under the department. To complete this work would require a minimum of 1-2 supervisors with related benefits, expenses, and equipment. Dependent upon the number of schools requesting waivers and how extensive the review process developed by the council is, there may be a requirement for additional FTE. DESE would seek needed FTE through the appropriations process as the program was developed.

Section 168.021 adds the ability to issue teaching certificates based upon the issuance of a school district teaching permit as outlined in section 168.029.

Section 168.029 would require issuing teaching certificates based on a district issued permit. DESE's current certification system has no mechanism for granting a teaching certificate based on a district issued permit and ITSD programming would be required to update the system. In addition, two (2) FTE would be required to oversee this program; one supervisor and one administrative assistant. These FTE would be responsible for the operation of the online program, processing permits and certificate applications, and providing technical assistance.

The amendments to section 168.029 allow for the issuance, by the State Board of Education, of additional teaching certificates in connection with the issuance, by school districts, of teaching permits. This potentially increases the number of hearings for disciplinary matters. Based on this proposed language, the Office of Governmental Affairs estimates costs of less than \$100,000 and could be absorbed with existing resources. These costs, which will be dependent on the number of hearing appeals the State Board receives, include but are not limited to:

- Hearing officer time for hearing and drafting recommendations for the State Board;
- Administrative assistant time to schedule hearings, provide notice to parties and any settlement negotiations;
- Court reporter costs.

For cost explanation purposes, the average cost for a teacher discipline hearing is \$566.55/hearing:

- Average of 3 hours of hearing officer time x average of \$58.08/hour
- Average of 7 hours administrative assistant time x \$31.08/hour
- Average of \$174.75 in court reporter costs/hearing.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the estimated impact for the Advisory Council meetings and FTE in the fiscal note. Oversight will reflect a range of impact of \$0 (no hearings) to Less than \$100,000 in costs (hearings by the State Board) as estimated by DESE in the fiscal note.

Upon further inquiry, **DESE** stated based on the language in Section 160.519.(2), DESE would assume no waivers would be issued waiving federal requirements imposed on school districts and so would not impact federal funding. The assessments required under Section 167.645 are not federally required and so could be waived under this language. However, those assessments are purchased by LEAs and so would not be a savings to the state.

Oversight notes the assessments required under Section 167.645 are purchased by LEAs as noted in above statement from DESE. Oversight assumes there would be potential savings to the school districts regarding the assessments as reading assessments for “B” level schools are potentially being waived in the proposal. Oversight will reflect a \$0 to (Unknown) savings to school districts in the fiscal note.

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. Sections 160.519, 168.021, and 168.029 would require changes to the Report Card/APR as well as changes to the Educator Certification application/system.

The Report Card/APR is a set of data processes (ETLs) that gather data that DESE has collected from districts using the MOSIS application/system. These ETL's will need modified to handle the changes. ITSD estimates the project would take 1,209.60 hours at a contracted rate of \$105 for a total cost of \$127,008 in FY 2025, \$26,037 in FY 2026, and \$26,688 in FY 2027.

It is assumed the Educator Certification application/system would be used to collect and maintain data for the proposed changes. It's assumed this data could be collected into Educator Certification. However, several changes may be required for this proposal. This estimate is for the new data processing and processes to adhere to the requirements of the proposed bill. ITSD estimates the project would take 1,047.60 hours at a contracted rate of \$105 for a total cost of \$109,998 in FY 2025, \$22,550 in FY 2026, and \$23,114 in FY 2027.

ITSD estimates the project total for this proposal would take 2,257.20 hours at a contracted rate of \$105 for a total cost of **\$237,006** in FY 2025, **\$48,587** in FY 2026, and **\$49,802** in FY 2027.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the estimated impact from OA-ITSD in the fiscal note.

Officials from the **Department of Higher Education and Workforce Development and Public Schools and Education Employee Retirement Systems** both assume the proposal will have no fiscal impact on their organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Officials from **Public Schools and Education Employee Retirement Systems (PSRS/PEERS)** assume the proposal will have no fiscal impact on their organization.

In response to similar legislation, HCS for HB 1998 (2022), officials from **Public Schools and Education Employee Retirement Systems (PSRS/PEERS)** assumed this proposal could impact the Public School Retirement System (PSRS) or the Public Education Employee Retirement System (PEERS) in two different sections. The first being sections 168.021 and 168.029 related to the issuance of teaching permits and the second is section 168.036 related to working after retirement limits.

Issuance of Teaching Permits

HCS HB 1998 allows school districts to issue school district teaching permits for persons that will then be issued a certificate of license to teach granted by the state board of education. PSRS membership is automatic, regardless of position, for certificated employees of the covered employers in a position that normally requires the employee to:

1. Work at least 17 hours per week on a regular basis
2. Work at least 600 hours during the school term

The term “certificated” refers to full-time and part-time employees holding valid Missouri educator certificates issued by the Missouri Department of Elementary and Secondary Education (DESE). The members of PSRS normally do not participate into Social Security, whereas members of PEERS do pay into Social Security.

HCS HB 1998 adds section 168.021 which governs the certification of licensure to teach in the public schools of Missouri. The school district teaching permit as established under 168.029 must be approved and certificated by the State Board of Education (SBE). These “permitted, certificated” teachers will be members of PSRS.

Section 168.029 allows school districts to issue a teaching permit to individuals who meet certain eligibility requirements as established by the school districts. These “permitted” individuals shall be issued a teaching certificate by the state board of education as provided in section 168.021. School districts shall develop a policy listing qualification for this type of “permitted, certificated teacher” as specified in the bill and submit the policy to DESE.

The number of teachers issued a teaching permit that is certificated must not exceed 15% of the total number of teachers employed in the district. If an individual is issued a teaching permit and

teaches for four years, the State Board of Education may issue a teaching certificate as specified in the bill.

Oversight will show an unknown (positive or negative) impact on employer contributions for school districts and community colleges.

Officials from the **St. Louis County Board of Elections** assume the proposal will have a fiscal impact of \$100,000 per election, as it pushes to a two-page ballot.

Officials from the **Jackson County Election Board, Platte County Board of Elections, St. Louis City Board of Elections, Northwest Missouri State University, and University of Central Missouri** each assume the proposal will have no fiscal impact on their organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight notes the election authority with jurisdiction over each school district shall submit the question of whether the registered voters of such school district approve of the school district's academic performance on each general election day (first Tuesday after the first Monday in November of even-numbered years).

Oversight notes the cost of the November ballot issues could increase in part due to an increase in the number of ballot issues and ballot pages. Oversight also assumes beginning November of 2024 (FY 2025), some local political subdivisions may see proportional cost savings as more entities would now share in the cost of the ballot. As a result of the proposal, the state's proportional share is expected to decrease in multiple jurisdictions, yet the overall cost of the election may increase. Therefore, Oversight will reflect a potential \$0 to unknown savings to an unknown cost in FY25 and FY 27 on the fiscal note.

Oversight received limited responses from school districts, universities, and colleges 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, universities, and colleges 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 |
|--|---|---|---|
| GENERAL REVENUE | | | |
| <u>Savings</u> - decrease in proportional cost for November ballot issues - §160.519.6 (2) | \$0 to Unknown | \$0 | \$0 to Unknown |
| <u>Costs</u> - increased cost for November ballot issues and ballot length - §160.519.6 (2) | \$0 to (Unknown) | \$0 | \$0 to (Unknown) |
| <u>Costs</u> – DESE – Advisory Council Meetings - §160.519 | (\$78,090) | (\$78,090) | (\$78,090) |
| <u>Costs</u> – DESE – hearings held by the State Board - §168.029 | \$0 to Less than (\$100,000) | \$0 to Less than (\$100,000) | \$0 to Less than (\$100,000) |
| <u>Costs</u> – DESE/ITSD – programming for Report Card/APR & Educator Certification system - §§160.519, 168.021, & 168.029 | (\$237,006) | (\$48,587) | (\$49,802) |
| <u>Costs</u> – DESE - §§160.519 & 168.029 | | | |
| Personnel Service | (\$132,400) to (\$230,200) | (\$162,058) to (\$281,765) | (\$165,299) to (\$287,400) |
| Fringe Benefits | (\$88,866) to (\$151,805) | (\$107,871) to (\$184,307) | (\$109,127) to (\$186,491) |
| Expense & Equipment | (\$30,889) to (\$51,481) | (\$19,146) to (\$31,911) | (\$19,529) to (\$32,549) |
| <u>Total Costs</u> - DESE | (\$252,155) to (\$433,486) | (\$289,075) to (\$497,983) | (\$293,955) to (\$506,440) |
| FTE Change | 3 to 5 FTE | 3 to 5 FTE | 3 to 5 FTE |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | More or Less than (\$567,251) to (\$848,582) | More or Less than (\$415,752) to (\$724,660) | More or Less than (\$421,847) to (\$734,332) |
| Estimated Net FTE Change on General Revenue | 3 to 5 FTE | 3 to 5 FTE | 3 to 5 FTE |

| <u>FISCAL IMPACT – State Government</u> | FY 2025 (10 Mo.) | FY 2026 | FY 2027 |
|---|--|--|--|
| LOCAL POLITICAL SUBDIVISIONS | | | |
| <u>Savings</u> – Local Educational Agencies – reading assessments for “B” level schools potentially being waived | \$0 to Unknown | \$0 to Unknown | \$0 to Unknown |
| <u>Cost/Savings</u> – Local Election Authorities - decrease in proportional cost/ increased cost ballot issues and ballot length - §160.519.6 (2) | \$0 or (Unknown) to Unknown | \$0 | \$0 or (Unknown) to Unknown |
| <u>Costs/Savings</u> – Local Educational Agencies - unknown impact on employer contribution rates - §168.029.7 | \$0 or (Unknown) to Unknown | \$0 or (Unknown) to Unknown | \$0 or (Unknown) to Unknown |
| ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS | \$0 or (Unknown) to Unknown | \$0 or (Unknown) to Unknown | \$0 or (Unknown) to Unknown |

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill establishes the "Missouri Earned Autonomy Schools Waivers Advisory Council". The membership of the council is specified in the bill and includes: three members of the House of Representatives, two to be appointed by the Speaker and one appointed by the Minority Floor Leader; three members of the Senate, with two appointed by the President Pro Tem and one by the Minority Floor Leader; with the rest of the members to be appointed by the Governor.

The Advisory Council must develop a school performance review to calculate eligibility for school districts to receive waivers of State rules and regulations. Components of the school performance review include the following:

- (a) Academic performance;
- (b) Academic growth;
- (c) Academic teacher score;
- (d) Community teacher survey;

- (e) Community parent survey; and
- (f) School district resident satisfaction.

The significance for each component is outlined with the total assessment worth 100 points. Districts that earn at least 90 points for three successive years are deemed "A" level and are eligible for earned autonomy schools waivers. Districts earning less than 90 but at least 80 for three consecutive years are "B" level schools and specific expanded measures for such schools are specified in the bill.

Districts that are lower than 80 but at least 70 for three consecutive years are determined as "C" level schools and are not eligible for earned autonomy. Any district lower than 70 for one year will be designated as a "D" level district and provided interventions as specified in the bill. Districts lower than 70 for three consecutive years are "F" school districts and designated as unaccredited. Districts that meet the criteria to be designated as an "A" level will have the district's superintendent provide a plan to the districts school board for the waiver of identified State rules and regulations in order to promote flexibility and enhance delivery of instruction (Section 160.519, RSMo).

This bill allows school districts to issue a district teaching permit to any individual who does not currently hold a State Board of Education (SBE) issued teaching certificate. The district teaching permit allows the holder to teach only in the issuing school district unless another school district also issues permits and recognizes permits issued in this manner as part of their policy.

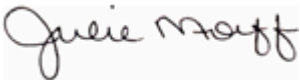
The bill requires districts to develop a policy listing the qualifications an individual must meet to be eligible for the teaching permit, which include, at a minimum, an associates degree and background check. The number of teachers issued a teaching permit must not exceed 25% of the total number of teachers employed in the district. If an individual is issued a teaching permit and teaches for four years, the SBE may issue a teaching certificate as specified in the bill.

Any individual who obtains a teaching permit as described within the bill will be deemed a teacher for purposes of determining minimum salary, tenure, and retirement (Section 168.029).

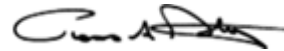
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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
Public Schools and Education Employee Retirement Systems
Jackson County Election Board
Platte County Board of Elections
St. Louis City Board of Elections
St. Louis County Board of Elections
Northwest Missouri State University
University of Central Missouri



Julie Morff
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March 22, 2024



Ross Strobe
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March 22, 2024