

Fiscal Estimate - 2023 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 23-2748/1	Introduction Number AB-0321
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Description
 reading instruction in public schools and private schools participating in parental choice programs, an early literacy assessment and intervention program, providing an exemption from rule-making procedures, and granting rule-making authority

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<input checked="" type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs	5. Types of Local Government Units Affected	
<input checked="" type="checkbox"/> Indeterminate	<input type="checkbox"/> Towns	<input type="checkbox"/> Village <input type="checkbox"/> Cities
1. <input checked="" type="checkbox"/> Increase Costs	<input type="checkbox"/> Counties	<input type="checkbox"/> Others
<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	<input checked="" type="checkbox"/> School Districts	<input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs		
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		
3. <input checked="" type="checkbox"/> Increase Revenue		
<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory		
4. <input type="checkbox"/> Decrease Revenue		
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		

Fund Sources Affected	Affected Ch. 20 Appropriations
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS TBD	

Agency/Prepared By	Authorized Signature	Date
DPI/ Erin Fath (608) 266-2804	Erin Fath (608) 266-2804	6/14/2023

Fiscal Estimate Narratives

DPI 6/14/2023

LRB Number	23-2748/1	Introduction Number	AB-0321	Estimate Type	Original
Description reading instruction in public schools and private schools participating in parental choice programs, an early literacy assessment and intervention program, providing an exemption from rule-making procedures, and granting rule-making authority					

Assumptions Used in Arriving at Fiscal Estimate

This bill make several changes to current law pertaining to reading instruction in public schools and private schools participating in parental choice programs, and an early literacy assessment and intervention program. This fiscal estimate will address those provisions of the bill that appear to have a direct fiscal impact and will not describe all the provisions of the bill.

This bill creates the Office of Literacy in DPI, to be led by a Director appointed by the State Superintendent in consultation with the Council on Early Literacy Curricula, subject to the advice and consent of the Senate, and who serves at the pleasure of the state superintendent. The responsibilities of the Office include:

1. Establish and supervise a literacy coaching program to improve literacy outcomes in this state by contracting for up to 64 full-time equivalent (FTE) literacy coaches.
2. Provide ongoing training on science-based early literacy instruction and instructional practices and supervision to literacy coaches.
3. Submit an annual report to the Joint Committee on Finance (JCF) on various aspects of the literacy coaching program during the previous school year.

Under the bill, the Office of Literacy and the literacy coaching program will be sunset on July 1, 2028. In it's work on the 2023-25 state biennial budget, the JCF approved budget motion #103, which included setting aside \$50,000,000 GPR in the Committee's supplemental appropriation for the purpose of DPI implementing a literacy program (i.e., as prescribed in this bill). It appears that the \$50,000,000 set aside is intended to pay for the costs associated with a literacy program through June 30, 2028 (i.e., five years, from FY24 through FY28).

While the bill does not provide additional position authority to DPI for this purpose, DPI would need at least 1.0 FTE position to fulfill the duties of the Director of the Office of Literacy. Assuming a position could be filled by October 1, 2023, DPI would expect to expend approximately \$121,200 in FY24, \$157,600 in FY25, \$160,400 in FY26, \$163,200 in FY27, and \$166,000 in FY28 for that position (total of \$768,400 over five years).

These figures reflect estimated costs for salary, fringe benefits, fixed (allocated) costs, IT support, and travel; the amounts increase each year to reflect anticipated general wage adjustments of two percent annually, beginning in January 2024.

The bill creates a Council on Early Literacy Curricula in DPI, the function of which is to recommend literacy curricula and instructional materials for use in Kindergarten through third grade. The bill specifies the appointing authority, terms for appointees, and responsibilities of the council members. This fiscal estimate assumes the annual cost for meetings of this council at \$6,000 annually (\$1,250/meeting x 4 meetings annually); total of 30,000 over five years.

This bill requires the DPI/Office of Literacy to contract for up to 64 FTE literacy coaches who will work with schools throughout the state. Based on DPI's 2023-25 biennial budget request for funding for a reading improvement initiative (which included a request for funding to literacy coaches), the annualized cost for 64 FTE literacy coaches would be \$8,000,000 (\$125,000 per coach x 64 coaches). Assuming the literacy coaches could begin midway through the first year, the cost for FY24 is estimated at \$4,000,000, and at \$8,000,000 annually thereafter (total of \$36,000,000 over four years) .

Under the bill, professional development would be required for all kindergarten to 3rd grade teachers, principals of schools that offer kindergarten to 3rd grade, and reading specialists in a district/school; school boards and charter school operators would be required to ensure that the professional development training in

science-based early literacy instruction is provided for the applicable school staff by no later than July 1, 2025.

DPI's 2023-25 reading initiative budget request included a request for funding to support the professional development of educators, structured as training sessions delivered by literacy coaches, at \$6,000 per session and two sessions annually. Applying that model to this bill, this fiscal estimate assumes the cost of providing professional development would be at least \$6,000 per session x 64 coaches = \$384,000, annually. Given that bill requires current school staff to receive training by July 1, 2025, this estimate assumes the literacy coaches would need to provide at least two session before July 1, 2025; thus, the cost is estimated at \$768,000 in FY24. Thereafter, costs are estimated at \$384,000 annually, to provide the training to new educators coming into schools after July 1, 2025, and/or continued professional development after initial training. Total costs estimated at approximately \$2,300,000 over five years.

Under the bill, beginning in the 2024-25 school year, school boards and independent charter schools must screen all pupils enrolled in five-year-old kindergarten to third grade at least three times each school year using a universal screening assessment selected by DPI (which must meet specific criteria in the bill). They must also conduct diagnostic assessments that meet criteria specified in the bill for this population of pupils. Under current law, DPI reimburses school districts and independent charter schools for costs associated with the literacy screener required under current law.

Because current law requires that screener with less frequency (compared to the bill), there is potential for increased costs to schools associated with these additional screenings. The potential costs, and whether there is sufficient funding in the current law appropriation to provide reimbursements to schools, is not known and cannot be estimated without further research.

Under the bill, beginning on January 1, 2024, if a school board, charter school, or private school participating in a parental choice program chooses to adopt an early literacy curriculum, they must adopt an early literacy curriculum recommended by DPI. The bill requires DPI to award grants to school boards, independent charter schools, and private schools participating in a choice program that adopt a recommended early literacy curriculum on or after January 1, 2024. The amount of the grant is 50 percent of the cost to purchase the recommended literacy curriculum and instructional materials.

Based on the costs of the other provisions in the bill (\$39,102,400 over five years), there would remain approximately \$10,900,000 of the \$50,000,000 set aside for the literacy program. This remaining funding is presumably to be used for the grants to schools to offset the costs of purchasing an approved literacy curriculum. Assuming DPI begins reimbursing schools during FY25 (for costs incurred during FY24), there would be sufficient funding to support grant awards of approximately \$2,724,400 annually, for four years (grants awarded in FY25 through FY28, for costs incurred by schools from FY24 through FY27).

Finally, under the bill, to be approved by the state superintendent, a teacher preparatory program must demonstrate that it provides instruction that prepares teachers to teach reading and language arts using science-based early reading instruction and that it does not provide instruction on teaching reading and language arts that incorporates three-cueing. Presumably there will be costs incurred by teacher preparatory programs to comply with these provisions of the bill, but DPI is not in a position to estimate those costs.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2023 Session

Detailed Estimate of Annual Fiscal Effect

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Description reading instruction in public schools and private schools participating in parental choice programs, an early literacy assessment and intervention program, providing an exemption from rule-making procedures, and granting rule-making authority		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
II. Annualized Costs:		
	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$620,800	\$
(FTE Position Changes)	(1.0 FTE)	
State Operations - Other Costs	38,481,600	
Local Assistance	10,897,600	
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$50,000,000	\$
B. State Costs by Source of Funds		
GPR	50,000,000	
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$50,000,000	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		
Authorized Signature		Date
DPI/ Erin Fath (608) 266-2804		Erin Fath (608) 266-2804
		6/14/2023

**Fiscal Estimate for AB-321
Detailed Estimate
LRB draft 23-2748/1
Prepared by Erin Fath (DPI)
608-266-2804**

	FY24		FY25		FY26		FY27		FY28		TOTAL	\$ 50,000,000	
	5-Year spend down		Year 2		Year 3		Year 4		Year 5				
	Year 1		Year 2		Year 3		Year 4		Year 5		TOTALS		
Office of Literacy in DPI	\$ 121,200		\$ 157,600		\$ 160,400		\$ 163,200		\$ 166,000		All personnel costs	\$ 768,400	1.5%
Council on Early Literacy Curriculum in DPI	\$ 6,000		\$ 6,000		\$ 6,000		\$ 6,000		\$ 6,000		annual	\$ 30,000	0.1%
Literacy Coaches	\$4,000,000		\$8,000,000		\$8,000,000		\$8,000,000		\$8,000,000		annual	\$ 36,000,000	72.0%
Mandatory Professional Development	\$ 768,000		\$ 384,000		\$ 384,000		\$ 384,000		\$ 384,000		annual	\$ 2,304,000	4.6%
	\$4,895,200		\$8,547,600		\$8,550,400		\$8,553,200		\$8,556,000		Subtotal	\$ 39,102,400	78.2%
											Grants	\$ 10,897,600	21.8%
											ave/year	\$ 2,724,400	
												(Over 4 years)	