

HF69 - 0 - Reading Proficiency and Literacy Incentive Aid

Chief Author: **Kristin Robbins**
 Committee: **Education Finance Division**
 Date Completed: **9/8/2020 3:57:06 PM**
 Lead Agency: **Education Department**
 Other Agencies:
 Prof Educator Licensing Std
 Bd

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
Education Department						
General Fund	-	-	-	602	512	
Prof Educator Licensing Std Bd						
General Fund	-	-	170	7,627	30	
State Total						
General Fund	-	-	170	8,229	542	
	Total	-	-	170	8,229	542
	Biennial Total			170		8,771

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
	FY2019	FY2020	FY2021	FY2022	FY2023	
Education Department						
General Fund	-	-	.3	4	4	
Prof Educator Licensing Std Bd						
General Fund	-	-	-	-	-	
	Total	-	-	.3	4	4

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Alyssa Holterman **Date:** 9/8/2020 3:57:06 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2019	FY2020	FY2021	FY2022	FY2023
Education Department						
General Fund		-	-	-	602	512
Prof Educator Licensing Std Bd						
General Fund		-	-	170	7,627	30
Total		-	-	170	8,229	542
Biennial Total				170		8,771
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Education Department						
General Fund						
Expenditures		-	-	43	688	598
Absorbed Costs		-	-	(43)	(86)	(86)
Prof Educator Licensing Std Bd						
General Fund		-	-	170	9,900	30
Total		-	-	170	10,502	542
Biennial Total				170		11,044
2 - Revenues, Transfers In*						
Education Department						
General Fund						
		-	-	-	-	-
Prof Educator Licensing Std Bd						
General Fund		-	-	-	2,273	-
Total		-	-	-	2,273	-
Biennial Total				-		2,273

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State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	-	602	512	
Total	-	-	-	602	512	
Biennial Total			-			1,114

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	.3	4	4
Total	-	-	.3	4	4

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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State Cost (Savings) Calculation Details

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*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	-	-	602	512
Total		-	-	-	602	512
Biennial Total					-	1,114
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund						
Expenditures	-	-	43	688	598	(86)
Absorbed Costs	-	-	(43)	(86)	(86)	(86)
Total		-	-	-	602	512
Biennial Total					-	1,114
2 - Revenues, Transfers In*						
General Fund						
Total		-	-	-	-	-
Biennial Total					-	-

Bill Description

Section 1 requires school districts to formally assess the reading skills of students in kindergarten through grade 3 at the beginning, middle and end of the school year. These assessments must be used to identify students not reading at grade level and to recommend appropriate interventions to bring the students up to grade level.

Section 2 requires parent notification within two weeks of assessing student reading skills at the three points during the school year. Current law requires at least annual notification.

Section 3 requires districts to provide “intensive” reading instruction to students identified as not reading at grade level. Suggests that the district may contract with an accredited literacy specialist to provide intervention services. (An “accredited literacy specialist” is a licensed Minnesota teacher with a reading certification)

Section 4 requires the commissioner of education to adopt a list of approved scientific research-based reading curricula for students in kindergarten through grade 3. The commissioner may reduce literacy incentive aid of a district that does not use an approved curriculum starting in the 2021-2022 school year.

Section 5 requires districts to submit a report annually to the commissioner, by September 1, on:

1. the district’s policies relating to grade retention and promotion;
2. performance on reading and math MCAs and alternative standardized reading assessments;
3. number and percentage of students retained from the prior school year for students in grades K-8;
4. any revisions to school board policy on student retention and promotion from the prior year

Section 5 also requires the commissioner of education to annually compile the information reported by the districts, including state-level summary information and report to chairs and ranking minority members of legislative committees with jurisdiction over education.

Section 6 establishes a school recognition program to award school sites that improve the reading skills of students in kindergarten through grade 3. Awards could be up to \$100 per pupil, depending on funds appropriated. A school site that is award funds must establish a staff advisory council to determine how to allocate the funds. Identified uses include nonrecurring bonuses to teacher and staff, nonrecurring educational equipment and temporary personnel to assist with improving student performance.

Section 7 See Professional Educator Licensing and Standards Board (PELSB) fiscal note.

Section 8 requires PELSB and the commissioner of education to collaborate to establish a five-day professional development training program for K-3 teachers in June, July or August each year. Requires districts to compensate teachers for participating in the training program. Requires the department of education to assign a reading coach to

participants in the summer professional development program for additional support in enhancing teachers' skills in the following school year.

Sections 9 and 10 make technical changes to literacy proficiency and growth aid.

Section 11 outlines allowed uses of literacy aid as follows:

1. developing and implementing the district's local literacy plan;
2. assessing students' reading skills;
3. providing intensive reading instruction and intervention;
4. contracting with literacy specialists;
5. staff development on reading instruction;
6. paying program costs and compensation to teachers attending a summer training program (including program outline in Section 8.
7. paying costs for school recognition program outlined in Section 6.

Section 12 states that literacy incentive aid funds should be used for purposes outlines in Section 11, to the extent practicable.

All provisions in this bill are effective beginning with the 2021-22 school year.

Assumptions

1. The requirement in this bill that the commissioner create an "approved reading curricula" list (line 3.26) runs contrary to Minnesota Statute 120B.02. M.S. 120B.02 states that "the commissioner shall not prescribe in rule or otherwise the delivery system, classroom assessments or form of instruction that school sites must use.' This conflict with current law must be addressed in order for the following assumptions to hold and for this bill to be implemented.
2. Approximately 0.2 FTE Education Specialist 2 for data analysis and 0.2 FTE Education Specialist 2 for literacy specialist time will be needed to analyze and create a report for the legislative committees.
3. It is assumed that 3.0 FTE Education Specialist 2 will be needed to serve and coaches/mentors for teachers following the Summer Teacher Training Program. If 100 teachers participate in the program each summer, it is assumed that each mentor could serve roughly 35 teachers on a regular basis in the form of weekly check-ins, resources, support and training for the year following participation in the summer program.
4. It is assumed that approximately 0.1 FTE Education Specialist 2 will be needed to create the rubric to review and approximately 0.2 FTE Education Specialist 2 will be needed to review curricula and publish the list. This will likely be an ongoing time cost as curricula is created or revised on an ongoing basis. This cost can be absorbed by current staffing, however other technical support and projects may receive lower prioritization as a result.
5. It is assumed that all districts will have an approved reading curricula by FY 2022, and thus the commissioner will not reduce literacy incentive aid for being out of compliance.
6. There are 994 schools in Minnesota serving students in grades K-3 based on the Education Statistics Summary in the MDE data center. Those schools serve 258,000 students based on the same data set.
7. The school recognition program would be awarded by a grant to LEAs. Review time will likely be a part of the analysis done for the submissions and can be absorbed into that work. Approximately 0.25 FTE Grant Specialist Intermediate time will be needed to make the awards. An appropriation should be legislated for the schools that are awarded this funding. The cost for all schools being awarded this funding at the maximum of \$100 per pupil is \$25.8 million. It is undetermined what percentage of schools will be awarded grants, and these costs are not included in the cost calculation for this fiscal note. The cost for staff time of the Grant Specialist is also not included in absence of funds to make the awards.
8. The Summer Teacher Training Program would be provided by MDE content specialists. To conduct the five day trainings, 0.3 FTE Education Specialist 2 will be needed to plan and deliver the trainings. This can be absorbed by the current staffing, but will limit other support and trainings.
- 9.

MNIT funding will be required to update the Read Well by 3rd grade data online submission system. It is estimated that 1,050 hours of IT time will be required in business analysis, application and report development, quality assurance and project management. At \$100 per hour, this will have an initial cost of \$105,000. Initial MN.IT programming expenditures will occur in FY22, with 20 percent maintenance costs in FY23 and 10 percent maintenance cost in FY24 and beyond.

10. Any state costs related to the reading license endorsement will be within PELSB and are not calculated here.

Expenditure and/or Revenue Formula

	MDE Costs	FY21	FY22	FY23	
1	Education Specialist 2 (0.2 FTE) data analysis		32,200	30,200	
2	Education Specialist 2 (0.2 FTE) data analysis and report		32,300	30,200	
3	Education Specialist 2 (3.0 FTE) - coaches/mentors		432,303	430,365	
4	Subtotal:		496,803	490,765	
5					
6	MDE Costs that can be absorbed				
7	Ed Spec 2 (0.1 FTE) - develop approved reading curricula		14,345	14,345	
8	Ed Spec 2 (0.2 FTE) - Review curricula and publish approved curricula list		28,691	28,691	
9	Ed Spec 2 (0.3 FTE) - Summer Teacher Training Program staff time	43,036	43,036	43,036	
10	Subtotal:	43,036	86,072	86,072	
11					
12	Total, MDE Costs (line 4 + line 10)	43,036	582,875	576,837	
13	MN.IT Costs (FY 22 only)		Hours	Rate	Cost
14	Business Analysis		125	\$ 100	\$12,500
15	Application Develop		375	\$ 100	\$37,500
16	Report Development		125	\$ 100	\$12,500
17	Quality Assurance		250	\$ 100	\$25,000
18	Project Management		175	\$ 100	\$17,500
19	Subtotal, MN.IT Costs:		1,050		\$105,000
20					
21		FY21	FY22	FY23	
22	MDE Costs (line 12)	43,036	582,875	576,837	
23	MN.IT Costs (line 21)	-	105,000	21,000	
24	Subtotal MDE + MN.IT Costs:	43,036	687,875	597,837	
25	<i>Less MDE absorbed costs (line 10)</i>	<i>(43,036)</i>	<i>(86,072)</i>	<i>(86,072)</i>	
26	Total, Fiscal Note Costs (line 24 + line 25)	-	601,803	511,765	

Long-Term Fiscal Considerations

All the MDE expenditures outlined above will be ongoing. Initial MN.IT programming expenditures will occur in FY22, with 20 percent maintenance costs in FY23 and 10 percent maintenance cost in FY24 and beyond.

Local Fiscal Impact

For some schools increasing assessment from once per year to three times per year is an increase of assessment time and costs. Other district currently do administer three times per year and there will be no added costs.

Literacy incentive aid has historically been unrestricted/undesignated money for the districts. The newly outlined suggested uses of the aid may add new costs for districts as the aid may not cover all of the costs for the expanded testing and services provided in this bill. This work will likely be done by current teachers but the requirement for the personal learning plan may add additional paperwork time for the teacher creating a need for additional staffing to fully meet new requirements for both instruction and paperwork.

If an LEA currently does not use one of the curricula that is approved by MDE, additional curricula purchase and training time will be needed by a local district. If they choose not to implement an MDE approved curricula, the LEA's literacy incentive aid could be reduced at the commissioner's discretion.

Reporting likely will not add additional costs to an LEA as it is currently a part of the Read Well by 3rd Grade submissions.

Depending on funds appropriated, districts could receive up to \$25.8 million in new funding through the school recognition program. No appropriation amount is current suggested in the bill.

Districts would incur additional profession development costs for sending teachers to the summer training, including travel and lodging. The district could use funds from literacy incentive aid to cover some or all of this cost.

References/Sources

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Chief Author: **Kristin Robbins**
 Committee: **Education Finance Division**
 Date Completed: **9/8/2020 3:57:06 PM**
 Agency: **Prof Educator Licensing Std Bd**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		
		X

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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	170	7,627	30	
Total	-	-	170	7,627	30	
Biennial Total			170		7,657	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Alyssa Holterman **Date:** 8/31/2020 9:06:12 AM
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State Cost (Savings) Calculation Details

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Dollars in Thousands		FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	170	7,627	30	
Total	-	-	170	7,627	30	
Biennial Total			170		7,657	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	170	9,900	30	
Total	-	-	170	9,900	30	
Biennial Total			170		9,930	
2 - Revenues, Transfers In*						
General Fund	-	-	-	2,273	-	
Total	-	-	-	2,273	-	
Biennial Total			-		2,273	

Bill Description

There are two parts to this bill that impact that work of PELSB. First, the bill requires rulemaking to establish a reading endorsement for K-3 teachers. This part includes having an examination to test candidates for this endorsement as well as alternative ways to earn an endorsement.

Second, the bill requires PELSB to collaborate with MDE to create a 5-day professional development training program in the area of reading instruction techniques.

Assumptions

It is assumed that the rulemaking process would need significant stakeholder involvement in developing reading standards in this area.

It is assumed that the board will need to partner with a national testing company to develop and create a reading test. It is assumed that this relationship will partner with our current testing vendor contract and will add no additional costs for the state. (the likely cost to applicants would be \$100 for the exam based on current testing fees)

It is assumed that approximately 75% of teachers holding a license that could receive this endorsement (Early Childhood and Elementary Education) would add the endorsement, and would need to pay the licensure fee to add the endorsement.

It is assumed that an alternative method to receive this endorsement would require staff time to review and/or hiring external reviewers. This process has occurred in the past when the Autism Spectrum Disorder licensure was added. It is also likely to mirror our portfolio review process that requires external reviewers who are paid a stipend, and staff time to facilitate the finding, training, and processing of those reviews. In past experience with adding a specialty endorsement, licensed teachers primarily sought alternative review methods. (Note: there are other possible alternative methods to receive the endorsement that could be explored, but would require those laid out in the legislation. This has not been offered in the past, but could limit the cost for state expenditures. For example, the reviews must be completed by an approved teacher preparation provider or by a review panel that is offered only a per diem stipend. Another options is that these charges could be passed along to the applicant, who could be charged the "portfolio" fee if they use the alternative method by statute the portfolio fee is \$300.)

It is assumed that the development of a 5 day training will require an additional employee with expertise in professional development to plan and implement the training, or funds to contract with external providers to this administer this service. The numbers included here represent contracting with experts to develop and implement the training. (Note: statute could

require teachers to pay for the training, which could alleviate the expenditure listed below.) This cost assumes one training per summer with no more than 100 participants. If more trainings were needed to accommodate more participants, additional funds would be needed to add trainings.

Expenditure and/or Revenue Formula

Rulemaking for a reading endorsement for K-3 license: \$130,107 (as estimated by the DHS Rulemaking Manual, 2019)

Alternative pathway to endorsement: \$165/reviewer x 2 reviewers per application = \$330/review. 53,174 license holders who could receive the endorsement. While there is no way to know how many individuals would add the endorsement and how many individuals would choose an alternative method for the endorsement, we will estimate 75% will want/need the endorsement to continue teaching (39,880) and 75% of those will use an alternative pathway to receive that license (29,910). \$330 x 29,910 = \$9,870,423 to review and process application through an alternative pathway to endorsement.

5 Day Training: \$40,000 one-time contract to design the training (10 reading experts at \$4000 each). \$20,000 annually to implement training (2 trainers for weeklong training). PELSB staff employee, Education Specialist II, for 0.1 FTE to facilitate registration and logistics for training: \$10,000.

Revenue: Estimated 39,880 teachers applying for the endorsement x \$57 application fee = \$2,273,160. The application fee is for processing a license application. An “endorsement” is treated as an “additional license”, and holds the same application fee. If someone adds the endorsement at the same time they are renewing a license or receiving their first license, a single \$57 fee would be charged. However, the 39,980 teachers adding the endorsement listed here are current teachers who would be adding the endorsement outside of their renewal period.

	Expenditure	Revenue
Rulemaking	\$130,107 (FY21)	
Alternative Pathway to Endorsement	\$9,870,423 (FY22)	
5-Day Training	\$40,000 (FY21) \$30,000 (annually)	
Application Fee for Endorsement		\$2,273,160 (FY22)
Total	\$170,107 (FY21) \$9,900,423 (FY22) \$30,000 (ongoing)	\$2,273,160

Long-Term Fiscal Considerations

The 5-day training has annual costs outlined above.

Individuals who have not yet been licensed, but will need the endorsement, will likely complete this as part of their preparation program. When they apply for their initial license, they will receive the endorsement at the same time. This will not impact expenditures or revenue.

Local Fiscal Impact

No local fiscal impact based on the elements of the bill related to PELSB.

References/Sources

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