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FISCAL IMPACT REPORT

ORIGINAL DATE 1/25/06

SPONSOR Carraro LAST UPDATED _____ HB _____

SHORT TITLE Require Reading Proficiency by 4th Grade SB 212

ANALYST Aguilar

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$10,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY06	FY07	FY08	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$87.0	\$87.0	\$174.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Not Received From
Public Education Department (PED)

SUMMARY

Synopsis of Bill

Senate Bill 212 appropriates \$10 million from the general fund to the Public Education department for the purpose of funding reading enhancement in grades one through three in public schools.

The bill adds provisions that a student who fails to read proficiently by the end of the third grade shall not be promoted to the fourth grade until the student reads proficiently. The bill exempts this provision for developmentally disabled students with a developmentally appropriate plan approved by a licensed school employee.

FISCAL IMPLICATIONS

The appropriation of \$10 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 shall revert to the general fund.

The LFC FY07 appropriation recommendation is balanced between revenues and expenditures and any increase in recurring funding must be offset by reductions in other areas of the recommendation. The Legislature must consider all priorities and funding requirements to find revenue to support this legislation.

PED in 2005 estimated the cost for retaining students would be approximately \$2.1 million based upon estimated costs of \$1 thousand per student in the Reading First program, \$750 for beginning step, and \$500 for those nearing proficiency. The department further estimated administrative costs of \$87 thousand and 2 FTE to administer the program.

SIGNIFICANT ISSUES

PED in the past has stated the bill would change the scope of current statutes which allows a parent or guardian to sign a waiver indicating the desire that the student be promoted to the next higher grade level if they have an academic improvement plan.

PED has further noted that the research on the effects of retention—particularly for students at risk, such as those who speak a primary language other than English—suggests a strong association between retention and student dropout rates. Furthermore, as a remediation strategy, retention does not appear to improve school performance

From assessment data from 2003-2004, approximately 23,000 could be retained for failure to read proficiently.

PERFORMANCE IMPLICATIONS

Requiring reading proficiency for promotion to the 4th grade will improve performance indicators for 4th grade proficiency.

ADMINISTRATIVE IMPLICATIONS

PED will have to develop procedures for awarding the funds to districts. It will need to develop criteria, curriculum, application forms and procedures, review and award processes. In addition, performance measures and reporting requirements will be required to determine success of the reading enhancements funded by the appropriation.

PA/yr