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BILL ANALYSIS



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House Bill 4822 (Substitute S-6 as reported)
Sponsor: Representative Amanda Price
House Committee: Education
Senate Committee: Education

CONTENT

The bill would add Section 1280f to the Revised School Code to do the following:

- Require the Department of Education to approve three or more reading assessment systems for use by a school district or public school academy (PSA).
- Require the Department to recommend or develop an early literacy coach model.
- Specify the responsibilities and qualifications of an early literacy coach.
- Require a school board or PSA board of directors to select an approved assessment system to screen and diagnose reading deficiencies.
- Require a school district or PSA to assess a pupil's progress in reading at least three times per school year, during kindergarten through third grade.
- Require a school board or board of directors to provide a kindergarten to third-grade (K to 3) pupil who exhibited a reading deficiency with an individual reading improvement plan within 30 days after the reading deficiency was identified.
- Require a school district or PSA to provide reading intervention programs for pupils with reading deficiencies in grades K to 3.
- Require a school district or PSA to provide intervention services for pupils identified as English language learners.
- Prohibit the promotion of a pupil to grade 4 unless the pupil achieved a satisfactory reading score, or otherwise demonstrated a grade 3 reading level.
- Prohibit a school district superintendent or PSA chief administrator from allowing a child under 10 years old to enroll in grade 4 unless he or she achieved a grade 3 reading score, or otherwise demonstrated a grade 3 reading level.
- Require the Department to provide the Center for Educational Performance and Information (CEPI) with the grade 3 assessment scores for every grade 3 pupil.
- Require CEPI to identify grade 3 pupils who were subject to not being advanced to grade 4 and notify the parent or legal guardian and the school district or PSA of each pupil that the pupil would be subject to retention.
- Specify reasons and procedures for granting a good cause exemption from the grade 3 promotion and retention requirements.
- Prohibit a school district or PSA from requiring a pupil to repeat grade 3 more than once due to the operation of Section 1280f.
- Require a school district or PSA to develop a staffing plan if it could not furnish the number of teachers needed to provide services required under Section 1280f, beginning June 4, 2019.
- Require a school district or PSA, beginning in 2020, to submit an annual retention report to CEPI containing the number of pupils retained in grade 3 and the number of pupils promoted to grade 4 due to a good cause exemption.

The bill would take effect 90 days after its enactment.

Proposed MCL 380.1280f

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would result in increased costs to the School Aid Fund, Department of Education, and local education authorities (LEAs), which are school districts and public school academies. The State would see additional costs if more students were held back in the third grade. This additional year of education would result in an additional year of per-pupil funding for each of those students, although the fiscal impact on the State would not occur until the first cohort of students retained in third grade reached the 12th grade. (This would occur in fiscal year (FY) 2029-30, because initially students would be counted in a different grade than they otherwise would have been without the retention.)

If a significant number of students were held back as a result of the bill, there could be significant added costs to the School Aid Fund to support the additional year of funding. In FY 2015-16, the fall count of first graders was 104,897 full time equivalent students, which can be used as an approximation for the size of the class entering third grade in the 2019-2020 school year. The average pupil-weighted foundation allowance for FY 2015-16 is \$7,545. Assuming all other things begin equal, for every 1% increase in pupil retention due to the bill, the School Aid Fund would experience an additional \$7.9 million for the additional year of educating those students. However, this is based on current-year foundation allowances and would change based on the foundation allowance in place for FY 2029-30, when the additional year of instruction would begin to increase School Aid Fund expenditures. The higher cost would continue for each school year beginning in FY 2029-30, because statewide enrollment would increase by the average number of students retained.

The Department of Education would experience administrative costs in order to carry out its responsibilities under the bill. These include approving reading assessment systems for LEAs, recommending or developing an early literacy coach model, and providing technical support to LEAs. At this time, there is no projection of whether the additional expenses to the Department would require additional appropriations. However, the Department did receive \$900,000 in FY 2015-16 to implement and oversee third grade reading initiatives, and the Governor's recommendation for FY 2016-17 is to provide another \$1.0 million in administrative funding.

Local education authorities also would experience additional costs for carrying out the systems of support to students who were not meeting the State reading standards. In addition, LEAs would be required to provide increased support to students who repeated third grade. The costs to LEAs to fulfill these requirements are indeterminate. It is also unknown whether these costs would be greater or less than the additional year of funding that LEAs would receive from retaining students. In FY 2015-16, \$17.5 million was provided to LEAs for additional instructional time; \$5.5 million was provided for diagnostic and screening tools and computer adaptive tests; and \$3.0 million was provided to intermediate school districts for early literacy coaches. The Governor's budget recommendation for FY 2016-17 continues funding for these programs.

Date Completed: 3-23-16

Fiscal Analyst: Cory Savino

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.