

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0849H.06C
 Bill No.: HCS for SS for SCS for SB 152
 Subject: Education, Elementary and Secondary; Education, Higher; Teachers
 Type: Original
 Date: May 3, 2021

Bill Summary: Modifies provisions related to education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2022	FY 2023	FY 2024	Fully Implemented (FY 2029)
General Revenue Fund	Less than or greater than (\$4,347,675) to less than or greater than (\$29,756,521)	Less than or greater than (\$7,114,671) to less than or greater than (\$52,122,168)	Less than or greater than (\$7,271,750) to less than or greater than (\$52,493,425)	Less than or greater than (\$3,380,830) to less than or greater than (\$26,913,869)
Total Estimated Net Effect on General Revenue	Less than or greater than (\$4,347,675) to less than or greater than (\$29,756,521)	Less than or greater than (\$7,114,671) to less than or greater than (\$52,122,168)	Less than or greater than (\$7,271,750) to less than or greater than (\$52,493,425)	Less than or greater than (\$3,380,830) to less than or greater than (\$26,913,869)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2022	FY 2023	FY 2024	Fully Implemented (FY 2029)
Competency-Based Education Grant Program Fund	\$0	\$0	\$0	\$0
Lottery Fund	Less than or greater than (\$8,416)	Less than or greater than (\$8,416)	Less than or greater than (\$8,416)	Less than or greater than (\$8,416)
High Need Fund	\$0	\$0	\$0	\$0
Excellence In Education Revolving Fund	\$0	\$0	\$0	\$0
Career Ladder Forward Funding Fund	\$0	\$0	\$0	\$0
Colleges & Universities	Greater than (\$250,000) to Unknown	Greater than (\$250,000) to Unknown	Greater than (\$250,000) to Unknown	Greater than (\$250,000) to Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	Less than or greater than (\$258,416) to Unknown	Less than or greater than (\$258,416) to Unknown	Less than or greater than (\$258,416) to Unknown	Less than or greater than (\$258,416) to Unknown

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2022	FY 2023	FY 2024	Fully Implemented (FY 2029)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2022	FY 2023	FY 2024	Fully Implemented (FY 2029)
General Revenue – STO	2 FTE	2 FTE	2 FTE	2 FTE
General Revenue- DESE	1 FTE	2 to 4 FTE	2 to 4 FTE	1 FTE
Total Estimated Net Effect on FTE	3 FTE	4 to 6 FTE	4 to 6 FTE	3 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 2022	FY 2023	FY 2024	Fully Implemented (FY 2029)
Local Government	Less than or greater than (\$760,697) to less than or greater than \$11,083,678	Less than or greater than (\$760,697) to less than or greater than \$11,083,678	Less than or greater than (\$760,697) to less than or greater than \$11,083,678	Less than or greater than (\$760,697) to less than or greater than \$11,083,678
Local Government	Less than or greater than (\$760,697) to less than or greater than \$11,083,678	Less than or greater than (\$760,697) to less than or greater than \$11,083,678	Less than or greater than (\$760,697) to less than or greater than \$11,083,678	Less than or greater than (\$760,697) to less than or greater than \$11,083,678

FISCAL ANALYSIS

ASSUMPTION

Section 160.263 – Seclusion and Restraint Policies In Public Schools

Oversight notes, currently, school discipline policies (pursuant to Section 160.261) shall prohibit confining a student in an unattended, locked space except for an emergency situation while awaiting the arrival of law enforcement personnel.

Oversight notes this section states the school discipline policies shall reserve confining a student in seclusion for situations or conditions in which there is imminent danger or physical harm to self or others.

Oversight notes “Seclusion” is defined as “the involuntary confinement of a student alone in a room or area that the student is physically prevented from leaving and that complies with the building code in effect in the school district. “Seclusion” shall not include the following: (a) a timeout, which is a behavior management technique that is part of an approved program, involves the monitored separation of the student in a non-locked setting, and is implemented for the purposes of calming, (b) in-school suspension, (c) detention, or (d) other appropriate disciplinary measures”.

Oversight notes this section states that, for all school years beginning on or after July 1, 2022, no school district, charter school, or publicly contracted private provider shall use any mechanical, physical, prone restraint technique that: (1) obstructs views of the student’s face, (2) obstructs the student’s respiratory airway, impairs the student’s breathing or respiratory capacity, or restricts the movement required for normal breathing to cause positional or postural asphyxia, (3) places pressure or weight on or causes the compression of the student’s chest, lungs, sternum, diaphragm, back, abdomen, or genitals, (4) obstructs the student’s circulation of blood, (5) involves pushing on or into the student’s mouth, nose, eyes, or any part of the face or involves covering the face or body with anything including, but not limited to, soft objects such as pillows, blankets, or washcloths, (6) endangers the student’s life or significantly exacerbates the student’s medical condition, (7) is purposely designed to inflict pain, or (8) restricts the student from communicating.

Oversight notes “Mechanical Restraint” is defined as “the use of any device or equipment to restrict a student’s freedom of movement.”

Oversight notes “Physical Restraint” is defined as “a personal restriction such as a person-to-person physical contact that immobilizes, reduces, or restricts the ability of a student to move the student’s torso, arms, legs, or head freely.”

Oversight notes “Prone Restraint” is defined as “using mechanical or physical restraint or both to restrict a student’s movement while the student is lying with the student’s front or face downward.”

Oversight notes this section would require that each written policy be updated before July 1, 2022 to prohibit each school district, charter school, or publicly contracted private provider from using any restraint that employs any mechanical, physical or prone restraint technique. Furthermore, this section would require that each written policy be updated before July 1, 2022 to state that the school district, charter school, or publicly contracted private provider will reserve restraint or seclusion for situations or conditions in which there is imminent danger or physical harm to self or others.

Oversight notes this section would require that each school district, charter school, or publicly contracted private provider ensure that the policy adopted requires specific criteria.

Oversight notes the personnel who use seclusion or restraint shall annually complete mandatory training in the specific seclusion and restraint techniques that the school district, charter school, or publicly contracted provider uses.

Oversight notes this section would require that the Missouri Department of Elementary and Secondary Education to maintain all incidents reported in the Missouri Department of Elementary and Secondary Education’s core data system and make such data available on the Missouri Comprehensive Data System. No personally identifiable data shall be accessible on the database.

Oversight notes this section would require the Missouri Department of Elementary and Secondary Education to update the applicable “model policy” to include the requirements of this section by July 1, 2022.

Officials from the **Missouri Department of Elementary and Secondary Education** estimate a one-time expense of \$62,400 and yearly maintenance of \$5,000 to securely collect and compile the data required under this section. The initial cost of \$62,400 includes \$38,400 in development and \$24,000 project management costs.

Oversight assumes school districts already using restraint have policies requiring training for employees performing such duties, and will be able to absorb any additional duties this section may require.

For purposes of this fiscal note, **Oversight** will report the administrative cost(s), as estimated by the Missouri Department of Elementary and Secondary Education, beginning in Fiscal Year 2022.

Officials from the **Office of Administration – Budget & Planning Division (B&P)** state this section updates policies surrounding restraint and seclusion in school districts, charter schools, and with publically contracted private providers and requires that each school district by July 1, 2022 include a policy prohibiting the use of restraint and seclusion in schools.

Section 160.560 – Show Me Success Diploma Program

Oversight notes this section states the Missouri Department of Elementary and Secondary Education shall establish the Show Me Success Diploma Program.

This section states that the Missouri Department of Elementary and Secondary Education shall develop the Show Me Success Diploma as an alternative pathway to graduation for high school students that may be earned at any point between the end of a student’s tenth grade year and the conclusion of the student’s twelfth grade year.

Oversight notes, by July 1, 2022, the Missouri Department of Elementary and Secondary Education shall develop detailed requirements for students to become eligible for the new Show Me Success Diploma.

School districts and charter schools may offer a course of study designed to meet the requirements to obtain a Show Me Success Diploma to students entering the ninth grade. The Show Me Success Diploma shall be available to any such student until the end of the student’s twelfth grade year.

Oversight notes students who earn a Show Me Success Diploma may remain in high school and participate in programs of study available through the school district or charter school until that student would otherwise have graduated at the end of grade twelve.

For purposes of calculation and distribution of state aid, the school district or charter school of a pupil having earned a Show Me Success Diploma who remains enrolled in the school district or charter school shall continue to include the pupil in the pupil enrollment of each such school district or charter school and shall continue to receive funding for a pupil who earns a Show Me Success Diploma until that pupil would otherwise have graduated at the end of grade twelve.

Students who pursue but do not meet the eligibility requirements for the Show Me Success Diploma at the end of grade ten or eleven shall receive a customized program of assistance during the next school year that addresses areas in which the student demonstrated deficiencies in the course requirements.

Students may choose to return to a traditional academic program without completing the Show Me Success Diploma.

Oversight notes the Missouri Department of Elementary and Secondary Education shall provide training, guidance, and assistance to teachers and administrators of the schools offering the Show Me Success Diploma and shall monitor the progress of the schools in the development of the program.

Oversight notes students who earn a Show Me Success Diploma and do not remain enrolled in the district or charter school, and instead enroll, or show proof that they will enroll, in a post-secondary education institution eligible to participate in a student aid program administered by the United States Department of Education shall continue to be included in the district's or charter school's state aid calculation until such time that the student would have completed twelfth grade.

The funding for a student who earns a Show Me Success Diploma and does not remain enrolled in the district or charter school shall be calculated as if the student's attendance percentage equaled the district's or charter school's prior year average attendance percentage.

However, ninety percent (90%) of the state aid received for a student who earned a Show Me Success Diploma who does not remain enrolled in the district or charter school, and instead enrolls, or shows proof that they will enroll, in a post-secondary education institution shall be deposited into a 529 (MOST) account in which the student is the designated beneficiary.

Oversight notes the Missouri State Treasurer shall provide guidance and assist school districts, charter schools, pupils, pupil's parents or guardians with the creation, maintenance, and use of a 529 (MOST) account.

Officials from the **Missouri Department of Elementary and Secondary Education (DESE)** state section 160.560.8 would not result in a fiscal impact to DESE, but DESE believes there would be a cost to school districts and vendors to modify their programs to be able to track and report attendance on these students.

Oversight notes, per the Missouri Department of Elementary and Secondary Education's Graduation Requirement Handbook, for students attending an alternative graduation program, this section may have a potential impact on state aid for the school districts offering the program if the student is not counted for purposes of state aid.

Oversight assumes students currently attending an alternative graduation program could potentially be counted in the calculation for state aid, who would have otherwise not have been. However, per the Missouri Department of Elementary and Secondary Education, there are **no** students currently participating in an alternative graduation program.

Oversight assumes if students would have otherwise attended a public school through 12th grade but instead transition into this program, there would be no impact to the foundation formula as the student would have been claimed for state aid for the same length of time.

Officials from the **Missouri State Treasurer's Office (STO)** state STO is to provide guidance and assist school districts, charter schools, pupils, and pupil's parents or guardians with the creation, maintenance, and use of an account that has been established under Section 166.400 to 166.455. STO estimates two (2) FTEs will be needed to perform these duties. The overall impact to the STO will depend on negotiation with the state's 529 Program Manager to implement these provisions.

Oversight notes that subsection 160.560.8 states the Office of the State Treasurer shall provide guidance and assist with the creation, maintenance, and use of an account that has been established under sections 166.400 to 166.455 (MOST program).

Oversight will range the STO's fiscal impact "Up to" the 2 FTE estimated by the STO starting in Fiscal Year 2023 depending upon the activity and complexity of these additional accounts.

Oversight assumes there would be a cost to school districts that deposit state, federal and local funds into a 529 account for the student participating in the program.

Oversight is unable to determine how many students will participate in the Show Me Success Diploma Program and is therefore unable to accurately determine the fiscal impact of this section on local school districts or charter schools.

For purposes of this fiscal note, **Oversight** will report a cost to local political subdivisions equal to "Unknown but could be significant" beginning in Fiscal Year 2024 (one year after the date in which the Missouri Department of Elementary and Secondary Education is required to have detailed requirements for eligibility developed – assuming that several individuals would have earned a Show Me Success Diploma in the first year of implementation).

This section shall expire on August 28, 2028. Therefore, Oversight will not report the aforementioned impact in the fully implemented year reported in this fiscal note.

Officials from the **Office of Administration – Budget & Planning Division (B&P)** state this section creates the “Show Me Success Diploma Program,” which is an alternative pathway to graduation for 10th to 12th grade students. By July 1, 2022, the Missouri Department of Elementary and Secondary Education (DESE) shall develop detailed requirements for the program. DESE shall provide training, guidance, and assistance to teachers and administrators of the schools offering the program. Once the diploma is received the student may choose to continue to attend the high school until the end of their 12th grade year. If the student stays in the school, he or she will continue to be counted towards the school district or charter schools calculation of state aid. If the student leaves the school and attends a postsecondary educational institution, he or she will be counted in the schools state aid calculation in an amount equal to ninety percent of the pupil’s proportionate share. This amount of state, federal, and local funds will be deposited into the 529 account established in 166.400 to 166.455.

To the extent new appropriations are made from General Revenue, resources otherwise available for other budget priorities might be reduced. B&P defers to DESE for any impact this could have to the formula.

Section 160.565 – Extended Learning Opportunities Act

Oversight notes this section requires, beginning with the 2022-2023 school year, the state board of education and each local school board shall routinely inform students and their parents of the ability to earn credit for participating in extended learning opportunities.

Oversight notes this section defines “Extended Learning Opportunity” as “an out-of-classroom learning experience, approved by the state board of education, a local school board, or a charter school, that provides a student with: 1) enrichment opportunities, 2) career readiness or employability skills opportunities, including internships, pre-apprenticeships, and apprenticeships; or 3) any other approved educational opportunity”.

This section states that an extended learning opportunity shall count as a credit toward graduation requirements and the achievement of applicable state standards for students. Each student seeking credit for an extended learning opportunity shall submit a request for credit and proof of successful completion of the extended learning opportunity.

Any entity approved by the state board of education to offer an extended learning opportunity shall automatically qualify to offer the extended learning opportunity for all school districts and charter schools.

Without agency and school district responses addressing this, **Oversight** is unsure of the fiscal impact of this section. Oversight will reflect an unknown cost to DESE as well as local school districts to implement this program.

Section 160.3005 – Accommodations for Nursing Mothers

Oversight notes this section states, before July 1, 2022, the local board of education of each school district shall adopt a written policy that requires the administration of each public school building within the district to provide accommodations to lactating employees, teachers, and students to express breast milk, breast-feed a child, or address other needs relating to breast feeding.

This section requires that the policy to include provisions that require the district to provide a minimum of three opportunities during a school day, at two-hour intervals, to accommodate an employee's, teacher's, or student's need to express breast milk or breast-feed a child.

This section further states each school district's policies shall require each school building to contain a suitable accommodation in the form of a room, other than a restroom, for the exclusive use of employees, teachers, or students to express breast milk or breast-feed a child.

This section requires that the Missouri Department of Elementary and Secondary Education develop, before January 1, 2022, a model policy that satisfies the requirements for the administration of the requirements of this section.

Officials from the **Missouri Department of Elementary and Secondary Education** do not anticipate this section would cause a fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for this section.

Oversight assumes an unknown amount of school building currently meet the requirements of this section. It is uncertain, though, if all school buildings currently meet the requirements of this section. Therefore, Oversight will report a range of impact beginning at \$0 (districts currently meet the requirements of this section) to an unknown cost to provide the accommodations put forth under this section. Oversight assumes any costs incurred would likely be one-time cost(s) occurring in Fiscal Year 2022.

Section 161.097 – Evaluation of Teacher Education Programs

Oversight notes this section states the State Board of Education shall require literacy and reading instruction course work for teacher education programs (aligned to certification in early childhood education, elementary education, middle school education with subject area certification in language arts, secondary education with subject area certification in English, special reading, and special education) to include training in: 1) the core components of reading, such as phonemic awareness, phonics, fluency, comprehension, morphology, syntax, and vocabulary, 2) oral and written language development, 3) identification of reading deficiencies, dyslexia, and other language difficulties, and 4) the administration and interpretation of

assessments and how to translate assessment results into effective practice in the classroom specific to the needs of students.

Section 161.214 – School Innovation Waiver

Oversight notes this section states any school innovation team seeking a school innovation waiver may submit a plan to the board for one or more of the following purposes: 1) improving student readiness for employment, higher education, vocational training, technical training, or any other form of career and job training, 2) increasing the compensation of teachers, or 3) improving the recruitment, retention, training, preparation, or professional development of teachers.

This section provides what shall be included in a plan for a school innovation waiver.

Oversight notes any waiver granted shall be effective for a period of no longer than three (3) school years beginning the school year following the school year in which the waiver is approved. Any waiver may be renewed. No more than one (1) school innovation waiver shall be in effect with respect to any one elementary or secondary school at one time.

In response to similar legislation (HB 101 – 2021), officials from the **Missouri Department of Elementary and Secondary Education** did not anticipate this section would cause a fiscal impact on their organization.

Oversight notes the Missouri Department of Elementary and Secondary Education’s Fiscal Year 2022 Budget Book includes a \$1,000,000 Governor’s Recommendation from General Revenue to “support school innovation teams in implementing their waivers approved by the State Board of Education”.

Oversight assumes there could be a cost to implement this program. School districts may have costs related to improving student readiness and job training, increasing teacher compensation, or improving teacher recruitment and development. Oversight will show a range of impact beginning at \$0 (no school district participates or not additional costs are necessary) to an unknown cost to implement the waiver. Oversight assumes the net impact on school districts would be \$0 if distributions cover all costs or negative net impact if implementation costs exceed state distributions.

Oversight will report a range of impact to General Revenue beginning at \$0 (no additional cost or not appropriated) to an unknown cost up to \$1,000,000 for Fiscal Year 2022 and an unknown cost in the remaining years to support school innovation teams.

Section 161.217 – Early Learning Quality Assurance Program

Oversight notes this section changes the Early Learning Quality Assurance Program from a pilot program to an established program which will sunset August 28, 2025.

Officials from the **Missouri Department of Elementary and Secondary Education** assume, according to national standards, a quality assurance system contains multiple components, including but not limited to: Instructional Quality, Onsite Assessment, Coaching/Consultation/Technical Assistance, Program Structure (health, safety, policies & procedures), Parent and Community Engagement, Child Screening and Assessment, Staff Qualifications, and Professional Development. Each of these components are broken down below.

National data has shown, on average, a 25% participation rate in voluntary quality assurance systems. Based on this statistic, DESE estimates approximately 908 programs will participate in this Quality Assurance Report Program.

$$555 \text{ school districts} + 3,083 \text{ licensed providers} = 3,638 * 25\% = 908 \text{ programs}$$

Each program would need an annual onsite assessment of the quality of the program’s environment using a tool with rigorous validity and reliability standards. Assessments are approximately \$500 each.

Each program has on average 5 classrooms.
 908 programs * 5 classrooms = 4,540 classrooms

Each classroom would need coaching, consultation, and technical assistance to enhance teachers’ existing knowledge, develop or refine skills and strategies, and foster teacher self-reflection delivered through 12 virtual (1 hour each) and 6 on-site visits (4 hours each).

$$\begin{aligned} & \$50 \text{ rate/hr} * 12 \text{ virtual visits} * 1 \text{ hour} = \$600 \\ & \$50 \text{ rate/hr} * 6 \text{ on-site visits} * 4 \text{ hours} = \$1,200 \\ & \$1,800 \text{ coaching, consultation, and technical assistance per classroom} \\ & \text{Average of 5 classrooms} * \$1,800 = \$9,000 \text{ per program} \end{aligned}$$

Because this program will be subject to appropriations, DESE will provide a range of potential impacts.

Programs	50	100	250	500	900
Cost	\$475,000	\$950,000	\$2,375,000	\$4,750,000	\$8,550,000

In addition, DESE estimated 1 FTE Supervisor per 300 programs.

Oversight notes the Early Learning Quality Assurance Pilot Report was created during the 2016 legislative session in SB 638. Per the Missouri Department of Elementary and Secondary Education’s Budget Requests and Appropriation Bills, the following expenditures and appropriations have occurred for the Early Learning Quality Assurance Pilot Report:

	Actual Expenditures	Planned Expenditures	Appropriation
Fiscal Year 2018	\$0	\$59,713	\$59,713
Fiscal Year 2019	\$57,922	\$57,922	\$59,713
Fiscal Year 2020	\$36,706	\$310,122	\$319,713
Fiscal Year 2021	\$0	-	\$119,713
Fiscal Year 2022	N/A	-	-

*Per DESE’s budget request, in FY 2018 and FY 2021 the total appropriations were restricted.

Oversight notes there is an appropriation for \$119,713 for the Early Learning Quality Assurance Report in the introduced version of [HB 2](#) (2.245 - 2021). Oversight assumes the ultimate cost of the program would depend on the number of participants and the services provided through the program. Oversight will show a range of impact of 50 programs to 900 programs based on the estimates provided by the Missouri Department of Elementary and Secondary Education.

Oversight notes the current program is scheduled to sunset on August 28, 2022. This section extends the expiration date to August 28, 2025. Therefore, Oversight will not report the aforementioned impact in the fully implemented year reported in this fiscal note.

Officials from the **Office of Administration – Budget & Planning Division (B&P)** state this section removes the “pilot program” reference and extends the sunset to August 28, 2025. As this is a current program, to the extent increased appropriations are made from General Revenue, resources otherwise available for other budget priorities might be reduced.

Section 161.229 – Missouri Department of Elementary and Secondary Publications

Oversight notes this section would require the Missouri Department of Elementary and Secondary Education to maintain and publish on its website any data or report sent to the Missouri Department of Elementary and Secondary Education from any federal agency, within thirty days of receipt.

This section would require the Missouri Department of Elementary and Secondary Education to publish on its website the full text of all state administrative rules and regulations related to elementary and secondary education and shall update such information within thirty days of the publication in the Missouri Register of any final order of rulemaking.

This section requires that the information published be available and accessible to the public.

Oversight notes this section would require the Missouri State Auditor to review the Missouri Department of Elementary and Secondary Education’s website for compliance by December 31st in every even-numbered year.

Officials from the **Missouri Department of Elementary and Secondary Education (DESE)** state this section would require DESE to maintain duplicative information regarding administrative rules that is already contained on the Secretary of State’s website. DESE believes there will be a cost to this provision that should not exceed \$100,000.

For purposes of this fiscal note, **Oversight** assumes both the Missouri State Auditor and Department of Elementary and Secondary Education can absorb the responsibilities set forth under this section with existing resources.

Officials from the **Office of Administration – Budget & Planning Division (B&P)** state this section requires the Missouri Department of Elementary and Secondary Education to maintain and publish on its website all state administrative rules and regulations related to elementary and secondary education.

Section(s) 161.380, 161.385 & 162.1255 – Competency Based Education

Oversight notes Section 161.380 states, subject to appropriation, the Missouri Department of Elementary and Secondary Education shall establish the “Competency-Based Education Grant Program”.

This section creates in the state treasury the Competency-Based Education Grant Program Fund (the Fund). The fund shall consist of appropriations and any gifts, contributions, grants, or bequests received from private or other sources for the purpose of providing competency-based education programs.

The Missouri Department of Elementary and Secondary Education shall award grants from the Fund to eligible school districts for the purpose of providing competency-based education programs.

Any school district wishing to receive grants from the Fund shall submit an application to the Missouri Department of Elementary and Secondary Education.

The Missouri Department of Elementary and Secondary Education shall facilitate the creation, sharing, and development of course assessments, curriculum, training and guidance for teachers, and best practices for the school districts that offer competency-based education courses.

The provisions of this section shall expire on August 28, 2028. Therefore, **Oversight will not** report the aforementioned impact in the fully implemented year reported in this fiscal note.

Oversight notes Section 161.385 establishes the Competency-Based Education Task Force (the Task Force). The Task Force shall study and develop competency-based education programs in public schools.

The Task Force members shall be appointed as follows: two (2) members of the Missouri House of Representatives, two (2) members of the Missouri Senate, the Commissioner of the Missouri Department of Elementary and Secondary Education, four (4) members appointed by the Governor (two (2) of which shall represent separate school districts that offer competency-based education courses).

The Task Force members shall meet as needed to complete its consideration of its objectives. The Missouri Department of Elementary and Secondary Education shall provide legal, research, clerical, and technical services as the task force may require.

This section states that the Task Force shall present its findings and recommendations to the Speaker of the Missouri House of Representatives and the President Pro Tempore of the Missouri Senate and the Joint Committee on Education and the State Board of Education by December 1st annually.

This provisions of this section shall expire on August 28, 2028. Therefore, Oversight will not report the aforementioned impact in the fully implemented year reported in this fiscal note.

Oversight notes Section 162.1255 states school districts and charter schools shall receive state school funding for resident students enrolled in the school district or charter school and taking competency-based courses offered by the school district.

For purposes of calculation and distribution of state aid, attendance of a student enrolled in a district's or charter school's competency-based courses shall equal, upon course completion, the product of the district's or charter school's prior year average attendance percentage multiplied by the total number of attendance hours normally allocable to a non-competency-based course of equal credit value.

The provisions of this section shall expire on August 28, 2028. Therefore, Oversight will not report the aforementioned impact in the fully implemented year reported in this fiscal note.

Officials from **Department of Elementary and Secondary Education (DESE)** state these sections require DESE to facilitate the creation, sharing, and development of assessments and curriculum and training for teachers, and best practices for the school districts that offer competency-based education courses.

Costs for development of competency-based assessments will vary depending upon the number of courses/content domains necessary. DESE estimates \$1,000,000 costs* for each course/content domain. DESE has projected these costs across two (2) fiscal years along with \$25,000 annually for the Competency Task Force support until the work is complete.

*This includes: \$100,000 for test specifications/blueprint review, \$50,000 for passage review, \$100,000 for item writing, \$100,000 for item review, \$100,000 for forms creation, \$300,000 for field testing, and \$300,000 for establishing mastery standards.

DESE projects Section 162.1255.2 may have additional costs to school districts/charter schools and to the vendors they used to determine and report the appropriate attendance hours to DESE.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect DESE's amounts with the footnote that the \$1,000,000 cost is PER COURSE/CONTENT DOMAIN.

Oversight notes Section 161.380 creates the Competency-Based Education Grant Fund (the Fund) which shall consist of appropriations, gifts, contributions, grants or bequests for the purpose of providing grants to school districts for competency based education programs.

Oversight is unable to determine the amount of revenue that will be deposited into the Fund. For purposes of this fiscal note, Oversight will report an amount "Transferred In" equal to Unknown and an amount "Transferred Out" equal to Unknown. Therefore, Oversight assumes the Fund will net zero (\$0).

Oversight notes Section 161.380 does not provide an effective date. Therefore, Oversight assumes the provisions of Section 161.380 will become effective August 28, 2021 (Fiscal Year 2022).

Oversight notes this provision states that this section shall expire on August 28, 2028. Therefore, Oversight will not report the aforementioned impact in the fully implemented year reported in this fiscal note.

Officials from the **Office of Administration – Budget & Planning Division (B&P)** state Section 161.380 creates the Competency-Based Education Grant Program Fund. The State Treasurer is the custodian of the fund. The fund shall consist of any appropriations, gifts, contributions, grants or bequests. The Department of Elementary and Secondary Education shall award grants from this fund to eligible school districts for the purpose of providing competency based education. This section sunsets on August 28, 2028.

Section 161.385 creates a Competency-Based Education Task Force to study and develop competency-based education programs in the public schools. This section sunsets on August 28, 2028.

To the extent new appropriations are made from General Revenue, resources otherwise available for other budget priorities might be reduced. Any gifts, contributions, grants, or bequests given to the Competency-Based Education Grant Program Fund would increase Total State Revenues by an unknown amount.

Section 162.1255 updates the state aid calculation to allow school districts and charter schools to receive school funding for resident pupils enrolled in the school district or charter school and taking competency-based courses offered by the school district. This section sunsets on August 28, 2028. B&P will defer to the Missouri Department of Elementary and Secondary Education for the impact to the formula.

In response to similar legislation (SB 33 - 2021), officials from the **Missouri House of Representatives** assumed no fiscal impact – any reasonable expense of a member serving on the task force will be absorbed.

In response to similar legislation (SB 33 - 2021), officials from the **Missouri Senate** anticipated a negative fiscal impact to reimburse 2 Senators for travel to Task Force meetings. It will cost approximately \$190 per meeting if meetings are held in Jefferson City during the interim.

In response to similar legislation (SB 33 - 2021), officials from the **Office of the Governor** did not anticipate this section would cause a fiscal impact.

Oversight assumes the General Assembly could absorb the cost of the Task Force meetings within the current appropriation levels and will not reflect a fiscal impact.

Oversight notes Section 162.1255 states school districts and charter schools shall receive state school funding under Section(s) 163.031, 163.043, 163.044, and 163.087 for resident students enrolled in the school district or charter school and taking competency-based courses offered by the school district.

Oversight notes, per the Missouri Department of Elementary and Secondary Education’s Graduation Requirements Handbook, for students earning competency based credit, this may have a potential impact on state aid for the school districts offering the program if the student is not counted for purposes of state aid. However, per the Missouri Department of Elementary and Secondary Education, there are no students currently participating in a competency-based education program.

Oversight assumes if students would have otherwise attended a public school through 12th grade but instead transition into this program, Oversight assumes there would be no impact to the foundation formula as the student would have already been claimed for state aid purposes.

Section(s) 161.625 & 173.035 – Students’ Right to Know Act

Oversight notes this section establishes the “Students’ Right to Know Act”.

Beginning on January 1, 2022, to help each high school student make more informed decisions about the student’s future and to ensure that the student is adequately aware of the cost of four-year college and other alternative career paths, the Missouri Department of Higher Education and Workforce Development shall collect and compile, annually, the following information:

1. The most in-demand jobs in the state, including the starting salary and education level required for such jobs,
2. The average cost for each public institution of higher education and vocational school in the state,
3. The average monthly student loan payment of all students in attendance at a public institution of higher education or vocational school in the state, for each public institution of higher education or vocational school in this state,
4. The average three-year student loan default rate for each public institution of higher education and vocational school in this state,
5. The average graduation rate for each public institution of higher education and vocational school in the state,
6. The completion rates for apprenticeship programs, high school credential programs, career and technical education programs, and military first-term enlistments,
7. The average starting salary of individuals graduating from each public institution of higher education in the state, and
8. The average starting salary for individuals graduating from each vocational school in the state.

Oversight notes each public institution of higher education and vocational school shall report to the Missouri Department of Higher Education and Workforce Development the information required. The Missouri Department of Higher Education and Workforce Development shall collect, compile, and add the information to the Missouri Department of Higher Education and Workforce Development website.

The Missouri Department of Higher Education and Workforce Development may execute a memorandum of understanding with any state department, agency, or division for information required to be collected.

Officials from the **Missouri Department of Elementary and Secondary Education** do not anticipate this section would cause a fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for these organizations, as it relates to this section

In response to similar legislation (HB 355 – 2021), officials from the **Missouri Department of Higher Education and Workforce Development** did not anticipate this section would cause a fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for these organizations, as it relates to this section.

In response to similar legislation (HB 355 – 2021), officials from the **University of Missouri System** stated, as written, this section will have a significant fiscal impact on the University in an amount greater than \$100,000. This includes costs associated with collecting the data requested by the provisions of the bill and working with other organizations that can aid the University in providing said data. Meeting the legislation’s annual October 15 deadline would also create challenges, given the University’s process for taking census and when student outcome surveys are conducted and finalized.

In response to similar legislation (HB 355 – 2021), officials from the **Missouri State University** anticipated a potential negative fiscal impact of an undetermined amount due to the time required to compile and report additional information to the Missouri Department of Higher Education and Workforce Development.

In response to similar legislation (HB 355 – 2021), officials from the **Southeast Missouri State University** assumed this could potentially have a negative fiscal impact on the University. While the full extent of the impact is undetermined, it is estimated that one (1) FTE may be necessary, which would add an annual cost, including benefits, of approximately \$62,000.

In response to similar legislation (HB 355 – 2021), officials from the **University of Central Missouri** determined a negative fiscal impact on the University. It is estimated that one (1) FTE would be added at an annual cost, including benefits, of approximately \$62,000.

In response to similar legislation (HB 355 – 2021), officials from the **State Technical College of Missouri** assumed this would have a negative fiscal impact on the College. It is estimated that one (1) FTE would be added at an annual cost, including benefits, of approximately \$72,500.

Oversight assumes there could be costs to Colleges and Universities for the collection data. Oversight notes there are 27 public institutions of higher education. If half of the institutions required an FTE, the cost is estimated at \$806,000 (assuming a cost per FTE similar to the cost estimated by Southeast Missouri State University and University of Central Missouri).

For purposes of this fiscal note, **Oversight** will report a cost that could exceed \$250,000 to institutions of higher education.

Section 161.890 – School Accountability Board

Oversight notes this section establishes the School Accountability Board. The board members shall be appointed as follows:

1. The Commissioner of Education shall choose two (2) members from among no more than three (3) individuals from each of the following organizations:
 - a. The Missouri Association of School Administrators
 - b. The Missouri chapter of the National Education Association
 - c. The Missouri chapter of the Missouri State Teachers Association
 - d. The Missouri School Board Association
 - e. The Missouri Charter Public School Association
2. The Commissioner shall choose one (1) member from among no more than four individuals (4) nominated by the Missouri charter Public School Commission
3. The President Pro Tempore of the Senate shall choose four (4) members at large with demonstrated expertise in education policy and school improvement
4. The Speaker of the House of Representatives shall choose:
 - a. Two (2) members from business and industry with demonstrated commitment to education, and
 - b. Two (2) members at large with demonstrated expertise in education policy and school improvement.

The School Accountability Board shall advise the State Board of Education and Missouri Department of Elementary and Secondary Education on matters pertaining to the development and implementation of the state's school improvement program.

Staff members of the Missouri Department of Elementary and Secondary Education shall provide legal, research, clerical, technical, and bill drafting services as the School Accountability Board may require.

The School Accountability Board shall hold its first meeting by January 1, 2022 and shall meet quarterly and report its activities and recommendation for legislation to the State Board of Education.

Officials from the **Missouri Department of Elementary and Secondary Education (DESE)** state this section creates the School Accountability Board to which shall advise the State Board of Education and DESE on matters pertaining to the development and implementation of the state's school improvement program. DESE estimates a cost of \$25,000 for travel, materials and supplies and publications. There could potentially be more costs in the future dependent upon the Board's findings.

For purposes of this fiscal note, Oversight will include DESE's estimated impact beginning in Fiscal Year 2022.

Section 161.1050 – Trauma-Informed Schools Initiative

Oversight notes this section modifies the Trauma Informed School Initiative to require each school that chooses to participate in, or utilizes the concepts of, the trauma-informed school initiative to keep a record of each incident in which a child is removed from or present in a classroom during or following another child's outburst and shall inform the parents or guardians of any child removed from a classroom within forty-eight hours of the incident by telephone, letter, or e-mail.

In response to similar legislation (HB 743 – 2021), officials from the **Missouri Department of Elementary and Secondary Education**, the **Missouri Department of Mental Health**, and the **Missouri Department of Social Services** did not anticipate this section would cause a fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for these organizations, as it relates to this section.

In response to similar legislation (HB 743 – 2021), officials from the **Springfield Public Schools** estimated this section could cost \$5,000 if the district participates.

Oversight notes the Springfield Public Schools indicated there could be costs associated with implementing this proposal. Oversight will show a range of impact of \$0 (no schools participate or the additional requirements can be absorbed) to an unknown cost.

Section 162.441 – Seven-Director Districts – Annexation

Oversight notes this section states a community college proposing annexation shall appear at a public meeting of the school district to which the annexation is being proposed to present the annexation proposal.

The school board shall invite the community college to make such presentation at a regularly scheduled meeting no more than one hundred and twenty days prior and no less than thirty days prior to the election to present the annexation proposal.

Oversight notes this section modifies the question put forth to the voters of the school district in which the school district is located.

Oversight does not anticipate this section will cause a fiscal impact. Therefore, for purposes of this section, Oversight will not report a fiscal impact for this section.

Officials from the **Office of Administration – Budget & Planning Division** state this section updates the ballot for community college redistricting to include the tax rate and assessed valuation language.

Section 162.686 – Recording of Individual Education Plan or Section 504 Meetings

Oversight notes this section states that no school district or charter school shall prohibit a parent or legal guardian of a student from recording by audio any meeting held under the Federal Individuals with Disabilities Education Act or Section 504 of the Federal Rehabilitation Act of 1973.

Oversight notes this section states that any recordings made shall be the property of the parent or legal guardian. No recording shall be construed to be a public record made by or prepared for any public governmental body.

Oversight notes this section states that no school district or charter school shall impose pre-meeting notification requirements of recordings.

Officials from the **Missouri Department of Elementary and Secondary Education** do not anticipate this section would cause a fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for this organization.

Oversight does not anticipate this section will cause a fiscal impact on school districts or charter schools. Therefore, Oversight will not report a fiscal impact to school districts or charter schools.

Officials from the **Office of Administration – Budget & Planning Division** state this section allows a parent or guardian to record IEP meetings.

Section 162.720 – Gifted Children

Oversight notes this section would require, for all school years beginning on or after July 1, 2023, if three percent (3%) or more of students enrolled in a school district or charter school are determined to be gifted, and such students development require programs or services beyond the level of those ordinarily provided in regular public school programs, the district or charter school shall establish a state-approved gifted program for gifted children.

Oversight notes this section would require, for all schools years beginning on or after July 1, 2023, any teacher providing gifted services to students in districts or charter schools with an average daily attendance of more than three hundred fifty (351+) students, shall be certified in gifted education. In districts or charter schools with an average daily attendance of three hundred fifty (350) students or fewer, any teacher providing gifted services shall not be required to be certified to teach gifted education but such teacher shall annually participate in at least six clock hours of professional development focused on gifted services, in which such hours shall be paid by the school district.

In response to similar legislation (SB 151 - 2021), officials from the **Missouri Department of Elementary and Secondary Education** did not anticipate this section would cause a fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for this organization.

In response to similar legislation (SB 151 - 2021), officials from the **Fordland School District** stated this would require additional funding to establish a gifted program.

In response to similar legislation (SB 151 - 2021), officials from the **High Point R-III School District** did not anticipate this section would cause a fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for this organization.

Oversight notes, per information from the [Missouri Department of Elementary and Secondary Education's 2019 Gifted Advisory Council \(GAC\) Biennial Report](#), 239 out of 528 Missouri school districts offered gifted programs in 2018, spending \$42,968,610 for these programs. **Oversight** notes that charter schools are included in the 239 Missouri school districts that offered gifted programs in 2018.

The Missouri Department of Elementary and Secondary Education provided there were 37,475 identified students in Missouri, and that 5,199 identified students were unserved. However, the GAC report and statistics from the National Center for Education Statistics suggest there are likely more unidentified unserved gifted students in Missouri.

Oversight estimates gifted spending is approximately \$1,325 per gifted student ($\$42,968,610 / 32,276 [37,475 - 5,199]$). If there are 5,199 unserved identified gifted students costing \$1,325 to educate, Oversight estimates an additional \$6,888,675 would be required to provide gifted education to every unserved identified gifted student.

Oversight notes that the GAC reports show that districts with gifted programs identify gifted students at higher rates than districts without gifted programs. Oversight does not have sufficient data to accurately estimate the specific number of unidentified unserved gifted students, but will create an instructive estimate based on national statistics.

Oversight notes, in 2014, The National Center for Education Statistics (NCES) found states identified 6.7% of their public school students as gifted; 6.7% of Missouri's 883,703 students is 59,208 gifted students.

To match the NCES identified gifted student population average, Missouri would need to identify 11,335 ($(.067 \times 883,703) - 5,199$ identified gifted students) more students as gifted. Furthermore, to provide gifted services to every currently identified and unidentified gifted student would cost \$21,907,684 ($(11,335$ estimated unidentified gifted students + 5,199 identified gifted students) x \$1,325 cost per student).

Alternately, **Oversight** will estimate the cost of each district establishing a gifted program. If the 289 (528 – 239) districts without a gifted program each hired one teacher with an annual salary of \$50,000, this section would have a net direct fiscal impact to local jurisdictions equal to \$14,450,000.

The Missouri Department of Elementary and Secondary Education recommends a maximum of 90 gifted students per full time teacher, which is a \$6,000,000 direct fiscal impact for 120 teachers, but is likely low because that would likely require some districts to share a teacher.

Oversight will also report a cost to school districts equal to an “Unknown” amount as a result of school districts paying for the required professional development training for non-certified teachers of gifted education.

Oversight notes the provision(s) of this section would not become effective until July 1, 2023 (Fiscal Year 2024).

Officials from the **Office of Administration – Budget & Planning Division** state this section requires gifted education for any school if three or more percent of its students are determined to be gifted. Any teacher providing gifted services in districts with an average daily attendance of more than three hundred and fifty students must be certificated in gifted education. Any teacher providing gifted services in districts with an average daily attendance of equal to or less than three hundred and fifty students is not required to be certificated but must participate in at least six hours of professional development on gifted services. To the extent new appropriations are made from General Revenue, resources otherwise available for other budget priorities might be reduced. This section is effective on or after July 1, 2023.

Section 162.974 – Reimbursement for Education Costs of High-Need Children

Oversight notes, currently, the Missouri Department of Elementary and Secondary Education will reimburse school districts for the costs of special education of high-needs children with an Individual Education Program exceeding three (3) times the current expenditure per average daily attendance as calculated on the District annual Secretary of the Board Report for the year in which the expenditures are claimed.

Oversight notes this section states that any money reimbursed to a school district with five hundred (500) students or less is excluded from such calculation.

Officials from the **Missouri Department of Elementary and Secondary Education (DESE)** assume this section would make two specific changes to current law.

1. The first change adds the following sentence: "For any school district with an average daily attendance of five hundred students or fewer, the calculation of three times the current expenditure per average daily attendance shall not include any money reimbursed to a school district under this section."

DESE assumed this will result in an additional cost to the High Need Fund of \$25,503.

2. The second change adds the word "special" to section 162.974.1.

Adding the word "special" would allow DESE to deny any education costs (that are not special education costs) reported under the High Need Fund. The ability to deny reimbursement of these regular education costs will result in a savings to the state; however, DESE cannot calculate the extent of the savings. In summary, the first change will result in an increased cost of approximately \$25,503; however, the second change will diminish this cost by some unknown amount.

Oversight will show the impact as calculated by DESE to General Revenue and Lottery Fund for the first change. Additionally, Oversight will show a savings from the second change which allows DESE to deny reimbursement of regular education (non-special education) costs from the High Need Fund. The increased cost from the first change will be somewhat offset by the savings from the second change.

Oversight notes the High Need Fund reimburses school districts for the costs of educating students that exceed three times the current expenditure per average daily attendance (ADA). DESE assumes the proposal removes the cost reimbursed by the High Need Fund from the calculation of current expenditure per ADA which would lower the current expenditure per ADA threshold and increase the potential costs eligible for reimbursement for districts with ADA of 500 or fewer.

Current
 Cost of Student > (Current Expenditure/ADA)*3

Proposed
 Cost of Student > ((Current Expenditure - High Need Fund Reimbursed Costs)/ADA)*3

Oversight notes the following regarding the High Need Fund:

High Need Fund	FY 2018	FY 2019	FY 2020	FY 2021 Proj.
Total Costs Reported	\$180,862,560	\$184,676,057	\$197,257,252	\$199,229,825
Total Reimbursed	\$60,755,719	\$61,174,204	\$61,174,204	\$63,489,324
Percent Reimbursed	34%	33%	31%	32%
Districts Paid	227	235	242	244
Students Claimed	3,664	3,637	3,785	3,823

DESE FY 2022 Budget Book

Oversight notes, per DESE's Fiscal Year 2020 budget book, the High Need Fund is funded with \$39,946,351 from General Revenue (67%) and \$19,590,000 from the Lottery Fund (33%).

Officials from the **Office of Administration – Budget & Planning Division** state this section limits the education costs that can be reimbursed which could result in an unknown savings to the state.

Section 162.1250 – Attendance Percentage

Oversight notes this section modifies the percentage(s) used in the calculation and distribution of state school funding of a student enrolled in virtual class(es).

Currently, attendance of a student enrolled in a district or charter school virtual class shall equal, upon course completion, ninety-four percent of the hours of attendance possible for such class delivered in the nonvirtual program in the student's resident district. Course completion shall be calculated in two increments, fifty percent completion and one hundred percent completion, based on the student's completion of defined assignments and assessments, with distribution of state funding to a school district or charter school at each increment equal to forty-seven percent of hours of attendance possible for such course delivered in the nonvirtual program in a student's school district of residence or charter school.

This section modifies the calculation in such that attendance of a student enrolled in a district or charter school virtual class shall equal, upon course completion, ninety-five percent of the hours of attendance possible for such class delivered in the nonvirtual program in the student's resident district. Course completion shall be calculated in two increments, fifty percent completion and one hundred percent completion, based on the student's completion of defined assignments and assessments, with distribution of state funding to a school district or charter school at each increment equal to forty-seven and one-half percent of hours of attendance possible for such course delivered in the nonvirtual program in a student's school district of residence or charter school.

Officials from the **Missouri Department of Elementary and Secondary Education (DESE)** state increasing the attendance percentage from 94% to 95% and 47% to 47.5% will have a fiscal impact increasing the amount owed to districts in the basic formula calculation. DESE does not collect data in a manner to know the courses taken and then completed virtually. Therefore, DESE estimates a cost of \$90,000 for all K-12 students.

Oversight does not have any information to the contrary. Therefore, Oversight will report the cost, as estimated by the Missouri Department of Elementary and Secondary Education.

Officials from the **Office of Administration – Budget & Planning Division (B&P)** state this section will have a fiscal impact to the basic formula calculation. B&P defers to the Missouri Department of Elementary and Secondary Education for the impact to the formula.

Section 163.018 – Half-Day Early Childhood Education

Oversight notes this section expands the definition of average daily attendance to include pupils that are between the ages of three to five and meet the required criteria.

Officials from the **Missouri Department of Elementary and Secondary Education (DESE)** state including the attendance hours of pupils that attend a half-day early childhood education program in the calculation of average daily attendance will result in a cost of \$1,863,733.

DESE used only those school districts with declining enrollment, who did not claim PK ADA in 2020, and included only districts that would be able to claim 10 or more students at the 4 percent max in the calculation of this estimate.

Oversight does not have any information to the contrary. Therefore, Oversight will report the cost, as estimated by the Missouri Department of Elementary and Secondary Education.

Officials from the **Office of Administration – Budget & Planning Division (B&P)** state this section will have a fiscal impact on the basic formula calculation. B&P defers to the Missouri Department of Elementary and Secondary Education for the impact to the formula.

Section 166.400 – Missouri Education Savings Program

Oversight notes this section changes the name of the Missouri Education Savings Program to the Missouri Education Program.

Section 166.410 – Missouri Education Savings Program - Definitions

Officials from the **Office of Administration – Budget & Planning Division (B&P)** state this proposed legislation changes the definition of “eligible education institution” from those specified in Sections 529(e)(5), 529(c)(7), and 529(e)(3) to all references in Section 529. B&P notes that this would allow individuals to use the savings account program for student loan repayment.

Based on research, B&P determined that the average student loan in Missouri was between [\\$29,613](#) and [\\$35,400](#). Assuming individuals use a 10-year repayment plan the average annual repayment amount would be between \$2,961.30 and \$3,540. In Tax Year 2018, the most recent complete tax year data available, there were 255,000 tax filers that claimed the federal tax deduction for student loan interest. Therefore, B&P estimates that approximately \$755,134,461 to \$902,700,000 in deductions could be claimed under this provision.

However, deductions do not reduce revenues on a dollar for dollar basis, but rather in proportion to the top tax rate applied. Therefore, B&P will show the estimated impacts throughout the implementation of the tax rate reductions from [SB 509 \(2014\)](#).

	Current Law	Future Top Tax Rates		
Tax Rate	5.4%	5.3%	5.2%	5.1%
GR Loss - Low	(\$40,777,261)	(\$40,022,126)	(\$39,266,992)	(\$38,511,858)
GR Loss - High	(\$48,745,800)	(\$47,843,100)	(\$46,940,400)	(\$46,037,700)

B&P notes that this provision would take effect August 28, 2021; allowing individuals to use the savings account plan for four (4) months of Tax Year 2021. Therefore, B&P estimates that this proposed legislation will reduce TSR and GR by \$13,592,420 to \$16,248,600 in Fiscal Year 2022. Once SB 509 (2014) has fully implemented, this proposal could reduce TSR and GR by \$38,511,858 to \$46,037,700 annually.

Oversight notes B&P has estimated the impact(s) of individuals first contributing/depositing their (re)payment of student loan principle or interest into a 529 savings account, permitting them to recognize tax savings.

Oversight notes B&P’s analysis suggests individuals will be on a ten (10) year repayment plan. Oversight assumes a ten (10) year repayment plan is the default repayment plan. However, after conducting independent research, Oversight assumes the average term of repayment of student loan(s) totals anywhere between [twenty \(20\)](#) and twenty-five (25) years (Oversight estimate).

Furthermore, **Oversight** notes individuals would **not** be able to deduct the total average student loan amount on their Missouri taxes. This proposed legislation caps the amount that is permitted to be (re)paid through a student’s 529 savings account at \$10,000.

Thus, Oversight anticipates the impact(s) of this section will increase for several years post implementation, and then decrease and flatten out afterwards.

Officials from the **Missouri State Treasurer’s Office (STO)** state this section expands the MOST 529 Education Plan Program to allow for the repayment of student loans up to \$10,000 per beneficiary.

STO anticipates this section will reduce state revenues by:

- \$1,409,653 in Fiscal Year 2022
- \$3,623,683 in Fiscal Year 2023
- \$4,286,929 in Fiscal Year 2024
- \$4,346,834 in Fiscal Year 2025 and Fiscal Year 2026
- \$2,895,764 in Fiscal Year 2027
- \$1,444,695 in Fiscal Year 2028
- \$1,081,927 in Fiscal Year 2029 and each year thereafter.

Oversight assumes STO anticipates a 4.13% participation rate among individuals who will (re)pay their student loans through MOST 529 Education Savings accounts.

Oversight has estimated a **maximum** participation rate equal to 31.64%. Oversight notes the participation rate of 31.64% is applicable to individuals who currently owe student loan debt and is **not** a participation rate based on the population of Missouri.

Oversight notes 31.64% is equal to the number of Missouri taxpayers that claimed the student loan interest deduction for Tax Year 2018 (255,000) divided by the number of individuals who currently have student loan debt (806,000).

Oversight assumes such individuals may seek tax benefits/savings that are available while adhering to their student loan obligations/terms and would continue to seek such benefits/savings as federal and state laws and programs are modified.

Oversight notes STO estimates the annual (re)payment per student to be \$4,464. This is the result of STO's estimated monthly (re)payment of \$372 multiplied by 12. Therefore, Oversight assumes STO anticipates taxpayers will receive full benefit within 2.25 years ($\$10,000 / \$4,464$).

Oversight calculated an average monthly (re)payment amount of \$128 and an annual (re)payment amount of \$1,536 ($\$10,000 / \$1,536$). Therefore, Oversight estimates that taxpayers with student loan debt would experience tax savings for a total of seven (7) tax years as a result of the \$10,000 cap placed on the total amount permitted to be contributed/deposited into MOST 529 Education Savings accounts and used for such (re)payment ($\$10,000 / \$1,536$).

Oversight notes, the larger the monthly payment used to calculate an annual repayment, the faster an individual will reach maximum benefit under this proposed legislation.

Oversight assumes STO's analysis suggests full participation in the program would not occur until the fifth (5th) year post implementation.

Oversight did not use a ramp up period (time until full participation is recognized) when estimating the fiscal impact of this proposed legislation.

For purposes of this fiscal note, **Oversight** will range the revenue reduction to GR beginning with STO's estimates to an amount that "could exceed" the impacts estimated by Oversight (as stated below), depending upon utilization of these changes.

Officials from the **Missouri Department of Revenue (DOR)** state this section would remove the language "529(e)(3)" and replace it with "529" of the Internal Revenue Code. Section 529 of the Internal Revenue Code allows for the repayment of principal and interest on student loans as an allowable expense. Therefore, a taxpayer would be allowed to run their student loan payment through their Missouri Education Savings Program Account (MOST account) and do it tax free.

Oversight notes the language changes mentioned by DOR occur within the definition of "Qualified Higher Education Expenses or Qualified Education Expenses".

DOR stated, based on information from the Institute for College Access and Success, the average student loan debt in Missouri is \$27,108. Assuming an annual tax rate of 5.3%, and based on the number of Missouri filers who claim the student loan interest deduction (255,000) this would result in over \$36,490,500 loss to GR annually.

\$27,000 student loan amount = \$225 per month payment
X 5.3% tax rate
\$11.925 monthly tax loss
X 12 months
\$143.10 total tax loss per person per year
X 255,000
\$36,490,500 loss to state

DOR notes this proposal would become effective August 28, 2021 and therefore only four (4) months of payments would be claimed in Fiscal Year 2022. The first full year of loss would occur in Fiscal Year 2023.

DOR assumes the following loss to GR:

Fiscal Year 2022	(\$12,163,500)
Fiscal Year 2023	(\$36,490,500)
Fiscal Year 2024	(\$36,490,500)

Oversight notes DOR’s analysis suggests individuals will be on a ten (10) year repayment plan. Oversight assumes a ten (10) year repayment plan is the default repayment plan. However, after conducting independent research, Oversight assumes the average term of repayment of student loan(s) totals anywhere between twenty (20) and twenty-five (25) years.

Oversight notes this section modifies the definition of “Eligible Educational Institution”

The current definition is “an institution of post-secondary education as defined in Section 529 (e)(5) of the Internal Revenue Code, and institutions of elementary and secondary education as provide din Section 529 (c)(7) and 529 (e)(3) of the Internal Revenue Code”.

This section modifies the definition to define an “Eligible Educational Institution” as “an eligible education institution as defined in Section 529 of the Internal Revenue Code”.

Oversight notes this section modifies the definition of “Qualified Higher Education Expenses or Qualified Education Expenses”.

The current definition is “the qualified costs of tuition and fees and other expenses for attendance at an eligible educational institution, as defined in Section 529 (e)(3) of the Internal Revenue Code.

This section modifies the definition to define “Qualified Higher Education Expenses” or “Qualified Education Expenses” as “the qualified costs of tuition and fees and other expenses for attendance at an eligible educational institution, as defined in Section 529 of the Internal Revenue Code.

Oversight assumes this section would allow individuals to first deposit/contribute the amount(s) of principal and/or interest applicable for qualified education loan (re)payment into established Missouri Educational Savings accounts (MOST accounts/529 accounts) prior to actual (re)payment of such loan. Such repayment would then be paid with the funds initially deposited/contributed into the participating individual’s MOST account.

Oversight assumes this would permit such individuals to recognize Missouri tax savings while completing the obligations/terms of their qualified educational loan(s).

Per Section 166.435, amount(s) deposited/contributed to MOST accounts may be subtracted from the individual’s Federal Adjusted Gross Income to determine the individual’s Missouri Adjusted Gross Income. The maximum annual amount that may be subtracted cannot exceed \$8,000 per taxpayer.

Oversight notes pre-tax subtractions from income do not reduce revenue(s) on a dollar-for-dollar basis. The estimated amount of deduction must be multiplied by the applicable tax rate to estimate the impact to state revenue(s).

Oversight assumes this section would become effective August 28, 2021 (Fiscal Year 2022). Therefore, Oversight assumes Fiscal Year 2022 would be impacted by this section for four (4) months.

According to the [Federal Student Aid – U.S. Department of Education](#), as of March 31, 2020, students and past students of Missouri have an outstanding balance of federal student aid debt equal to \$28,380,000,000. Additionally, there are approximately 806,000 borrowers. Oversight assumes, then, the average amount per borrower is \$35,211 ($\$28,380,000,000 / 806,000$).

Oversight calculated the estimated number of years it takes one of the 806,000 individuals that have an outstanding balance of federal student aid debt to repay the amount in full; Oversight estimates a (re)payment term of approximately 22.89 years. Therefore, Oversight estimates \$1,239,808,754 in federal student aid debt is paid annually by Missouri’s federal student aid debtors ($\$28,380,000,000 / 22.89$). Having calculated the estimated amount of federal student aid debt that is repaid annually by all Missouri federal student aid debtors,

Oversight estimates approximately \$1,538 is paid annually by **each** debtor (\$1,239,808,754 / 806,000), or \$128 each month (\$1,538 / 12). This would allow these students to experience tax benefits/savings as a result of this proposed legislation for an estimated 7 years (\$10,000 / \$1,538). Using these statistics in conjunction with Oversight’s estimated participation rate (31.64%), Oversight calculated the estimated reduction to GR from existing federal student aid debtors.

Furthermore, per the [National Student Clearinghouse Research Center](#), each year in Missouri, there are approximately 44,573 first time college graduates and 13,370 college graduates earning additional awards each for a total of 58,123 graduates. Per the [Institute for College Access and Success](#), approximately 58% of the students who graduate from a four year (or above) institution had outstanding federal loan debt. Therefore, Oversight estimates 33,711 new students graduate each year with debt $(44,573 + 13,370) * 58\%$. Using the statistics provided in the previous paragraph, Oversight calculated the estimated reduction to GR from the newest graduates each year and added them to the estimated reduction to GR from existing federal student aid debtors. Oversight notes that, with new graduates included in the analysis each year, the reduction to GR will increase for seven (7) years until the existing federal student aid debtors reach their maximum benefit and no longer participate in this program.

Upon completing the analysis, Oversight assumes this section would reduce GR by the following amount(s):

Fiscal Year	Cost
2022	\$ 7,060,449
2023	\$ 21,658,615
2024	\$ 22,528,129
2025	\$ 23,397,644
2026	\$ 24,267,158
2027	\$ 25,136,672
2028	\$ 26,006,186
2029	\$ 5,856,916
2030	\$ 5,856,916

For purposes of this fiscal note, since B&P and DOR used what appears to be a term of repayment (10 years) less than what many sources suggest (20-25 years), and since STO’s impacts are calculated using a participation rate based on current experience, Oversight will range the revenue reduction to GR beginning with STO’s estimates to an amount that “could exceed” the impacts estimated by Oversight, depending upon utilization of these changes.

Section 166.415 - Missouri Education Savings Program

Oversight notes this section states the Missouri State Treasurer may delegate any duties assigned to the State Treasurer under Section(s) 135.712 to 135.719 and 166.700 to 166.720 to the Missouri Education Program Board established under this section.

Oversight notes Section(s) 135.712 – 135.719 and 166.700 to 166.720 are not existing statutes. Oversight further notes the aforementioned sections are not created within this proposed legislation.

Therefore, **Oversight** will not report a fiscal impact for this section.

Section 166.502 – Missouri Education Deposit Program

Oversight notes this section changes the name of the Missouri Education Savings Program to the Missouri Education Program.

Section(s) 167.263, 167.268, 167.645 & 186.080 – Program for Children from At-Risk Families & Student Promotion Requiring Remediation & Literacy Advisory Council

Officials from the **Missouri Department of Elementary and Secondary Education (DESE)** state, due to sections 167.268 and 167.645, potentially, more students could be attending summer school which could affect the foundation formula but there would be no way for their department to estimate that number.

Per section 186.080, DESE would be required to establish a literacy advisory council and hold two meetings annually. The estimated cost for these meetings is \$20,000.

Oversight assumes this provision removes the requirement that a student attend summer school if they are reading below third-grade at the third-grade level. However, Oversight assumes this provision also states that Charter Schools are now required to offer summer school reading instruction to students with reading success plans and Charter Schools may require students to attend summer school as a condition of promotion to fourth grade.

Upon further inquiry, **DESE** stated this provision does remove the requirement in subsection 167.645.7 but subsection 167.645.9 still requires summer school to be offered to any student with a reading success plan. DESE does not believe the changes in this legislation will significantly change the amount of ADA reported for summer school. Charter schools are now included and could increase the call on the formula if more charter schools students would now be attending summer school.

Oversight will adopt DESE's assumption that this could result in an increased call to the foundation formula. Oversight will show a range of impact of \$0 (no additional summer school

attendance or no appropriation) to an unknown cost to General Revenue with subsequent gain in revenue to school districts.

Oversight notes, per section 163.011, "Full-time equivalent average daily attendance of summer school students" shall be computed by dividing the total number of hours, except for physical education hours that do not count as credit toward graduation for students in grades nine, ten, eleven, and twelve, attended by all summer school pupils by the number of hours required in section 160.011 in the school term."

One full term of attendance is 1,044 hours per student. For each full term of attendance, the average state funding per ADA is approximately at \$5,066 (per DESE) or \$4.85 per hour of full term attendance. For each additional hour of summer school attendance, Oversight estimates the cost to be approximately \$4.85. However, Oversight notes this is an approximation of the cost as the state aid payment can vary greatly by district.

Oversight notes Charter Schools reported 1,058,885 hours of summer school attendance in 2018, based on information provided by DESE from a previous year.

Oversight estimates to reach a revenue impact of \$250,000 would require a change in attendance hours of approximately 52,000 hours or approximately 50 ADA ($52,000 * \$4.85 = \$252,200$). An increase of 52,000 hours would be a 4.9% increase in Charter School summer attendance; therefore, Oversight assumes it is possible the impact could reach the \$250,000 threshold.

In response to similar legislation (HB 368 – 2021), officials from the **Missouri Department of Higher Education and Workforce Development** did not anticipate these provisions would cause a fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for this organizations.

In response to similar legislation (SB 54 - 2021), officials from the **Springfield R-XII School District** stated the total fiscal impact to the district is \$6,562,500.

In response to similar legislation (SB 54 - 2021), officials from the **High Point R-III School District** assumed the proposal will have no fiscal impact on their organization.

In response to similar legislation (HB 2470 - 2020), officials from the **Park Hills School District** anticipated a fiscal impact to hire additional staff to implement and monitor the extended requirements. Estimated cost would exceed \$100,000 annually.

In response to similar legislation (HB 2470 - 2020), officials from the **Shell Knob School District** assumed that bill would have a negative fiscal impact.

In response to similar legislation (HB 2470 - 2020), officials from the **Wellsville -Middletown School District** estimated needing at least one possibly two additional elementary teachers, at a cost of \$92,000 per year.

Per the Achievement Level Report available on the Missouri Comprehensive Data System, **Oversight** notes the following number of students with scores in the below basic level and the basic level:

Springfield School District - School Year 2019

Grade	Below Basic	Basic	Total
Third Grade	470	550	1020
Fourth Grade	245	707	952
Fifth Grade	233	805	1038
Sixth Grade	317	658	975
Total	1265	2720	3985

Based on the cost reported by the Springfield School District, **Oversight** estimates the cost per student reading at below basic and basic (in grades 3 through 6) at approximately \$1,647 (\$6,562,500/3,985).

Statewide - School Year 2019

Grade	Below Basic	Basic	Total
Third Grade	15,664	18,527	34,191
Fourth Grade	8,389	26,406	34,795
Fifth Grade	8,653	28,510	37,163
Sixth Grade	10,938	27,226	38,164
Total	43,644	100,669	144,313

Applying the \$1,647 to the statewide total of students reading at below basic and basic in grades 3 through 6, **Oversight** estimates a cost of \$237,683,511. Without additional information from school districts, **Oversight** is uncertain if other school districts would experience costs similar to those reported by the Springfield School District. **Oversight** assumes additional resources, namely additional teacher time, assessments and materials, will be required to implement these changes. Therefore, **Oversight** will show an unknown cost to school districts that could potentially be significant.

Section 167.625 – Will’s Law

Oversight notes this section establishes what shall be known as “Will’s Law”.

Oversight notes this section states the parent of a student who seeks epilepsy or seizure disorder care while at school shall inform the school nurse or the school administrator or the administrator’s designee in the absence of the school nurse.

The school nurse shall develop an individualized health care plan and an individualized emergency health care plan for the student. The parent of the student shall annually provide to

the school written authorization for the provision of epilepsy or seizure disorder care as described in the individualized plans.

The school nurse or the school administrator or the administrator's designee in the absence of the school nurse shall coordinate the provision of epilepsy and seizure disorder care at the school and ensure that all school employees are trained every two (2) years in the care of the students with epilepsy and seizure disorders.

In response to similar legislation (SB 187 - 2021), officials from the **Missouri Department of Elementary and Secondary Education** and the **Department of Social Services** did not anticipate this section would cause in a fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for these organizations.

Officials from the **Office of Administration – Budget & Planning** state this section creates Will's Law, which requires individualized health care plans for students with epilepsy or seizure disorders. The school shall ensure that all school employees are trained every two years in the care of students with epilepsy and seizure disorders. To the extent new appropriations are made from General Revenue, resources otherwise available for other budget priorities might be reduced.

In response to similar legislation (SB 187 - 2021), officials from the **High Point R-III School District** did not anticipate this section would result in a fiscal impact.

In response to similar legislation (SB 187 - 2021), officials from **Fordland R-III School District** stated this would require an additional position to administer.

Oversight will reflect a potential cost to school districts for additional staff training and administration of the requirements established in this section.

Section 167.903, 167.907, & 167.908 – Free Application for Federal Student Aid

Oversight notes, currently, Individual Career and Academic Plans are optional. Section 167.903 requires students to develop an Individual Career and Academic Plan which must be reviewed annually by school personnel and the student's parent or guardian. The required Individual Career and Academic Plan(s) must include a declaration of a student's postsecondary plan.

Oversight notes Section 167.907 states that no pupil shall receive a certificate of graduation from any public school or charter school unless the pupil has completed and submitted the Free Application for Federal Student Aid.

A student shall be exempt from being required to complete and submit the Free Application for Federal Student Aid if the student submits: 1) written confirmation of a commitment to enlist in the Armed Forces of the United States, or 2) a written document of form, signed by the pupil's parent or guardian, attesting that the student understands what the application is and has chosen not to file such application.

In addition, a student may be exempt from being required to complete and submit the Free Application for Federal Student Aid if the student experiences extenuating circumstances.

Oversight notes Section 167.908 requires the Missouri Department of Higher Education and Workforce Development to establish a procedure for high school students enrolled in career and technical education programs to complete an application for aid through the Employment and Training Administration of the United States Department of Labor under the federal Workforce Innovation and Opportunity Act.

The Missouri Department of Higher Education and Workforce Development is to work with school districts that deliver career and technical education programs to educate students on the value of the aid that is available to them through the federal Workforce Innovation and Opportunity Act.

To accomplish the requirements of Section 167.908, the Missouri Department of Higher Education and Workforce Development shall ensure that the following percentages of all Missouri Department of Elementary and Secondary Education area career centers that deliver career and technical education programs have the means and capability for students at such schools to complete an application for aid through the Employment and Training Administration of the United States Department of Labor under the federal Workforce Innovation and Opportunity Act:

1. For the 2021-2022 school year, fifty percent
2. For the 2022-2023 school year, seventy percent
3. For the 2023-2024 school year, ninety percent
4. For the 2024-2025 school year and every school year thereafter, one hundred percent.

Officials from the **Missouri Department of Higher Education and Workforce Development (DHEWD)** state the sections affecting DHEWD begin with section 167.903 with the creation of an Individual Career and Academic Plan, which could result in a plan to pursue educational alternatives after high school.

Section 167.907 impacts DHEWD as every student, in order to graduate high school, must file a Free Application for Federal Student Aid (FAFSA). This will impact DHEWD's FAFSA outreach efforts and will require contractual support for these outreach efforts due to the statewide mandate.

DHEWD estimates that the equivalent of 3.5 FTE (2080 hours per FTE x 3.5 = 7,280 hours) will allow DHEWD to contract for 7,280 hours at \$15 per hour for a total of \$109,200 annually.

Contracting out will provide 3,120 more hours of direct outreach activity than would be available by hiring two full-time staff and incurring benefit costs while only realizing 4,160 hours of outreach activity (2 FTE x 2,080 hours = 4,160).

The balance of the funding would be used for related program costs such as travel (\$15,000 miles x .37 = \$5,550), outreach advertising (estimated at \$53,998 based upon state contract pricing), print publications (\$8,500 for outreach print materials). The total for this FAFSA activity will be \$177,248 in the first year with an estimated 3% increase in out years.

Section 167.908 would require DHEWD to establish a procedure for providing the means and capability for high school students enrolled in career and technical education programs described under section 170.029 to complete an application for aid through the United States Department of Labor, Employment and Training Administration pursuant to the federal Workforce Innovation and Opportunity Act. DHEWD shall work with school districts that deliver career and technical education programs to educate students on the value of the aid that is available to them through the federal Workforce Innovation and Opportunity Act. The section also set's certain performance measures DHEWED must meet. The application process for these funds is part of the local work development board processes that already exist. No new state costs will be required and the federal funding is part of an annual allocation to each state from the US Department of Labor. No new increase in FTE are required at this time.

This will bring the total costs for these sections related to the FAFSA requirements to \$177,248 in General Revenue for Fiscal Year 2022 with a 3% increase each year thereafter. That will result in a total of \$182,565 for Fiscal Year 2023 and \$188,042 for Fiscal Year 2024.

Oversight does not have any information to the contrary. Therefore, Oversight will report the cost, as estimated by the Missouri Department of Higher Education and Workforce Development. Oversight calculated the cost(s) for the fully implement year (Fiscal Year 2029) by assuming a 3% increase will occur each year.

Section 168.021 – Teacher Certification

Oversight notes this section modifies the means by which certificates of license to teach in the public schools of this state shall be granted.

In response to similar legislation (HB 101 – 2021), officials from the **Missouri Department of Elementary and Secondary Education** did not anticipate this section would cause a fiscal impact on their organization.

Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for this section.

Section 168.036 – Substitute Teachers

Oversight notes Section 168.036 states, in addition to granting certificates of license to teach in public school of the state, the State Board of Education shall grant substitute teacher certificates as provided under this section to any individual seeking to substitute teach in any public school in this state.

The State Board of Education shall not grant a certificate of license to teach to any individual who has not completed a background check.

The State Board of Education may grant a certificate under this section to any individual who has completed the background check and has completed: (1) at least thirty six (36) hours at an accredited institution of higher education, (2) the twenty (20) hour online training program required in this section.

The State Board of Education may grant a certificate to any highly qualified individual with expertise in a technical or business field or with experience in the Armed Forces of the United States who has completed the background check required but does not meet any of the other qualifications if the Superintendent of the school district sponsor such individual and the school board of the school district votes to approve such individual to substitute teach.

Any individual who receives a certificate from the State Board of Education may be a substitute teacher in any public school in the state if a school district superintendent, school district assistant superintendent, or public school principal agrees to employ the individual.

No individual under the age of twenty years shall be a substitute teacher in grades nine through twelve.

The certificates granted for substitute teaching shall be valid for four (4) years.

Oversight notes Section 168.036 requires that the Missouri Department of Elementary and Secondary Education develop an online training program for individuals granted a certificate.

Officials from the **Missouri Department of Elementary and Secondary Education (DESE)** state this section allows the State Board of Education to grant a certificate to any highly qualified individual with certain expertise or experience in the Armed Forces, explained further in the bill, that may not meet any other qualifications if the school board of the seeking school district votes to approve that individual to substitute teach at that district. Doing so would require a new application and process for districts to recommend these individuals at which DESE estimates a cost of \$30,000.

Currently, substitute certificates expire at the end of four years and may be renewed. The new language in Section 168.036 would allow substitute certificates to expire at any point in time and will have a substantial fiscal impact to DESE. The substitute certification process will need to be redesigned to comply with this language as well as a new reporting database will need to be created for districts to notify DESE on substitute statuses. DESE estimates this will cost around \$60,000. DESE also estimates one (1) additional FTE Administrative Assistant (\$27,960) will be needed as well.

Oversight will show the costs as estimated by DESE.

Oversight notes, per DESE's website, an emergency action passed by the State Board of Education in August 2020 which allowed online training to earn a substitute teacher certificate has expired.

Upon further inquiry, **DESE** stated this section would make the online training a permanent option. However, it is important to note that the State Board of Education requested performance data on substitute teachers taking the online training for the purpose of determining whether or not to reintroduce the rule and make the online training option permanent. They are in the process of doing that right now. There are no vendor costs for DESE. The fee is paid by the participant to the vendor. DESE only receives a small certification fee for processing the application and issuing the certificate.

Oversight does not anticipate a fiscal impact to school districts.

Officials from the **Office of Administration – Budget & Planning Division** state this section updates the substitute teacher certification criteria and procedures. The State Board of Education may issue the substitute teacher certification in to an individual with a background check and at least 36 semester hours or twenty-four online training program hours or to a highly qualified individual with a background check and a sponsorship by a school district. This background check is good for 4 years and is transferrable to multiple districts. A school district may require background checks annually. The State Board of Education may refuse to issue or renew, suspend, or revoke the certification at any time.

Section(s) 168.500 & 168.515 – Career Plan Development

Oversight assumes these sections expand on the criteria for career ladder admission and stage achievement. Additional responsibilities and volunteer efforts outside of compensated hours may include uncompensated coaching, supervising, and organizing extracurricular activities, serving as a mentor or tutor to students, additional teacher training or certification, or assisting students with college or career preparation. These sections increases the state percentage of funding for salary supplements for career ladder from 40% to 60% and lowers the number of years before a teacher is eligible from five to two years.

Section 168.500

Officials from the **Missouri Department of Elementary and Secondary Education (DESE)** state, due to the need to approve Teacher Career Plans in the proposed language, DESE estimates a need for a 1.0 FTE at the Supervisor level to manage the program.

Oversight notes the need to approve Teacher Career Plans is language that exists in current law and is not a new requirement of this proposal. Therefore, Oversight will not show the cost for one additional FTE.

Section 168.515

Officials from the **Missouri Department of Elementary and Secondary Education (DESE)** state, in Fiscal Year 2011, \$37,467,000 was appropriated by the General Assembly for Career Ladder. That was the last time that the program was funded and DESE will base the fiscal impact on that amount. Because the language in this section reverses the matching percentages and sets the state match at 60 percent and the local funding at 40 percent, DESE estimates an impact of up to \$56,200,050. Because this amount is subject to appropriation, DESE will show a range of \$0 - \$56,200,050 (plus FTE costs).

Oversight assumes current law already provides for funding at forty percent (40%); however, this funding is not currently appropriated by the General Assembly. Oversight assumes the impact from this section is the difference between funding the Career Ladder program at forty percent (40%) (current law) versus funding at sixty percent (60%) (proposed law). Oversight will report a cost of \$0 (not appropriated) to a cost that could exceed \$18,733,050 (\$56,200,050 - \$37,467,000) as appropriated by the General Assembly.

In addition, **Oversight** assumes this section expands the career ladder criteria for admission and stage achievement and reduces the number of years needed for eligibility. Oversight assumes this provision could result in an increase in eligible teacher compensation if appropriated.

Oversight assumes these funds would transfer from General Revenue to the Excellence in Education Revolving Fund into the Career Ladder Forward Funding Fund before being distributed to qualify school districts. For simplicity, Oversight assumes all funds are utilized in the year they are received.

Section 169.596 – Critical Shortage

Oversight notes, currently, a retired certified or uncertified teacher receiving a retirement benefit may be employed full time for two years without losing their benefit. Oversight notes this section would extend the time period to four years of the school district demonstrates a shortage.

In addition, a retired certified teacher receiving retirement benefits may be employed full time up to two years as a superintendent provided such teacher meets the certification requirements put forth.

Oversight notes this section states the total number of retired members working for a school district shall not exceed, at any one time, the lesser of ten percent of the total number of employees for that district or ten employees.

Officials from the **Joint Committee on Public Employee Retirement (JCPER)** state JCPER's review of Section 169.596 indicates that it may constitute a "substantial proposed change" in future plan benefits defined in Section 105.660(10). It is impossible to accurately determine the fiscal impact without an actuarial cost statement prepared in accordance with Section 105.665. Pursuant to Section 105.670, an actuarial cost statement must be filed with the Chief Clerk of the House of Representatives, the Secretary of the Senate, and the Joint Committee on Public Employee Retirement as public information for at least five legislative days prior to final passage.

Officials from the **Public Schools and Education Employee Retirement Systems (PSRS/PEERS)** assume this legislation makes changes to the critical shortage statute, 169.596 for the Public School Retirement System of Missouri (PSRS) and the Public Education Employee Retirement System (PEERS).

The Critical Shortage Employment Exception found in Section 169.596, RSMo is a statutory provision which allows covered employers who meet certain requirements (as set forth in statute) to employ PSRS/PEERS retirees up to full-time without affecting the payment of their retirement benefits. In order to employ retirees up to full-time under this provision, the employer must:

1. Not have offered early retirement incentives (not early retirement notification) for either of the previous two school years
2. Post the vacancy or vacancies for at least one month
3. Solicit applications through the local newspaper, other media, or teacher education programs • Make a good faith effort to fill positions with non-retired employees
4. Determine there is an insufficient number of eligible applicants for the advertised position(s)
5. Declare a shortage of certificated or non-certificated employees

During the two years of Critical Shortage employment, employer contributions must be made on all salary earned, including employer-paid medical insurance premiums and pay for additional duties. The retired members employed under this provision continue to receive benefits, but do not contribute to PSRS/PEERS or earn service. By statute, districts cannot use the Critical Shortage Employment Exception to fill the position of superintendent.

If a covered district declares a critical shortage of either certificated or non-certificated employees, they can hire up to 10% of the certificated (or non-certificated) staff, not to exceed five individual PSRS retirees to teach, or five individual PEERS retirees to work, for up to two years under this provision (24 months). The two years of employment do not have to be

consecutive - there can be breaks in the employment. However, the total time worked by each retiree cannot exceed two years at all covered districts.

This section allows retirees to return to work under the Critical Shortage Exemption statute up to four years versus the current two-year restriction. It also allows superintendents to work under critical shortage after being retired for at least twelve months prior to employment unless it is necessary due to death, disability or termination for cause of the superintendent who held the position that is being filled. Superintendent positions are limited to two years of working under critical shortage.

This section also allows a covered district that declares a critical shortage of either certificated or non-certificated employees, to hire up to 10% of the certificated (or non-certificated) staff, not to exceed ten individuals total for both Systems, instead of the current limitation(5 for PSRS, 5 for PEERS).

PSRS/PEERS state, as of 2018-2019, PSRS/PEERS had around 125 retired teachers who have returned to work under the critical shortage statute. Their average earning was approximately \$47,400 for PSRS and around \$17,800 for PEERS.

The Systems have an actuary firm, PricewaterhouseCoopers (PWC), that prepares actuarial cost statements on any proposed legislation as well as the annual actuarial valuation reports for the Systems.

Due to the limiting conditions noted above, PWC expects the proposed changes to have little or no impact on active member retirement patterns or enable a change in hiring practices by employers to favor retirees over new employees. As a result, contributions to PSRS as a result of the critical shortage modifications would result in an actuarial gain as no additional benefits would be accrued and since employer contributions would be made on all earnings for each retiree rehired under a critical shortage declaration. Therefore, PWC estimates the impact of the proposed critical shortage modifications to be an insignificant fiscal gain to PSRS and to PEERS.

Oversight assumes any fiscal impact resulting from this section would not be material and, therefore, will not report a fiscal impact in this note as it relates to this section.

Section 170.025 – Cursive Handwriting

Oversight notes this section would require each school district to ensure that its elementary school and schools provide instruction in cursive writing so that the students create readable documents through legible cursive handwriting by the end of fifth grade and each student passes with proficiency a teacher-constructed test demonstrating competency in both reading and writing cursive.

Officials from the **Missouri Department of Elementary and Secondary Education** do not anticipate this section would cause an impact on their organization. Oversight does not have any

information to the contrary. Therefore, Oversight will not report a fiscal impact for this organization.

In response to similar legislation (HB 54 - 2019), the **Springfield Public Schools** said it would cost \$85,000 in materials, assessments and teacher time.

Oversight notes the [English Language Arts Missouri Learning Standards](#) for K-5 include a standard for Grade 2 and Grade 3 to “write legibly (print, cursive)”.

Based on the cost estimate provided by the Springfield Public Schools and the district’s 4th and 5th grade enrollment numbers, Oversight estimates a per student cost of approximately \$21 (\$85,000/4,087).

The statewide total enrollment for Grade 4 and Grade 5 is 130,473. Assuming a per student cost of \$21, Oversight estimates the cost to implement this proposal at \$2,739,933. However, Oversight notes some districts indicated there would be no fiscal impact from this proposal; therefore, Oversight will show a cost of less than \$2,739,933.

Section 170.029 – Career and Technical Education Certificates

Oversight assumes this section requires the State Board of Education, in consultation with the Career and Technical Advisory Council, to develop a statewide plan establishing the minimum requirements for a Career and Technical Education (CTE) Certificate. The statewide plan will match workforce needs with appropriate educational resources. Each local school district shall determine the curriculum, programs of study, and course offerings based on the requirements of the statewide plan. The Missouri Department of Elementary and Secondary Education is required to convene work groups on an as needed basis from each CTE program area to develop written model curriculum frameworks that may be used by districts.

Officials from the **Missouri Department of Elementary and Secondary Education (DESE)** estimate that approximately 10 workgroups will be needed at an average cost of \$7,500 per workgroup (\$75,000 in total). This cost will be spread out over multiple years as it will take some time to update the standards for all areas. Therefore, DESE will show the impact over a three year period with a range of \$0 - \$25,000 per year as the workgroups are on an as needed basis.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by DESE.

In response to similar legislation (HB 896 – 2021), officials from the **Missouri Department of Higher Education and Workforce Development** did not anticipate this section would cause a fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for this organization.

Section 170.047 – Youth Suicide Awareness and Prevention

Oversight notes this section states, beginning in the 2021-2022 school year and continuing in subsequent school years, the optional professional development training in youth suicide awareness and prevention shall contain at least one unit relating to stress management strategies for students and faculty.

Officials from the **Missouri Department of Elementary and Secondary Education** do not anticipate this section would cause a fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for this section.

Oversight assumes this section requires training or professional development in youth suicide awareness and prevention to contain at least one unit relating to stress management. Oversight assumes this section would not have a fiscal impact as the teachers are already required to have a set number of professional development hours.

Section 171.033 – Make-Up Hours Lost or Cancelled

Oversight notes this section states, beginning with the 2021-22 school term, a school district's 1/2 day education program will only make up days or hours of school that are required of the district due inclement weather on a proportional basis.

Officials from the **Missouri Department of Elementary and Secondary Education (DESE)** estimate a minimal impact from the proposed legislation as it would result in ITSD costs to modify edits in Web Applications (webpage school districts/charters use to submit data to DESE).

OA-ITSD assumes every new IT project/system will be bid out because all ITSD resources are at full capacity. IT contract rates are estimated at \$95/hr it is assumed modifications will require 120.96 hours for a cost of \$11,491 in FY 2022 with continuing costs of \$2,356 in Fiscal Year 2023 and \$2,415 in Fiscal Year 2024.

Per DESE's School Calendar Requirements publication, "A half-day Kindergarten or Prekindergarten program must provide a minimum of five hundred twenty-two hours of actual pupil attendance and shall also include thirty-six make-up hours for possible loss of attendance due to inclement weather." **Oversight** assumes that this section would potentially reduce the number of hours required for makeup days on a proportional basis.

Oversight assumes this section could result in savings if this reduced transportation costs, hourly wages, food service costs, etc. Oversight will show a range of impact of \$0 (no additional savings) to an unknown savings from a reduction in the number of hours required.

Section 173.1003 – Higher Education Student Funding

Oversight assumes this section would allow community colleges and public universities to exceed the percentage change limitations for tuition currently established in Section 173.1003, beginning July 1, 2022. This section requires public institutions that utilize differentiated tuition to notify the Missouri Department of Higher Education and Workforce Development and to no longer utilize required course fees.

In response to similar legislation (HB 856 – 2021), officials from the **Missouri Department of Higher Education and Workforce Development (DHEWD)** and the **Missouri National Guard (MNG)** did not anticipate this section would cause a fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for this organization.

In response to similar legislation (HB 856 – 2021), officials from the **University of Missouri System**, assumed this section suspension of the tuition caps would have a positive financial impact on the University of Missouri. The future pricing would still be subject to what market would allow but provides for price adjustment for the degrees that are more costly to deliver and provide higher wages to our graduates. The proposed legislation would have a positive financial impact of an undetermined amount for the University of Missouri.

In response to similar legislation (HB 856 – 2021), officials from the **Missouri State University** assumed this proposal would have a positive impact of an undetermined amount on Missouri State University.

In response to similar legislation (HB 856 – 2021), officials from the **State Technical College of Missouri** assumed this would have a positive fiscal impact on the College. No amount can be estimated.

In response to similar legislation (HB 856 – 2021), officials from the **University of Central Missouri** assumed there is a potential for an increase or decrease in revenue based on the rates set by the Board of Governors.

Oversight assumes the Higher Education Student Funding Act (HESFA) average tuition calculation is based on four year institutions only, so suspending the cap on four-institutions could potentially raise the average tuition calculation, thereby setting a higher tuition ceiling for two-year colleges. However, per DHEWD, no two-year institution has exceeded the existing average tuition ceiling, so Oversight assumes it would be unlikely that two-year colleges would increase tuition as a result of a higher average tuition ceiling.

Oversight is uncertain how the recent approval by the Coordinating Board for Higher Education for St. Louis Community College and Ozarks Technical Community College to offer a single bachelor's (four year) degree will impact the HESFA calculation.

Oversight notes some scholarship programs offer full reimbursement of tuition such as the A+ Scholarship program. Oversight assumes the impact to the A+ Scholarship program is likely limited to those students attending State Technical College. State Tech has 971 students receiving A+ Scholarship awards.

Below is a chart of scholarship programs that offer reimbursement of tuition along with the estimated program expenditures for students attending public four year universities and State Tech.

Public Four Year & State Tech (Only)

Program	Program Expenditure FY 2020
A+ Scholarship (State Tech only)	\$5,704,093
Fast Track	\$154,408
Public Service Officer or Employee's Child Survivor Grant	\$106,417
Wartime Veteran's Survivors Grant	\$258,585
Total	\$6,223,503

Source: FY 2022 DHEWD Budget Request

If tuition increases allowed under this proposal resulted in a 3% increase in the total award amount, **Oversight** estimates the cost at approximately \$186,705 ($\$6,223,503 * .03$). This estimate does not include the estimated growth of the Fast Track program in FY 2022 (from 189 students to 1,567 students per the DHEWD FY 2022 Budget Request).

In addition, the A+ Scholarship programs was expanded to include reimbursement of any dual credit and dual enrollment courses including those offered by public four-year colleges and public universities. Oversight notes this expansion was not funded in FY 2021. Oversight is uncertain if the expansion of the A+ Scholarship program will be funded in future years.

Oversight notes State Technical College of Missouri has 971 students receiving A+ Scholarships.

Upon further inquiry, **DHEWD** stated, if this bill passes, State Tech may raise its tuition more than it would otherwise be allowed to under HESFA; however, it is unlikely to raise the tuition so much as to significantly impact the A+ appropriation. There are market factors and other considerations that effectively limit how high an institution can raise its tuition without losing students. Further, State Tech has a comparatively small number of A+ students compared the community colleges. For all these reasons, DHEWD does not estimate a fiscal impact.

In addition, for FY 2022, DHEWD's A+ new decision item (NDI) for FY 2022 already includes a three percent increase in the program cost. Likewise, DHEWD has included a three percent increase in the FY 2022 NDI for the War Vets program. For Public Service Officer, DHEWD

projected a 2 percent increase but should have sufficient funding to cover an additional one percent. Fast Track is a little more difficult because it is still growing, but staff believe that for FY 2022, DHEWD have requested sufficient funds to cover a three percent tuition increase at public four-year institutions.

In the out years, beyond FY 2022, it is almost impossible to predict because other factors, such as student interest, enrollment patterns, federal changes to the FAFSA and the Pell grant, are probably going to have a bigger impact on program costs than removing the HESFA cap. Since the bill does not mandate tuition increases and DHEWD will have the opportunity to request those funds as part of the regular growth in the programs, staff still do not believe the fiscal impact in those years will be significant.

Oversight notes tuition increases would also impact the State Educational Assistance Program administered by the Missouri National Guard with a program expenditure of approximately \$4.6 million. Oversight is uncertain how many of the students receiving State Educational Assistance are attending public four year universities or State Technical College of Missouri.

Upon further inquiry, **MNG** stated raising tuition doesn't change the scholarship amounts, but would lower their ability to approve requests for tuition assistance. Increased tuition would significantly impact the scholarship buying power, which would require MNG to likely request an increase in appropriations for their tuition assistance program.

Oversight notes DHEWD and MNG do not anticipate a fiscal impact. However, Oversight assumes if some institutions of higher education increase tuition rates beyond the existing cap this could increase scholarship reimbursement costs for certain scholarship programs relative to what would occur under current law. In order to award tuition reimbursement at a higher rate, Oversight assumes these agencies would have to request additional appropriations. Therefore, Oversight assumes this would be an additional cost to the state and will show a range of impact of \$0 (no tuition increases, scholarship programs not impacted, or no increase in appropriation) to an unknown cost to General Revenue for increased scholarship award costs.

-

Oversight assumes this proposal suspends tuition caps indefinitely beginning on July 1, 2022. Therefore, Oversight will show a range of impact to Colleges and Universities of \$0 (no tuition increases) to an unknown revenue gain for Colleges and Universities depending on the increase(s) beginning in FY 2023.

Section 173.1003.10 Course Fees and Differential Tuition

Oversight assumes, with the indefinite suspension of tuition caps, some institutions may implement differential tuition schedules. This proposal states that institutions can no longer utilize course fees if an institution implements differentiated tuition. Depending on the price elasticity of demand, Oversight assumes some institutions could charge lower tuition rates that would result in an increase in the quantity demanded and subsequently an increase in revenue. For purposes of this fiscal note, Oversight assumes institutions would not charge differentiated

tuition rates (and forego course fees) that would result in a cumulative decrease in revenue; therefore, Oversight assumes this provision would result in a net positive impact to universities.

Oversight assumes differentiated tuition rates would have an unknown impact on tuition reimbursement programs depending on if the students receiving reimbursement are enrolled in a programs that charge higher or lower tuition rates relative to what would occur under current law.

Section 174.453 – Board of Governors

Oversight notes this section modifies the Board of Governors for Missouri Western State University.

In response to similar legislation (SB 219 - 2021), officials from the **Missouri Department of Higher Education and Workforce Development** did not anticipate this section would cause a fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for this organization.

Officials from the **Office of Administration – Budget & Planning Division** state this section updates the board member requirements for the board of governors of Missouri Western State University.

Oversight does not anticipate this section will result in a fiscal impact. Therefore, Oversight will not report a fiscal impact as it relates to this section.

Section 178.890 – Community College Districts

Oversight notes this section states any school district which lies in whole or in part in any county of the first classification with more than eighty-three thousand (83,000) but fewer than ninety-two thousand (92,000) inhabitants and with a home rule city with more than seventy-six thousand (76,000) but fewer than ninety-one thousand (91,000) inhabitants as the county seat shall be part of the community college district of which the majority of school districts lying in whole or in part in any county of the third classification with a township form of government and with more than ten thousand (10,000) but fewer than twelve thousand (12,000) inhabitants are part.

Officials from the **Missouri Department of Elementary and Secondary Education** do not anticipate this section will cause a fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for this section.

Section 210.201 – Licensing of Certain Child Care Homes

Oversight notes this section modifies the definition of “Montessori School”.

Currently, the definition of “Montessori School” is “a child care program that subscribes to Maria Montessori’s educational philosophy and that is accredited by the American Montessori Society or the Association Montessori Internationale”.

This section modifies the definition of “Montessori School” to read “a child care program that is either accredited by, actively seeking accreditation by, or maintains an active school membership with the American Montessori Society, the Association Montessori Internationale, the International Montessori Counsel, or the Montessori Educational Programs International”.

In response to similar legislation (SB 457 – 2021), officials from the **Missouri Department of Health and Senior Services**, the **Missouri Department of Social Services**, the **Missouri Department of Public Safety (DPS)**, **Fire Safety and DPS**, **Missouri Highway Patrol** did not anticipate this section would result in a 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 for these agencies.

Section 513.430 – Property Exempt From Attachment

Oversight assumes this section provides bankruptcy protection for the Missouri Education Savings Program and the Missouri Higher Education Deposit Program also known commonly as 529 education savings accounts. The section limits the protection to proceedings filed or on appeal after January 1, 2021 and only for designated beneficiaries that are lineal descendants of the account owner. Contributions within a 1 year period before a judgment will not qualify for the exemption.

Officials from the **Missouri Department of Elementary and Secondary Education** do not anticipate this section will cause a fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for this organization, as it relates to this section.

Legislation as a Whole

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. 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 SOS for administrative rules is less than \$5,000. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize 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 they can sustain within their core budget. Therefore, they reserve 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.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposed legislation. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriations process.

Officials from the **Joint Committee on Administrative Rules** assume this proposed legislation will not cause a fiscal impact beyond its current appropriation.

Oversight assumes JCAR will be able to administer any rules from this proposed legislation with existing resources.

Officials from the **Missouri Department of Health and Senior Services**, the **Missouri Department of Mental Health**, the **Missouri Department of Public Safety – Highway Patrol**, the **Missouri Department of Social Services**, the **Missouri State Auditor’s Office**, the **University of Central Missouri**, the **Missouri State University**, and the **St. Charles Community College** do not anticipate this proposed legislation will cause a fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for these organizations.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024	Fully Implemented (FY 2029)
GENERAL REVENUE FUND				
<u>Cost – DESE - Section 160.263 – Data Collection Requirement – p. 4-6</u>	(\$62,400)	(\$5,000)	(\$5,000)	(\$5,000)
<u>Cost – STO - Section - 160.560.8 – p. 8</u>		Up to....	Up to....	\$0
Personal Service	\$0	(\$80,210)	(\$81,012)	\$0
Fringe Benefits	\$0	(\$49,664)	(\$49,908)	\$0
Expense and Equip	\$0	(\$28,500)	(\$11,236)	\$0
Total Cost – STO	\$0	(\$158,374)	(\$142,156)	\$0
FTE Change – STO	2 FTE	2 FTE	2 FTE	2 FTE
<u>Costs – DESE §160.565 p. 9</u>	(Unknown)	(Unknown)	(Unknown)	(Unknown)
<u>Cost – DESE – Section 161.214 –For School Districts To Support The Implementation Of School Innovation Waivers – p. 11</u>	\$0 or (Unknown, Up to \$1,000,000)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost – DESE – Section 161.217 – p. 11-13</u>				
Personnel Services	\$0	(\$33,540 to \$100,620)	(\$40,650 to \$121,951)	\$0
Fringe Benefits	\$0	(\$21,270 to \$63,809)	(\$25,659 to \$76,978)	\$0
Equipment & Expense	\$0	(\$14,949 to \$44,845)	(\$7,403 to \$22,208)	\$0
Total Cost	\$0	(\$69,759 to \$209,274)	(\$73,712 to \$221,137)	\$0

FTE Change - DESE	0 FTE	1 FTE to 3 FTE	1 FTE to 3 FTE	0 FTE
<u>Cost</u> – DESE - Section 161.217 – On-Site Assessments – p. 11-13	\$0	(\$25,000 to \$450,000)	(\$25,000 to \$450,000)	\$0
<u>Cost</u> – DESE – Section 161.217 – Coaching, Consolation, and Technical Assistance - p. 11-13	\$0	(\$450,000 to \$8,100,000)	(\$450,000 to \$8,100,000)	\$0
<u>Transfer Out</u> – Section 161.380 - To The Competency – Based Education Grant Program Fund – Unknown Number And Amount Of Grants – p. 14-17	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)	\$0
<u>Cost</u> – DESE – Section 161.385 – Competency-Based Education Task Force – p. 14-17	(\$25,000)	(\$25,000)	(\$25,000)	\$0
<u>Cost</u> – DESE – Section 161.385 - Development of Competency Based Assessments (Per Course/Content Domain) – p. 14-17	(\$500,000) to (Unknown)	(\$500,000) to (Unknown)	\$0	\$0
<u>Cost</u> – DESE – Section 161.890 – Travel, Materials, Supplies, & Publications – p. 20	(\$25,000)	(\$25,000)	(\$25,000)	(\$25,000)

<u>Cost Avoidance</u> – Section 162.974 – Denial Of Non-Special Education Costs – p. 24-26	Unknown	Unknown	Unknown	Unknown
<u>Transfer Out</u> – Section 162.974 – To High Need Fund – p. 24-26	(\$17,087 or Unknown)	(\$17,087 or Unknown)	(\$17,087 or Unknown)	(\$17,087 or Unknown)
<u>Cost</u> – DESE - Section 162.1250 – Virtual Payment Increase – p. 26	(\$90,000)	(\$90,000)	(\$90,000)	(\$90,000)
<u>Cost</u> – DESE – Section 162.1255 – Potential Cost To Foundation Formula Associated With Students Taking Competency-Based Courses – p. 14-17	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)	\$0
<u>Cost</u> - DESE– Section 163.018 – Early Childhood Payment Increase – p. 27	(\$1,863,733)	(\$1,863,733)	(\$1,863,733)	(\$1,863,733)
<u>Revenue Reduction</u> – Section(s) 166.410 & 166.435 – Subtraction From Federal Adjusted Gross Income For Contributions/Deposits Into 529/MOST Savings Accounts – p. 27-33	(\$1,409,653) to could exceed (\$7,060,449)	(\$3,623,683) to could exceed (\$21,658,615)	(\$4,286,929) to could exceed (\$22,528,129)	(\$1,081,927) to could exceed (\$5,856,916)
<u>Cost</u> – Section(s) 167.268 & 167.645 –				

Increased Call To The Foundation Formula For Charter School Summer School ADA – p. 33-35	\$0	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost</u> – DHWED – Section 167.907 – FASFA Outreach Contractors, Travel, Printing & Advertising – p. 37-38	(\$177,248)	(\$182,565)	(\$188,042)	(\$217,992)
<u>Cost</u> – DESE – Section 168.036 – New Application And Process – p. 39-40	(\$30,000)	\$0	\$0	\$0
<u>Cost</u> – DESE – Section 168.036 – New Certification Process And Database – p. 39-40	(\$60,000)	\$0	\$0	\$0
<u>Cost</u> – DESE – Section 168.036 – p. 39-40				
Personnel Services	(\$23,300)	(\$28,240)	(\$28,522)	Greater than (\$28,522)
Fringe Benefits	(\$17,814)	(\$21,471)	(\$21,566)	Greater than (\$21,566)
Equipment & Expense	(\$14,949)	(\$7,403)	(\$7,588)	Greater than (\$7,588)
Total Cost	(\$56,063)	(\$57,114)	(\$57,676)	Greater than (\$57,676)
FTE Change – DESE	1 FTE	1 FTE	1 FTE	1 FTE
<u>Cost</u> – DESE – Section 168.515 – Expansion Of Career Ladder Criteria For Admission And State Achievement – p. 41	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

<u>Cost – Section 168.515 – Increased Funding For Career Ladders Program From 40% to 60% - p. 41</u>	\$0 to (Could exceed \$18,733,050)	\$0 to (Could exceed \$18,733,050)	\$0 to (Could exceed \$18,733,050)	\$0 to (Could exceed \$18,733,050)
<u>Cost – Section 186.080 – Annual Meetings For Literacy Advisory Council – p. 33</u>	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)
<u>Cost – DESE – Section 170.029 – Workgroups – p. 44-45</u>	\$0 to (\$25,000)	\$0 to (\$25,000)	\$0 to (\$25,000)	\$0 to (\$25,000)
<u>Cost – DESE – Section 171.033 – ITSD Costs – p. 45-46</u>	(\$11,491)	(\$2,356)	(\$2,415)	Greater than (\$2,415)
<u>Cost – DHEWD/MNG – Section 173.1003 – Increased Costs For Tuition Reimbursement Programs From Suspension Of Caps – p. 46-49</u>	\$0	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Savings/Cost – DHEWD/MNG – section 173.1003 – Savings Or Costs For Different Tuition Rates – p. 46-49</u>	\$0	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>Less than or greater than (\$4,347,675) to less than or greater than (\$29,756,521)</u>	<u>Less than or greater than (\$7,114,671) to less than or greater than (\$52,122,168)</u>	<u>Less than or greater than (\$7,271,750) to less than or greater than (\$52,493,425)</u>	<u>Less than or greater than (\$3,380,830) to less than or greater than (\$26,913,869)</u>

COMPETENCY-BASED EDUCATION GRANT PROGRAM FUND				
<u>Transfer In</u> – Section 161.380 - From General Revenue – p. 14-17	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown	\$0
<u>Income</u> – Section 161.380 - Gifts, Contributions, Grants And/or Bequests – p. 14-17	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown	\$0
<u>Costs</u> – Section 161.380 - Grant Awards To Local School Districts – p. 14-17	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)	\$0
ESTIMATED NET EFFECT ON COMPETENCY-BASED EDUCATION GRANT PROGRAM FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
COLLEGES AND UNIVERSITIES				
<u>Cost</u> – Section 161.625 - Data Collection – p. 17-19	Could exceed (\$250,000)	Could exceed (\$250,000)	Could exceed (\$250,000)	Could exceed (\$250,000)
<u>Revenue Gain</u> – Section 173.1003 – From Suspending				

Statutory Cap On Tuition Rates – p. 46-49	\$0	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain</u> – Section 173.1003 – Institutions Charging Different Tuition Rates – p. 46-49	\$0	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Revenue Loss</u> – Section 173.1003 – Institutions No Longer Charging Course Fees – p. 46-49	\$0	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON COLLEGES AND UNIVERSITITES	<u>Greater than (\$250,000) to Unknown</u>	<u>Greater than (\$250,000) to Unknown</u>	<u>Greater than (\$250,000) to Unknown</u>	<u>Greater than (\$250,000) to Unknown</u>
<u>LOTTERY FUND</u>				
<u>Cost Avoidance</u> – Section 162.974 – Denial Of Non-Special Education Costs – p. 24-26	Unknown	Unknown	Unknown	Unknown
<u>Transfer Out</u> – Section 162.974 – To High Need Fund – p. 24-26	(\$8,416 or Unknown)	(\$8,416 or Unknown)	(\$8,416 or Unknown)	(\$8,416 or Unknown)
ESTIMATED NET EFFECT ON LOTTERY FUND	Less than or greater than (\$8,416)	Less than or greater than (\$8,416)	Less than or greater than (\$8,416)	Less than or greater than (\$8,416)
<u>HIGH NEED FUND</u>				
<u>Transfer In</u> – Section 162.974 – From				\$17,087 or Unknown

General Revenue – p. 24-26	\$17,087 or Unknown	\$17,087 or Unknown	\$17,087 or Unknown	
<u>Transfer In</u> – Section 162.974 – From Lottery Fund – p. 24-26	\$8,416 or Unknown	\$8,416 or Unknown	\$8,416 or Unknown	\$8,416 or Unknown
<u>Savings</u> – Section 162.974 – Denial Of Non-Special Education Costs – p. 24-26	Unknown	Unknown	Unknown	Unknown
<u>Cost</u> – Section 162.974 – Increase In Eligible Costs – p. 24-26	(\$25,503 or Unknown)	(\$25,503 or Unknown)	(\$25,503 or Unknown)	(\$25,503 or Unknown)
ESTAIMTED NET EFFECT ON HIGH NEED FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
EXCELLENCE IN EDUCATION REVOLVING FUND				
<u>Transfer In</u> – Section 168.515 – From General Revenue – For Expansion Of Career Ladder Eligibility Criteria – p. 41	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer In</u> – Section 168.515 – From General Revenue – Increased Funding For Career Ladders Program At 60% - p. 41	\$0 to could exceed \$18,733,050	\$0 to could exceed \$18,733,050	\$0 to could exceed \$18,733,050	\$0 to could exceed \$18,733,050

<u>Transfer Out</u> – Section 168.515 – To Career Ladder Forward Funding Fund – Increased Funding For Career Ladders Program From 40% to 60% - p. 41	\$0 to (Unknown, could exceed \$18,733,050)	\$0 to (Unknown, could exceed \$18,733,050)	\$0 to (Unknown, could exceed \$18,733,050)	\$0 to (Unknown, could exceed \$18,733,050)
ESTIAMTED NET EFFECT ON EXCELLENCE IN EDUCATION REVOLVING FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
CAREER LADDER FORWARD FUNDING FUND				
<u>Transfer In</u> – Section 168.515 – From Revolving Fund – For Expansion Of Career Ladder Eligibility Criteria – p. 41	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer In</u> – Section 168.515 – From Revolving Fund – Increased Funding For Career Ladders Program At 60% - p. 41	\$0 to could exceed \$18,733,050	\$0 to could exceed \$18,733,050	\$0 to could exceed \$18,733,050	\$0 to could exceed \$18,733,050
<u>Transfer Out</u> – Section 168.515 – To School Districts – Increased Funding For Career Ladders Program From 40% To 60% - p. 41	\$0 to (Unknown, could exceed \$18,733,050)	\$0 to (Unknown, could exceed \$18,733,050)	\$0 to (Unknown, could exceed \$18,733,050)	\$0 to (Unknown, could exceed \$18,733,050)

L.R. No. 0849H.06C

Bill No. HCS for SS for SCS for SB 152

Page 61 of 67

May 3, 2021

ESTIAMTED NET EFFECT ON CAREER LADDER FORWARD FUNDING FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
---	-------------------	-------------------	-------------------	-------------------

<u>FISCAL</u> <u>IMPACT – Local</u> <u>Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024	Fully Implemented (FY 2029)
LOCAL GOVERNMENT				
<u>Cost – Section</u> 160.560 – 90% Of State, Local, Federal Student Aid Deposited Into 529/MOST Account – p. 6-9	\$0	\$0	\$0 or (Unknown but could be significant)	\$0
<u>Cost – Section</u> 160.3005 – Additional Accommodations For Nursing Mothers – p. 10	\$0 to (Unknown)	\$0	\$0	\$0
<u>Cost – Section</u> 161.214 – To Implement School Innovation Waivers (Improve Student Readiness and Job Training, Increase Teacher Compensation, Improve Teacher Recruitment and Development) – p. 11	\$0 or (Unknown, Could exceed \$1,000,000)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

<u>Revenue Gain</u> – Section 161.214 – State Distributions To Support School Districts Implementing School Innovation Waivers – p. 11	\$0 or Unknown, Up to \$1,000,000	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain</u> – Section 161.380 – Grants Provided To School Districts – p. 14-17	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown	\$0
<u>Cost</u> – Section 161.380 – Implementing Competency- Based Education Program – p. 14-17	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)	\$0
<u>Cost</u> – Section 161.1050 – To Keep Records Of Incidents And Inform Parents – p. 21	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost</u> – Section 162.720 – Requirement To Establish Gifted Programs – p. 22–24	\$0 to could exceed (\$6,888,675)	\$0 to could exceed (\$6,888,675)	\$0 to could exceed (\$6,888,675)	\$0 to could exceed (\$6,888,675)

<u>Cost</u> – Section 162.720 – Cost Of Professional Development Training For Non-Certified Teachers Of Gifted Education – p. 22-24	(Unknown)	(Unknown)	(Unknown)	(Unknown)
<u>Loss</u> – Section 162.974 – Denial Of Non-Special Education Costs – p. 24-26	(Unknown)	(Unknown)	(Unknown)	(Unknown)
<u>Revenue Gain</u> – Section 162.974 – Increase In Eligible Costs – p. 24-26	\$25,503 or Unknown	\$25,503 or Unknown	\$25,503 or Unknown	\$25,503 or Unknown
<u>Revenue Gain</u> – Section 162.1250 – Virtual Payment Increase – p. 26	\$90,000	\$90,000	\$90,000	\$90,000
<u>Revenue Gain</u> – Section 163.018 – Early Childhood Payment Increase – p. 27	\$1,863,733	\$1,863,733	\$1,863,733	\$1,863,733
<u>Revenue Gain</u> – Section(s) 167.268 & 167.645 – Distributions In State Aid To Charter Schools For Summer School – p. 33-35	\$0	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

<u>Cost</u> – Section(s) 167.268, 167.645 – Reading Success Plans and Reading Intervention For Students – p. 33-35	\$0	(Unknown, Potentially Significant)	(Unknown, Potentially Significant)	(Unknown, Potentially Significant)
<u>Cost</u> – Section 167.625 – Potential Cost For Additional Staff Training And Administration Of Will’s Law – p. 36	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue Gain</u> – Section 168.515 – For Expansion Of Career Ladder Eligibility Criteria – p. 41	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain</u> – Section 168.515 – Increased Funding For Career Ladders Program From 40% To 60% - p. 41	\$0 to could exceed \$18,733,050	\$0 to could exceed \$18,733,050	\$0 to could exceed \$18,733,050	\$0 to could exceed \$18,733,050
<u>Cost</u> – Section 170.025 – Materials, Assessments & Teacher Time To Implement Cursive Writing – p. 44	(Less than \$2,739,933)	(Less than \$2,739,933)	(Less than \$2,739,933)	(Less than \$2,739,933)

<u>Savings</u> – Section 171.033 – From Reduced Transportation Costs, Hourly Wages Or Food Service Costs – p. 45-46	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
ESTIMATED NET EFFECT TO LOCAL GOVERNMENT	<u>Less than or greater than (\$760,697) to less than or greater than \$11,083,678</u>	<u>Less than or greater than (\$760,697) to less than or greater than \$11,083,678</u>	<u>Less than or greater than (\$760,697) to less than or greater than \$11,083,678</u>	<u>Less than or greater than (\$760,697) to less than or greater than \$11,083,678</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This proposed legislation makes changes to provisions of education.

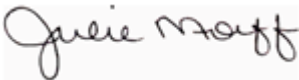
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

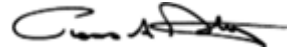
- Office of Administration – Budget & Planning Division
- Missouri Department of Elementary and Secondary Education
- Missouri Department of Higher Education and Workforce Development
- Missouri Department of Health and Senior Services
- Missouri Department of Mental Health
- Missouri Department of Revenue
- Missouri Department of Public Safety – Missouri Highway Patrol
- Missouri Department of Public Safety – Missouri National Guard
- Missouri Department of Public Safety – Fire Safety
- Missouri Department of Social Services
- Missouri Secretary of State
- Joint Committee on Public Employee Retirement
- Public Education Employee’s Retirement System
- Missouri State Auditor’s Office
- Missouri State Treasurer’s Office

L.R. No. 0849H.06C
Bill No. HCS for SS for SCS for SB 152
Page **67** of **67**
May 3, 2021

Missouri House of Representative
Missouri Senate
Missouri Governor's Office
Joint Committee on Administrative Rules
University of Missouri System
Missouri State University
University of Central Missouri
St. Charles Community College
Fordland School District
High Point R-III School District
Springfield Public Schools
Springfield R-XII School District
Park Hills School District
Schell Knob School District
Wellsville-Middletown School District



Julie Morff
Director
May 3, 2021



Ross Strope
Assistant Director
May 3, 2021