

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1064H.16C  
 Bill No.: HCS for SS No.2 for SCS for SB Nos. 4, 42 & 89  
 Subject: Department of Elementary and Secondary Education; Education, Elementary and Secondary; Teachers  
 Type: Original  
 Date: April 24, 2023

Bill Summary: This proposal modifies provisions regarding transparency in public schools and creates the Parents' Bill of Rights Act of 2023.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue*	(Unknown, Less than \$103,079,126 to Could exceed \$282,503,755)	(Unknown, Less than \$76,694,820 to Could exceed \$80,108,916)	(Unknown, Less than \$76,710,003 to Could exceed \$80,124,471)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Unknown, Less than \$103,079,126 to Could exceed \$282,503,755)</b>	<b>(Unknown, Less than \$76,694,820 to Could exceed \$80,108,916)</b>	<b>(Unknown, Less than \$76,710,003 to Could exceed \$80,124,471)</b>

\*The large potential fiscal impact in FY 2024 stems mostly from the possibility of a large percentage of ALL teachers earning the \$3,000 bonus for completing the patriotic and civics training program.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
General Revenue	5 FTE	5 FTE	5 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>5 FTE</b>	<b>5 FTE</b>	<b>5 FTE</b>

- 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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>Local Government</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

\*Oversight cannot estimate the net effect to school districts; therefore Oversight will reflect a range of impact of unknown positive to unknown negative.

## FISCAL ANALYSIS

### ASSUMPTION

#### Section 160.516 - Curriculum Review

Officials from **Department of Elementary and Secondary Education (DESE)** assume this provision will require modifications to IT applications. See OA-ITSD response below for estimates.

**Oversight** will show an unknown cost to school districts/school boards to implement this provision.

#### Section 160.522 - Accountability Report Card

Officials from the **DESE** state this section requires DESE to produce a report card of every public-school district with information that is not collected today.

DESE assumes the collection, categorization, organization, and display of this information would require significant investment in the programming, storage, and maintenance of the website. An entirely new section, as described below, would be responsible for ensuring the data is collected, recorded, shared and reviewed.

Department of Elementary and Secondary Education Transparency and Accountability

One (1) Coordinator of Transparency and Accountability - \$90,812

One (1) Data Systems Administrator - \$90,812

Two (2) Transparency and Accountability Analyst - \$41,506

One (1) Administrative Assistant - \$64,698

OA-ITSD costs are included to develop, program, and maintain a statewide database that would house the information required to be included. DESE has budgeted the full amount in year one, however costs may carry over into FY 2025 depending upon scheduling of the project. See OA-ITSD response below for estimates.

**Oversight** assumes there could be costs for school districts to collect and display the data required.

#### Section 160.771 - Missouri Childhood Hero Act

**Oversight** does not anticipate an impact to state or local funds from this provision.

Section 161.841 - Parents' Bill of Rights Act

**Oversight** assumes there could be costs for school staff time to meet requests for information on curriculum, instructional material, contracts and funding. Additionally, Oversight assumes there could be training costs and administrative costs related to notifications and printing. Oversight is uncertain if these costs could be absorbed by school districts. Therefore, Oversight will show a range of impact of \$0 (no additional costs or costs can be absorbed) to unknown costs.

Section 161.854 - School Issued Electronic Devices

**Oversight** assumes there could be costs for school districts to prohibit students' access to social media, video sharing sites, and inappropriate material.

Sections 162.471, 162.492 and 162.611 – Appointing School Board Members

In response to a similar proposal, HB 914 (2023), officials from the **Jackson County Board of Elections, Kansas City Board of Elections, Platte County Board of Elections, St. Louis City Board of Elections** and **St. Louis County Board of Elections** each assume the proposal will have no fiscal impact on their respective organizations.

**Oversight** assumes there could be savings if the Kansas City Public Schools and St. Louis Public Schools can appoint a board member instead of holding a special election.

Section 163.011 - Changes to Weighted Average Daily Attendance

Officials from **DESE** state section 163.011.20 RSMo, modifies the WADA calculation to now add in a weighting for homeless. It adds the wording “plus the product of fifteen hundredths multiplied by the number of pupils who are homeless children and youths as defined in 42 U.S.C. 11434a.”

Due to this count not having to exceed a threshold percentage as with FRL, IEP, and LEP count this adds an additional 5,000 to 6,000 WADA to the formula calculation increasing the call by \$24,051,797.08.

In addition, this section modifies the weighted average daily attendance (WADA) multiplier from twenty-five hundredths to three tenths.

Modification WADA

Base Year Weighting Modifier Total Difference  
\$ 3,584,611,913.99 - \$3,625,996,368.49= (\$41,384,454.50)

**Oversight** will show the costs as estimated by DESE.

### Section 163.161 - Magnet School

Officials from **DESE** assumes this provision states “Any school district that operates magnet schools as part of a master desegregation settlement agreement shall not be considered inefficient for purposes of state aid for transportation of pupils attending such magnet schools and shall not receive a financial penalty for the magnet school transportation portion of the overall transportation budget as a result thereof.”

The transportation payment is not calculated by building within a district. Without a major change to how data is collected and change to the transportation calculation system the state would not be able to even know if the buildings transportation is considered inefficient. If this is mandated, then this would be an entire system change to figure out if the penalty would apply.

If this section is meaning that the school district itself not ever be considered inefficient then a change would need to be made to the transportation system, but it will be a much smaller change to the calculation.

If it's determined the district as a whole would not be subject to the inefficiency penalty, then if the only district this applies to is St. Louis City the cost would be an increase of \$3,395,556 to the transportation calculation.

**Oversight** will show the costs as estimated by DESE.

### Section 168.781 – Teacher Bill of Rights

**Oversight** assumes there could be costs for school districts to provide teachers with classroom preparation time each day or compensation from the school district to such teacher in an amount equal to a full day's pay for a substitute teacher in such teacher's school district for each day such teacher is not allowed such preparation time.

### Section 170.355 - Discussion of Certain Concepts and Beliefs in Public School

Officials from **DESE** state subsections 11 and 12 require the State Board of Education to hold a contested case hearing for parental complaints of violations of this section by a teacher acting alone or for violations occurring throughout a district.

Based on this proposed language, the Office of Governmental Affairs estimates costs of less than \$100,000. These costs which will be dependent on the number of hearings and appeals the State Board receives. DESE has estimated 10 hearings per year. Costs are including but are not limited to hearing officer time for hearing and drafting recommendations for the State Board; administrative assistant time to schedule hearings, provide notice to parties and any settlement negotiations; and court reporter costs.

- For cost explanation purposes, the average cost for a teacher discipline hearing is \$566.55/hearing:

- Average of 3 hours of hearing officer time x average of \$58.08/hour
- Average of 7 hours administrative assistant time x \$31.08/hour
- Average of \$174.75 in court reporter costs/hearing.

DESE estimates between 1 and 10 hearings per year for a cost between \$566.55 and \$5,665.50.

Officials from **Department of Revenue (DOR)** state they do not administer this credit (the Missouri Empowerment Scholarship Accounts Program Tax Credit) and do not have control over the credit amount or the amount of the payments to individuals. That is done by the Office of the State Treasurer. Therefore, this will not fiscally impact DOR.

In response to the previous version, officials from the **Office of the State Treasurer** and the **Office of Administration - Administrative Hearing Commission** each assumed the proposal would have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

**Oversight** assumes there could be costs for school districts for staff training or curriculum and compliance with the other requirements of this proposal.

Oversight notes Oversight notes the foundation formula payments for public school districts is estimated at \$3,561,737,794 for FY 2024 per the DESE Budget Request for FY 2024.

Oversight assumes there could be a loss to public schools that fail to comply with the requirements in the proposal. DESE is to withhold twenty percent of the moneys provided by monthly distribution of state formula funding to such school district or charter school until such school district or charter school is in compliance. Based on amounts appropriated, Oversight assumes the loss could exceed \$250,000.

In addition, **Oversight** assumes, the state board of education is to notify the Department of Revenue of each action found to be a violation of this provision. For each violation, the Department of Revenue shall adjust the limitation on the cumulative amount of tax credits for contributions (170.355.11(3)) to educational assistance organizations established in subsection 3 of section 135.713. The adjustment for each such violation shall be an increase in such limitation in an amount equal to one one-thousandth of the amount of such limitation at the time of an adjustment required under this (approximately \$50,000 ( $\$50,000,000 * .001$ ) per violation).

**Oversight** will show a range of impact on the Empowerment Scholarship Tax Credit cap of \$0 (no violations) to an unknown increase in the cap depending on the number of violations and a subsequent savings to the foundation formula from additional students receiving scholarships and transferring to private schools.

**Oversight** notes 2% of qualifying contributions received by educational assistance organizations shall be deposited into the MO Empowerment Scholarship Accounts Fund. Based on the

expansion of the cap if the penalty provisions of this section are enacted, Oversight assumes the MO Empowerment Scholarship Accounts Fund may receive additional revenue. However, for purposes of this fiscal note, Oversight assumes these amounts would be de minimis.

Section 170.370 - Patriotic and Civics Training Program for Teachers

Officials from **DESE** state providing teachers who participate in the Patriotic and Civics Training Program a payment at \$3,000 per teacher would cost a minimum of \$210,000,000. The bill language does not specify what grades/teachers would be included in this training. DESE assumes that all teachers grade K-12 would be eligible with a total of approximately 70,000 teachers. DESE assumes that not all teachers would participate in year one and new teachers would be eligible as well so have broken the cost down to 23,334 teachers per year for an annual cost of \$70,002,000. DESE assumes that additional requirements for tracking training and payments to teachers would require OA-ITSD programming assistance.

**Oversight** assumes this proposal offers a one-time bonus of \$3,000 for teachers to participate in the program. Oversight notes the following costs based on differing levels of participation:

Percentage of Participation	Number of Participants	Costs
1% of Teacher's Participation	720	\$2,160,000
5% of Teacher's Participation	3,599	\$10,797,000
10% of Teacher's Participation	7,198	\$21,594,000

**Oversight** notes there are 2,393 school buildings in Missouri. Oversight assumes if there were 5 teachers per building that may teach civics or be allowed to apply for the training, the estimated cost would be \$35,895,000 ( $2,393 * 5 = 11,965$ ;  $11,965 * \$3,000 = \$35,895,000$ ).

**Oversight** is uncertain how many teachers would participate on an annual on-going basis but assumes the participation level could be high given the financial incentive (and not being restricted to teachers of certain topics). Oversight will show a range of impact of \$35,895,000 (5 teachers per school building) to the estimate provided by DESE of \$215,943,000 (total teacher population) in the first year and a cost that could exceed \$10,500,000 for new teachers entering the field in future years. Oversight assumes the cost could exceed the estimate provided by DESE if the bonus is available to private school teachers.

Proposed Legislation as a Whole

Officials from the **Attorney General's Office** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Officials from the **Office of Administration – Information Technology** state it is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity. This project would have to be prioritized by DESE to be worked among DESE's other projects. ITSD assumes this proposal would require modifications to the ASBR and MOSIS applications and the creation of a program to track distributions for the Patriotic and Civics Training program. ITSD estimates these projects would take 14,094 hours at a contract rate of \$95 for a total cost of **\$1,338,930** with on-going support costs.

**Oversight** will show the costs as estimated by OA-ITSD.

In response to a previous version, officials from the **Eldon School District** stated they would need to hire an additional staff person to take on all these responsibilities. The estimated cost for this person with benefits would be \$100,000.

In response to a previous version, officials from the **Cape Girardeau Public Schools** state the fiscal impact is difficult to put a dollar amount on. At minimum, it will take a full time staff member to provide oversight and compliance with the current bill language. This will carry its own fiscal impact to public schools. The fiscal impact to the district will range from \$100,000 - \$500,000.

In response to a previous version, officials from the **Republic R-III School District** state this will likely require the district to hire an employee who is solely responsible for reporting to the accountability portal and making sure the district has the required pieces located on the district website. This will be an additional administrative type employee with a total cost (salary and benefits) of approximately \$65,000.

In response to a previous version, officials from the **Gordon Parks Elementary Charter School** state there will be an impact but did not provide any additional information.

In response to the previous version, officials from **Parkway C-2 School District**, stated they estimate adding an additional 2 FTE employees (finance department analysts) to collect information, upload and update the Accountability Portal. This cost is estimated at \$150,000 annually.

**Oversight** notes if 10% of school districts needed to hire a secretary or administrative assistant, the cost is estimated at \$1,872,000 (52 districts X an average salary of \$36,000 per MERIC-OEWS Data). If 50% of school districts needed to hire an additional person the cost is estimated



at \$9,378,000. These estimates do not include employee benefits. Oversight will show an unknown cost that could be substantial for school districts to implement this provision.

**Oversight** received a limited number of responses from school districts related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, other school districts were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
<b>GENERAL REVENUE FUND</b>			
<u>Costs – DESE - §160.522 – p. 3&amp;4</u>			
Personnel Service	(\$239,857)	(\$293,585)	(\$299,456)
Fringe Benefits	(\$141,684)	(\$172,174)	(\$174,371)
Expense & Equipment	(\$21,738 up to \$52,811)	(\$12,662 up to \$31,203)	(\$12,916 up to \$31,827)
<u>Total Costs – DESE</u>	(\$403,278 up to \$434,351)	(\$478,421 up to \$496,961)	(\$486,742 up to \$505,654)
FTE Change	5 FTE	5 FTE	5 FTE
<u>Costs - Foundation Formula WADA modifications - §163.011 – p.4&amp;5</u>	(\$41,384,455)	(\$41,384,455)	(\$41,384,455)
<u>Costs - Foundation Formula Homeless modifications - §163.011 - p.4&amp;5</u>	(\$24,051,797)	(\$24,051,797)	(\$24,051,797)
<u>Costs - Magnet Schools transportation costs - §163.161 – p.5</u>	\$0 or (\$3,395,556)	\$0 or (\$3,395,556)	\$0 or (\$3,395,556)
<u>Costs - DESE - to track complaints and hold contested case hearings - §170.355 – p.5&amp;6</u>	(\$5,666)	(\$5,666)	(\$5,666)
<u>Revenue Gain - from funding withheld from school districts and charter schools for violating section §170.355 – p.6</u>	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

<u>FISCAL IMPACT – State Government</u> <u>continued</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
<u>Costs</u> – from funding returned to school districts and charter schools who establish compliance §170.355 – p.6	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> – for the expansion of the MO Empowerment Scholarship Tax Credit cap - §170.355 – p.6 & 7	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Savings</u> – to the foundation formula from more students receiving scholarships and transferring to private school - §170.355 – p.6 & 7	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - DESE - one-time bonus paid to teachers for completing the training §170.370 p. 7	(Unknown, \$35,895,000 to Could exceed \$211,893,000)	(Unknown, Could exceed \$10,500,000)	(Unknown, Could exceed \$10,500,000)
<u>Costs</u> – DESE/ITSD – for MOSIS, ASBR modifications and a Patriotic and Civics program to track training – p.8	(\$1,338,930)	(\$274,481)	(\$281,343)
<u>FISCAL IMPACT – State Government</u> Continued	FY 2024 (10 Mo.)	FY 2025	FY 2026
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b>(Unknown, Less than \$103,079,126 to Could exceed \$282,503,755)</b>	<b>(Unknown, Less than \$76,694,820 to Could exceed \$80,108,916)</b>	<b>(Unknown, Less than \$76,710,003 to Could exceed \$80,124,471)</b>
Estimated Net FTE Change to the General Revenue Fund	5 FTE	5 FTE	5 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
<b>PUBLIC SCHOOLS</b>			
<u>Costs</u> - School Districts - for the collection and display of proficiency data - §160.516 – p.3	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - costs collect information and update the school accountability report card - §160.522 - p.3	(Unknown, Could be substantial)	(Unknown, Could be substantial)	(Unknown, Could be substantial)
<u>Costs</u> - to adopt policies/administrative costs related to parents’ rights - §161.841 – p.4	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - to prohibit students access to inappropriate material §161.854 – p.4	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Savings</u> – election costs - §162.471, 162.492 & 162.611 - p.4	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Gain</u> - Foundation Formula WADA modifications - §163.011 – p.4&5	\$41,384,455	\$41,384,455	\$41,384,455
<u>Gain</u> - Foundation Formula Homeless modifications - §163.011 – p.4&5	\$24,051,797	\$24,051,797	\$24,051,797
<u>FISCAL IMPACT – Local Government Continued</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
<u>Gain</u> - Magnet Schools transportation costs - §163.161 - p.5	\$0 or \$3,395,556	\$0 or \$3,395,556	\$0 or \$3,395,556
<u>Costs</u> – classroom preparation time - §168.781 – p.5	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - for staff training or curriculum related to certain concepts or beliefs - §170.355 – p.5-7	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

<u>Revenue Loss</u> - from funding withheld from school districts and charter schools for violating section §170.355 – p.6	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue Gain</u> – from funding returned to school districts and charter schools who establish compliance §170.355 – p.6	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Revenue Loss</u> – of foundation formula dollars from more students receiving scholarships and transferring to private school §170.355 – p.6	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<b>ESTIMATED NET EFFECT ON PUBLIC SCHOOLS</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

\*Oversight cannot estimate the net effect to school districts; therefore, Oversight will reflect a range of impact of unknown positive to unknown negative.

FISCAL IMPACT – Small Business

Small businesses that qualify for the credits will be positively impacted.

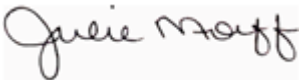
FISCAL DESCRIPTION

This act creates and modifies provisions regarding elementary and secondary education.

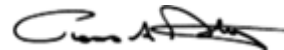
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Department of Revenue  
Attorney General's Office  
Office of Administration  
    Information Technology  
Office of the Secretary of State  
Joint Committee on Administrative Rules  
Parkway C-2 School District  
Republic R-III School District  
Cape Girardeau Public Schools  
Eldon School District  
Gordon Parks Elementary Charter School



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