

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3329S.24P  
 Bill No.: Perfected SS#2 for SCS for SB 727  
 Subject: Education, Elementary and Secondary; Treasurer, State; Elementary and Secondary Education, Department of; Teachers; General Assembly; Higher Education and Workforce Development, Department of; Tax Credits; Appropriations; Elections; Boards, Commissions, Committees, and Councils; Retirement - Schools; Children and Minors  
 Type: Original  
 Date: March 13, 2024

Bill Summary: This proposal creates and modifies provisions relating to elementary and secondary education.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2031 )
General Revenue Fund*	Could Exceed (\$55,567,068)	Could Exceed (\$194,897,054)	Could Exceed (\$230,162,570)	Could Exceed (\$235,045,613)
<b>Total Estimated Net Effect on General Revenue</b>	<b>Could Exceed (\$55,567,068)</b>	<b>Could Exceed (\$194,897,054)</b>	<b>Could Exceed (\$230,162,570)</b>	<b>Could Exceed (\$235,045,613)</b>

\*Oversight reflects changes to eliminate the 2 caps in the scholarship program and replacing them with a \$75 million cap that will be adjusted for inflation. Additionally, Oversight reflects potential savings to the foundation formula from students transferring to private schools.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2031 )
MO Empowerment Scholarship Accounts Fund	Up to \$866,069	Up to \$845,972	Up to \$843,492	Up to \$843,492

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>Fully Implemented (FY 2031 )</b>
Teacher Recruitment and Retention State School Program Fund*	\$0	\$0	\$0	\$0
Teacher Baseline Salary Grant Fund*	\$0	\$0	\$0	\$0
Elementary Literacy Fund*	\$0	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Up to \$866,069</b>	<b>Up to \$845,972</b>	<b>Up to \$843,492</b>	<b>Up to \$843,492</b>

Numbers within parentheses: () indicate costs or losses.

\*Oversight notes the Funds net to zero

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>Fully Implemented (FY 2031)</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>				

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>				
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>Fully Implemented (FY 2031 )</b>
MO Empowerment Scholarship Fund	Up to 2 FTE	Up to 2 FTE	Up to 2 FTE	Up to 2 FTE

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>				
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>Fully Implemented (FY 2031 )</b>
General Revenue Fund	3 FTE	3 FTE	3 FTE	3 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>Up to 5 FTE</b>	<b>Up to 5 FTE</b>	<b>Up to 5 FTE</b>	<b>Up to 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 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>Fully Implemented (FY 2031 )</b>
<b>Local Government</b>	<b>(\$6,232,599) to Could exceed \$29,088,092</b>	<b>Could exceed \$143,686,713</b>	<b>Could exceed \$179,160,630</b>	<b>Could exceed \$143,868,713</b>

## FISCAL ANALYSIS

### ASSUMPTION

**Oversight** was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency 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.

### Sections 135.713, 135.714, 135.715 and 166.700 Missouri Empowerment Scholarship Program

Officials from the **Department of Revenue (DOR)** note:

This proposal makes changes to the Missouri Empowerment Scholarship Program and tax credit. The program and credit were created in 2021. For informational purposes, DOR is providing the authorizations, issuances and redemptions since it began.

Year	Authorized	Issued	Total Redeemed
FY 2023	\$10,249,109.00	\$8,446,888.00	\$2,026,624.68
FY 2022	\$0.00	\$0.00	\$0.00
FY 2021	\$0.00	\$0.00	\$0.00
<b>TOTALS</b>	\$10,249,109.00	\$8,446,888.00	\$2,026,624.68

When the program was created, there were 2 bills establishing the program. HB 349 (2021) set the annual cap at \$50 million and allowed it to be inflated annually until reaching \$75 million where it would stay. SB 86 (2021) set the annual cap at \$25 million and allowed it to be inflated to \$50 million also, where it would stay. SB 86 and its cap language is the current cap on the program.

This program, while it was able to start the collection of the funding for the scholarships, it was not allowed to issue any of the scholarships until the state funded the school transportation funding aid formula at 40% or more. It should be noted that in FY 2022, the funding formula was at 42% and in FY 2023 it is at 97%. Therefore, the program was able to begin in FY 2022. The FY 2023 cap on the program is \$26,850,000.

This proposal is eliminating the 2 caps in the statutes and replacing it with a \$75 million cap that will be adjusted for inflation in future years. With this proposal becoming effective on August 28, 2024, the cap would increase \$48,150,000 (\$75m new cap - \$26,850,000 current cap). Additionally, this makes the credit refundable which it was not before, so DOR assumes this will encourage the entire cap to be issued each year.

This proposal is requiring that the cap be annually adjusted by the CPI and by the percentage increase in the appropriated amount for school transportation. DOR assumes that the funding formula is already funded at the 90% rate outlined in this proposal and that the only inflation adjustment would be the CPI. For fiscal note purposes, DOR uses a 2% inflation factor when determining a fiscal impact. This proposal, starting in FY 2025, will be expected to result in additional loss to general revenue and that loss will continue outside the fiscal note period due to the inflation factor.

New Cap Inflated Annually

Fiscal Year	New Cap
2025	\$75,000,000
2026	\$76,500,000
2027	\$78,030,000
2028	\$79,590,600
2029	\$81,182,412

\*2% inflation factor

This will result in an additional loss to the state not calculated in the previous fiscal note.

Fiscal Year	Loss to General Revenue
2025	(\$48,150,000)
2026	(\$46,650,000)
2027+	(\$51,180,000)
2028	(\$52,740,600)
2029	(\$54,332,412)

The responsibility for the administering of the tax credit and program as well as setting the cap amount are those of the Office of the State Treasurer. DOR is only responsible for the redeeming of the credits. DOR will need to update their computer systems for the new caps, estimated \$1,785.

The other changes in this proposal modify how the scholarship program is administered and will not have a fiscal impact on DOR.

**Oversight** notes the General Assembly originally passed Truly Agreed and Finally Passed CCS for SB 86, that modified HB 349 (2021).

**Oversight** notes the CCS for SB 86 modified Section 135.715, when enacted, and reduced the cumulative amount of tax credits that could be authorized under the Missouri Empowerment Scholarship Accounts Program from \$50 million to \$25 million (first year) and from \$75 million to \$50 million (fully implemented).

**Oversight** notes this proposal eliminates the 2 caps in the statutes and replaces it with a \$75 million cap that will be adjusted in an amount equal to the percent increase 32 or decrease in the amount of state aid distributed to school 33 districts pursuant to the provisions of section 163.031.

**Oversight** will reflect a loss of revenue that could exceed \$50 million effective FY 2025 and thereafter.

**Oversight** notes the DOR assumes the need for \$1,785 to update their computer systems for the new caps. Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume Section 135.713.3 RSMo, does not appear to modify Department of Elementary and Secondary Education's (DESE) responsibilities for the Empowerment Scholarship, but could increase the number of students qualified for the scholarship. DESE may have additional Formula Funds to pay out until this provision expires but there is no way to calculate what that impact could be at this time.

**Oversight** notes that DESE provided additional information via e-mail and note:

<b>Amount</b>	<b>FY 2025 SAT</b>	<b>Students obtaining scholarship</b>	<b>Avrg. FWADA Payment</b>	<b>Projected savings to formula</b>	<b>Projected net cost to the tax credit</b>
\$25 million	\$6,760	3,698	\$5,519	\$20,412,204	\$4,589,218

Average projected FY 2025 payment per FWADA is \$5,519.46.

The problem with assuming this is savings is the basic fact that the foundation formula law allows the LEA's to be paid on the higher of the first or second preceding year or an estimate of the current year. So there is the potential for these students' ADA to still actually be used by the district in their payment for a couple years depending on the district's enrollment trend. It's not as cut and dry as saying this much savings, as DESE's assumption would be there is not much savings at all. And of course the average per FWADA is for the whole state and not just for the districts who are in the area the MOScholars can apply to.

**Oversight** notes the DESE projections are based on \$25 million dollar change, therefore, at \$50 million potential impact the amounts would double for each category as follow:

<b>Amount</b>	<b>FY 2025 SAT</b>	<b>Students obtaining scholarships</b>	<b>Avrg. FWADA Payment</b>	<b>Projected savings to formula</b>	<b>Projected net cost to the tax credit</b>
\$25 million	\$6,760	3,698	\$5,519	\$20,412,204	\$4,587,796
\$50 million	\$6,760	7,396	\$5,519	\$40,818,524	\$9,175,592

**Oversight** notes DESE’s estimate is the net impact of the cost of the scholarship and the savings from the foundation formula. Oversight notes the savings to the Foundation Formula estimated at \$40,825,920 (7,396 x \$5,520).

**Oversight** also notes that school districts may still be allowed to count students that transferred out in their weighted average daily attendance (ADA) count used in the foundation formula calculation. Section 163.036 states school districts may use an estimate of the weighted ADA for the current year, or the weighted ADA for the immediately preceding year, or the weighted ADA attendance for the second preceding year, whichever is greater. This could result in the state paying the out the scholarship as well as the FWADA payment in the same year for a student. However, since Oversight is unable to determine which year each school district will use in future years to determine the amount of state aid each school district is entitled to (weighted ADA), Oversight will, for purposes of this fiscal note, assume the savings/losses will occur immediately.

In response to a previous version, officials from the **Office of the State Treasurer (STO)** noted:

Removing the student residency requirements could exponentially expand the program. Provided the EAOs raise enough donations to fund all applicants, the STO would require additional staff to manage daily program processing and required reporting. Depending on the expansion of the program, the need for the required additional staff could vary and STO could require 2 or 3 FTE.

**Oversight** notes the FY 2025 budget shows there are currently 4 budgeted FTEs for STO office and if the program continues to grow the STO will potentially require more FTE in future. Therefore, Oversight will show a cost to the MO Empowerment Scholarship Accounts Fund for up to 2 FTE (Research Analysts) each with an estimated annual salary of \$42,311.

**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 by approximately \$50 million, Oversight estimates the MO Empowerment Scholarship Accounts Fund may receive up to \$1,000,000 in additional revenue.

Officials from the **Oversight Division** assume the proposal will have no fiscal impact on their organization.

**Section 160.011, 160.041, 163.021, 171.028, 171.031, 171.033 and Section 1 - Minimum School Term**

In response to the similar proposal, SB 784 (2024), officials from the **Department of Elementary and Secondary Education (DESE)** assumed a new payment will need to be created within the School Finance calculation system to pay the newly required payment equal to 2% of each district and charter schools preceding year June State Aid as required under 163.045. This payment will need to have the ability to upload a file for those who did not comply with the spending requirement or will need to modify the Basic Formula Calculation to allow for the penalty associated with not complying with the spending requirement. Utilizing the December 2023 for FY 2024 and budget simulations for FY 2025 and FY 2026 this payment is projected to total the following amounts for the following fiscal years if all LEAs meet the calendar incentive:

FY 2025 - \$70,546,225  
FY 2026 - \$74,875,379  
FY 2027 - \$108,805,219

**Oversight** notes the provisions of this proposal shall go into effect on July 1, 2025. Therefore, Oversight will reflect the estimated impact from DESE starting in FY 2026 in the fiscal note.

*Oversight also notes Perfected SS#2 changes the percentages in Section 1 to 1% in FY 2026 and FY 2027 and 2% in FY 2028. Due to the time constraints of producing this fiscal note, Oversight hasn't received information regarding an updated cost. Oversight will continue to reflect the impact above and potentially revise the note once we get additional information from DESE.*

In response to the similar proposal, SB 784 (2024), officials from the **Office of Administration – Information Technology (ITSD)** stated it is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity. Department of Elementary and Secondary Education (DESE) is a consolidated agency under OA-ITSD.

Modifications would be to the Foundation Formula, which is the application that determines/calculates the funding for districts, based on and in part, with the Average Daily Attendance. It's assumed these are feasible changes to include in the Foundation Formula as it is today. It is assumed that the modifications are able to be completed without additional data elements needed within the application and process.

DESE provided ITSD the following:

DESE will need to make changes to the Core Data Collection System Screen 10 to modify current edits, and new edits, as well as to put back screen 10 A with detailed dates, as well as an election date where voters approved a 4-day week as required by 171.028.1.

A new payment will need to be created within the School Finance calculation system to pay the



newly required payment equal to 2% of each district and charter schools preceding year June State Aid as required under 163.045. This payment will need to have the ability to upload a file for those who did not comply with the spending requirement or will need to modify the Basic Formula Calculation to allow for the penalty associated with not complying with the spending requirement.

The Annual Secretary of the Board Report will need to be modified to add multiple edits to determine compliance with 163.045 RSMo and provide a comprehensive report listing the LEA's not in compliance to allow for use in the School Finance Calculation system to determine which LEA's must have payment withheld for non-compliance.

Also, it will need to be determined how the department will fully determine if a district is in compliance with using the additional payment for salary increases which may require other modifications to systems to collect more information.

ITSD estimates the project would take 442.80 hours at a contract rate of \$105 for a total cost of **\$46,494** in FY 2025, with on-going support costs of **\$9,531** in FY 2026 and **\$9,769** in FY 2027.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the estimated impact from OA-ITSD in the fiscal note.

**Oversight** notes that Section 1 states DESE shall remit to any school district or charter school with a five-day school week an amount equal to 2% of such district's or charter school's June state aid entitlement for the preceding year. Such funds shall be used exclusively to increase teacher salaries. Any district or charter school that uses such funds for any other purpose shall have an equivalent amount of money withheld from its state aid allocation under current law. In addition, the provisions of this proposal shall go into effect on July 1, 2025. Therefore, Oversight will reflect a \$0 (no funds withheld) to unknown (funds withheld for failure to utilize properly) savings to General Revenue and corresponding loss to school districts starting in FY 2026.

### **Section 160.400 & 160.415 - Charter Schools in Boone**

Officials from **DESE** assume, Sections 160.400 & 160.415 RSMo., expanding charter schools into Boone County would not have a fiscal impact to DESE with the additional language.

**Oversight** is uncertain what number of public school students would transfer to charter schools. Oversight will show a negative fiscal impact to School Districts equal to \$0 (no public school students transfer to charter school) to an unknown loss of local dollars and a corresponding positive fiscal impact to Charter Schools.

**Oversight** notes, even as this proposed legislation may reduce the number of students educated by public school districts, public school districts may not be able to immediately reduce their fixed and variable costs proportionately, including buildings and staff.

**Section 161.239 Elementary Literacy Fund**

In response to the similar proposal, SB 857 – 2024, officials from the **DESE** assume, as described, the new "Elementary Literacy Fund" and grant program would require Program Support Specialist support, estimated at 0.25 FTE up to 1 FTE, with a salary of \$44,880 plus related expense and equipment costs. This Program Support Specialist would be required to facilitate the development of this program, oversee the grant program, work with any potential vendors, and providing reporting as needed.

Oversight notes the DESE assumes the need for up to 1 FTE (Program Support Specialist) at \$44,880 annually. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the DED impact in the fiscal note.

In addition, the department has included the program disbursement costs of \$0 to \$5,000,000 for the grants to local education agencies (LEAs).

**Oversight** will reflect zero to \$5 million Transfer Out from general revenue (depending on appropriation) into the "Elementary Literacy Fund". Additionally, Oversight will show a transfer into the Elementary Literacy Fund. Lastly, Oversight will show money from the grant being awarded to the local educational agencies.

For simplicity, **Oversight** will assume the funds will be used in the year in which they were received.

In response to the similar proposal, SB 857 – 2024, officials from the **Office of the State Treasurer** assumed the proposal would 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.

**Section 161.670 Missouri Course Access and Virtual School Program**

In response to the similar proposal, SB 921 -2024, officials from **Department of Elementary and Secondary Education (DESE)** noted:

Below is the amount each Host School received in FY 2023:

<b>2023 Host District Payments for MOCAP Student Attendance</b>	
<b>District</b>	<b>Annualized Payment Amount</b>
Sturgeon R-V	\$7,003,355.06
Springfield R-XII	\$2,550,000.00
Lee’s Summit R-VII	\$44,625.00
Grandview R-II	\$12,794,625.00
Laquey R-V	\$1,542,750.00
Mehlville R-IX	\$573,750.00

The below table demonstrates state allocation for 2023 if prior-year average attendance percentage had been used in place of the 94% virtual student attendance percentage:

Name	Calculated WADA	Difference From Recalculated Host School Payment Using WADA	2%	Difference From Recalculated Host School Payment Using 2% increase in Calculated WADA	4%	Difference From Recalculated Host School Payment Using 4% increase in Calculated WADA	6%	Difference From Recalculated Host School Payment Using 6% increase in Calculated WADA
STURGEON R-V	1,112.66	\$0	1,134.92	\$150,432.07	1,134.92	\$300,864.13	1,179.42	\$ 451,296.20
SPRINGFIELD R-XII	474.11	\$0	483.59	\$64,099.67	483.59	\$128,199.34	502.56	\$ 192,299.02
LEE'S SUMMIT R-VII	12.371774	\$0	12.62	\$1,672.66	12.62	\$3,345.33	13.11	\$ 5,017.99
GRANDVIEW R-II	1,873.77	\$0	1,911.25	\$253,334.32	1,911.25	\$506,668.65	1,986.20	\$ 760,002.97
LAQUEY R-V	190.50878	\$0	194.32	\$25,756.79	194.32	\$51,513.57	201.94	\$ 77,270.36
MEHLVILLE R-IX	73.47	\$0	74.94	\$9,933.14	74.94	\$19,866.29	77.88	\$ 29,799.43
<b>Total</b>		<b>\$0</b>		<b>\$505,228.66</b>		<b>\$1,010,457.31</b>		<b>\$1,515,685.97</b>

The below table demonstrates FY26 and FY 27 Difference Cost based on WADA and updated SAT of \$7,145:

Name	Calculated WADA	Difference From Recalculated Host School Payment Using WADA	2%	Difference From Recalculated Host School Payment Using 2% increase in Calculated WADA	4%	Difference From Recalculated Host School Payment Using 4% increase in Calculated WADA	6%	Difference From Recalculated Host School Payment Using 6% increase in Calculated WADA
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STURGEON R-V	1,112.66	\$0	1,134.92	\$58,999.57	1,134.92	\$317,999.15	1,179.42	\$476,998.72
SPRINGFIELD R-XII	474.11	\$0	483.59	\$67,750.32	483.59	\$135,500.64	502.56	\$203,250.96
LEE'S SUMMIT R-VII	12.371774	\$0	12.62	\$1,767.93	12.62	\$3,535.85	13.11	\$5,303.78
GRANDVIEW R-II	1,873.77	\$0	1,911.25	\$267,762.39	1,911.25	\$535,524.78	1,986.20	\$803,287.17
LAQUEY R-V	190.50878	\$0	194.32	\$27,223.70	194.32	\$54,447.41	201.94	\$81,671.11
MEHLVILLE R-IX	73.47	\$0	74.94	\$10,498.86	74.94	\$20,997.73	77.88	\$31,496.59
<b>Total</b>		<b>\$0</b>		<b>\$534,002.77</b>		<b>\$1,068,005.55</b>		<b>\$1,602,008.32</b>

DESE assumes changes to the Missouri Course Access Program (MOCAP) program may result in increased ADA claimed as part of the Foundation Formula dependent upon the provider and attendance.

In response to the similar proposal, SB 921 -2024, officials from the **Office of Administration – Information Technology (ITSD)** state it is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity. This proposal discusses the calculation of the average daily attendance for full-time virtual students, as calculated in the host district or charter school. The foundation formula is where this calculation is made. It's assumed that host and charter school funding calculations in the Foundation Formula are in operable state and can withstand the addition or modifications in this proposal. It's assumed the language of resident and host school reimbursement are also factors that that need considered/estimated. It's also assumed the language about MSIP and DESE cyclic data reporting requirements present no changes to the MSIP or data collection DESE/ITSD do currently. ITSD assumes there will be modifications made to the foundation formula calculation. ITSD estimates the project would take 1,231.20 hours at a contract rate of \$105 for a total cost of **\$129,276** in FY 2025 with on-going support costs of **\$26,502** in FY 2026, and **\$27,165** in FY 2027.

**Oversight** notes, currently, the attendance of a student enrolled in virtual course shall equal ninety-four percent of the hours of attendance possible (§162.1250.3). Oversight assumes this proposal would change the attendance calculation to equal the host districts or charter school's prior-year average attendance percentage. According to the 2023 Annual Report – Missouri Course Access and Virtual School Program there were [3,831 virtual students](#).

**Oversight** assumes the impact to the foundation formula (if fully funded) would depend on the school districts involved, host district's attendance rate and local contributions; therefore, Oversight will show an impact of more or less than the \$1,722,962 savings as estimated by DESE with corresponding gains or losses to the school districts.

**Oversight** received no 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, 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.

### **Section(s) 162.471, 162.492, and 162.611 School Board Vacancies**

In response to the similar proposal, SB 885 (2024), officials from the **Department of Elementary and Secondary Education** assume the proposal will have no fiscal impact on their organization.

In response to the similar proposal, SB 885(2024), officials from the **Platte County Board of Elections** and **St. Louis County Board of Elections** both assume the proposal will have no fiscal impact on their organizations.

**Oversight** notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

### **Section 162.996, 167.012, 167.013, 167.031, 167.061, 167.600, 167.619, 210.167, 210.211, 211.031 and 452.357 Family Paced Educational Schools**

In response to the similar proposal, officials from the **DESE** assumed the proposal would 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 above section in the fiscal note.

### **Section 163.011 - This act modifies the definition of "weighted average daily attendance"**

In response to a similar proposal, officials from **Department of Elementary and Secondary Education (DESE)** state, assuming the SAT does not change from the calculated 7,145 level, changes to this language are projected to increase the foundation formula call in FY 26 by \$41,267,319 and in FY 27 by \$45,566,929 (see attached). Additional ITSD costs would be associated with this change. Due to the required turnaround for the response DESE has not received ITSD's estimate.

**Oversight** will show an unknown cost for ITSD required modifications.

### **Section 163.018 - Pre-Kindergarten Funding**

**Oversight** assumes this provision would expand the early childhood education program. Oversight did not receive a response from DESE related to this provision at the time this fiscal

note was prepared. Therefore, Oversight will show an unknown cost for the increased call to the foundation formula for this provision.

### **Section 163.044 – Small Schools Grant**

In response to a similar proposal, officials from **DESE** state this provision would require the Small Schools fund to receive an additional \$15 million to be distributed as outlined in the language. DESE assumes this would be a transfer from General Revenue.

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

### **Section 163.096 – Tax Increment Financing Surplus**

In response to the similar proposal, SB 1479 (2024), officials from the **Department of Elementary and Secondary Education (DESE)** assumed the 163.096 RSMo, would increase the formula call by an estimated \$14,088,092. This estimate includes tax increment financing surplus due to not having this information available at this time to exclude from the calculation. This bill would require the collection of tax increment financing surplus from 2005 and modification to the school finance payment system local effort calculation system to allow for this change going forward.

Department of Elementary and Secondary Education (DESE is a consolidated agency under OA-ITSD.

Section 163.096 would require changes to the school finance payment system. It's assumed these are feasible changes to include in the Foundation Formula as it is today. It is assumed that the modifications are able to be completed without additional data elements needed within the application and process.

**Oversight** notes the officials from DESE assume the proposal will have a fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect DESE estimated impact in the fiscal note.

### **163.172 Baseline Teacher Salary**

In response to the similar proposal, HCS for HB 1447 (2024), officials from the **Department of Elementary and Secondary Education (DESE)** state DESE currently oversees the Teacher Baseline Salary Grant Program as authorized in section 2.020 of HB 2. The minimum salary for Missouri teachers at \$38,000 (163.172.1(2)) will impact 4,931 teachers from 366 school districts. The total cost would be \$16,613,916 + \$2,658,227 for benefits (16%) = **\$19,272,143**.

NOTE: DESE currently provides grant funds for 4,806 teachers from 317 school districts to receive a salary of \$38,000. The current FY 2025 department request is \$23,831,690 for this program. This appropriation would be sufficient to meet the requirements in this section.

Section 163.172.1(4) would make changes to the minimum salary for Missouri teachers with a master's degree and at least ten years' teaching experience.

In 2025-26, a salary of \$44,000 would impact 906 teachers from 272 school districts (163.172.1(4) (a)). The total cost would be:  
 $\$2,487,226.58 + \$397,956.25 \text{ for benefits (16\%)} = \mathbf{\$2,885,182.83}$

In 2026-27, a salary of \$45,000 would impact 1,223 teachers from 326 school districts (163.172.1(4) (b)). The total cost would be:  
 $\$3,461,402.00 + \$553,824.32 \text{ for benefits (16\%)} = \mathbf{\$4,015,226.32}$

In 2027-28, a salary of \$46,000 would impact 1,603 teachers from 362 school districts (163.172.1(4) (c)). The total cost would be:  
 $\$4,978,994.65 + \$796,639.14 \text{ for benefits (16\%)} = \mathbf{\$5,775,633.79}$

The total cost of all salary adjustments is \$36,507,732.76

The Consumer Price Index (CPI) (163.172.2) for January 2024 is 3.1%. Assuming the CPI remains constant DESE would apply a 3% increase for 2028-29 and subsequent years.

In 2028-29,  
 $\$5,775,633.79 + \$173,269.01 \text{ (3\% CPI)} = \$5,948,902.80 + \$951,824.45 \text{ (16\% payroll benefits)} = \mathbf{\$6,900,727.25}$

In 2029-30,  
 $\$6,900,727.25 + \$207,021.82 \text{ (3\% CPI)} = \$7,107,749.07 + 1,137,239.85 \text{ (16\% payroll benefits)} = \mathbf{\$8,244,988.92}$

In 2030-31,  
 $\$8,244,988.92 + \$247,349.67 \text{ (3\% CPI)} = \$8,492,338.59 + \$1,358,774.17 = \mathbf{\$9,851,112.76}$

**Oversight** assumes this proposal requires school districts to raise teacher salaries to the proposed minimum levels. Oversight assumes this would be a potential cost to the school districts. School districts and charter schools must apply for state funding. As of July 2023, DESE had approved 316 grant applications from school districts. DESE has requested funding for FY 2025 to raise salaries to \$38,000 plus an increase for related benefit costs for a total request of \$23,831,690 (per DESE's Budget Request for FY 2025).

**Oversight** assumes this proposal creates a Grant Program where school districts can apply to DESE for a grant of money to assist school districts in increasing the minimum teacher salaries.

**Oversight** has calculated the fiscal impact in the below table with data provided from DESE:

	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>	<b>FY 2030</b>	<b>FY 2031</b>
<b>Base Salary</b>	16,613,916	16,613,916	16,613,916	17,112,333	17,625,703	18,154,475
<b>Base Benefits (16% of Salary)</b>	2,658,227	2,658,227	2,658,227	2,737,973	2,820,113	2,904,716
<b>Subtotal</b>	<b><u>19,272,143</u></b>	<b><u>19,272,143</u></b>	<b><u>19,272,143</u></b>	<b><u>19,850,307</u></b>	<b><u>20,445,816</u></b>	<b><u>21,059,191</u></b>
<b>Masters 10+ Salary</b>	2,487,227	3,461,402	4,978,995	5,128,364	5,282,215	5,440,682
<b>Masters 10+ Benefits (16% of Salary)</b>	397,956	553,824	796,639	820,538	845,154	870,509
<b>Subtotal</b>	<b><u>2,885,183</u></b>	<b><u>4,015,226</u></b>	<b><u>5,775,634</u></b>	<b><u>5,948,903</u></b>	<b><u>6,127,370</u></b>	<b><u>6,311,191</u></b>
<b>Total</b>	<b>22,157,326</b>	<b>23,287,369</b>	<b>25,047,777</b>	<b>25,799,210</b>	<b>26,573,186</b>	<b>27,370,382</b>

**Oversight** will show a potential range of impact to General Revenue of \$0 (no appropriation) up to the cost estimated in the above table transferring to the Teacher Baseline Salary Grant Fund. This cost includes the minimum salary increase for Missouri teachers to reach \$38,000, the added minimum salary increases for Missouri teachers with a master’s degree and at least ten years’ teaching experience, as well as the 3% CPI adjustment starting in FY 2029. Therefore, FY 2026 total cost is **\$22,157,326** (\$19,272,143 + \$2,885,183), FY 2027 is **\$23,287,369** (\$19,272,143 + \$4,015,226), and FY 2031 is **\$27,370,382** (\$21,059,191 + \$6,311,191).

**Oversight** will show an impact to school districts up to the full cost if no money is appropriated by the general assembly.

**Section 167.850 Recovery School Deadline**

In response to the similar proposal, SB 1393 (2024), officials from the Department of Elementary and Secondary Education and the Department of Mental Health both assumed the proposal will have no fiscal impact on their respective organizations.

In response to the similar proposal, SB 1393 (2024), officials from the Concordia R-II School District assumed the proposal will have no fiscal impact on their organization.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

**Section 168.021 Teachers Licensure**

In response to a similar proposal, **DESE** stated Section 168.021 would require DESE to develop an 18-credit hour program for the certification of individuals with bachelor's degrees. In order to oversee this program; operation of the online program, process transcripts and certificate applications, and provide technical assistance to interested individuals and program participants



DESE would require two FTE staff, one supervisor and one administrative assistant along with associated benefits, equipment and expenses. In addition, DESE assumes the new online application would require ITSD development for approximately \$50,000. DESE also assumes the candidates would receive funding for the programs at the cost of \$416 (avg. cost/grad credit hour in MO public IHE) X 18 hours credit hours = \$7488 per candidate.

\*Provisional and TAC certifications are being used as they most match the candidates impacted as described by the bill – This would NOT be a DESE cost, but rather an estimated cost to each candidate

Oversight notes officials from the DESE assume the proposal will have a direct fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect DESE estimated impact in the fiscal note.

### **168.110 - Differentiated Placement on Salary Schedule**

In response to a similar proposal, HCS for HB 497 (2023), officials from the **DESE** assumed the proposal would 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 DESE for this section of the proposal.

**Oversight** assumes this proposal would allow school districts the flexibility to increase the pay for teaching positions that are more difficult to fill. Oversight notes there could be increased costs for school districts if teachers in hard-to-staff subject areas receive differentiated placement on the salary schedule to increase compensation; however, this is at the discretion of the school districts (may).

### **Section 169.560 Teacher Retirement**

In response to the similar proposal, SB 1286 (2024), officials from the **Joint Committee on Public Employee Retirement (JCPER)** stated the bill has no direct fiscal impact to the JCPER. The JCPER's review of SB 1286 indicates that its provisions may constitute a "substantial proposed change" in future plan benefits as defined in section 105.660(10). It is impossible to accurately determine the fiscal impact of this legislation 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.

In response to the similar proposal, SB 1286 (2024), officials from the **Public Schools and Education Employee Retirement Systems (PSRS/PEERS)** stated, currently, a retired member, except for those retired due to disability, of the Public School Retirement System ("PSRS") may work after retirement in a certified position with a covered employer without discontinuance of his or her retirement benefits if the member does not exceed 550 hours of work each school year

and 50% of the annual compensation to the person who last held the position. This legislation expands the same provisions to include those retired due to disability. Disabled retirees must continue to meet all other requirements. This legislation also broadens the 50% annual compensation limit to include 50% of the annual compensation to the person who last held the position or 50% of the limit set by the employer's school board for the position.

Additionally, current law provides that if a member of PSRS or the Public Education Employee Retirement System ("PEERS") is in excess of the limitations, the member shall not be eligible to receive the retirement allowance for any month so employed. This legislation provides that either the member shall not be eligible to receive the retirement allowance for any month so employed or the retirement system shall recover the amount earned in excess of the limitations, whichever is less. This legislation also allows PEERS members retired due to disability to be employed under these provisions. Disabled retirees must continue to meet all other requirements.

The provisions in this legislation provide administrative and operational efficiencies for the Systems, without additional fiscal impacts. The Systems' participating employers and members also benefit from these enhancements. The impacts to the Systems are all positive in nature.

The Systems have an actuary firm, PwC US (PWC), that prepares actuarial cost statements on any proposed legislation as well as the annual actuarial valuation reports for the Systems. This legislation has been submitted to them for an actuarial statement. As soon as the actuarial statement is available, PSRS/PEERS will be amending their fiscal response to include their analysis.

**Oversight** assumes this provision would have a positive impact on the PSRS/PEERS systems. Oversight is uncertain if this would translate into a reduction in employer contributions. Therefore, Oversight will show a range of impact of \$0 (no reduction in employer contributions) to an unknown savings to school districts and community colleges if a reduction in employer contributions is realized.

### **Section 170.048 Suicide Prevention**

In response to the similar proposal, SB 762 (2024), officials from the **Northwest Missouri State University** and **University of Missouri** both assumed the proposal would have no fiscal impact on their organizations.

**Oversight** assumes these provisions require school districts, charter schools, and institutions of higher education that issue pupil identification cards to add the following information: the phone number of campus security for college students and, for students in grades 7-12, the non-emergency phone number of the local police department. For both college students and students in grades 7-12, the identification cards may also include the phone number of the Crisis Text Line and the phone number of a local suicide prevention hotline, if such hotline is available. The provisions of the act shall take effect on July 1, 2025.

**Oversight** assumes the provision could result in one-time additional costs for equipment or supplies. Oversight will show a range of impact of \$0 (any additional cost is minimal and can be absorbed with existing resources) to an unknown cost.

**Section 173.232 – Urban Flight and Rural Needs Scholarship Program**

In response to the similar proposal, HCS for HB 1447 (2024), officials from **DESE** assume would establish the Teacher Recruitment & Retention State Scholarship Program.

The average cost of tuition and fees in Missouri public institutions was \$10,721.74 in the 2020-2021 academic year. Based on this average, the department prepared the following estimates based on the number of scholarships. DESE expects the maximum number of scholarships would be issued annually.

The maximum number of scholarships made available under this section shall be as follows:

For academic years ending before July 1, 2025, two hundred scholarships (173.232.2(1))  
\$1,200,000

For the 2025-26 academic year four hundred scholarships (173.232.2(2))  
\$2,400,000

For the 2026-27 academic year four hundred forty scholarships (173.232.2(3))  
\$2,600,000

For the 2027-28 academic year four hundred eighty scholarships (173.232.2(4))  
\$2,800,000

For the 2028-29 academic year five hundred twenty scholarships (173.232.2(5))  
\$3,000,000

For the 2029-30 academic year five hundred sixty scholarships (173.232.2(6))  
\$3,200,000

For the 2030-31 academic year and all subsequent academic years, six hundred scholarships (173.232.2(7))  
\$3,400,000

Department of Elementary and Secondary Education (DESE) believes current staffing would be available to process and oversee both grant programs. However, if multiple pieces of legislation are passed with additional requirements DESE will seek additional FTE through the appropriations process.

**Oversight** assumes the ramp-up schedule for proposed scholarships is as follows:

- FY 2025 – 200 - 200 (first year scholarships)
- FY 2026 – 420 - 200 (second year scholarships) + 220 (new first year scholarships)
- FY 2027 – 460 - 220 (second year scholarships) + 240 (new first year scholarships)
- FY 2028 – 500 - 240 (second year scholarships) + 260 (new first year scholarships)
- FY 2029 – 540 - 260 (second year scholarships) + 280 (new first year scholarships)
- FY 2030 – 580 - 280 (second year scholarships) + 300 (new first year scholarships)
- FY 2031 – 600 - 300 (second year scholarships) + 300 (new first year scholarships)

**Oversight** notes scholarships will only be awarded based upon appropriation. Oversight will show a range of impact of \$0 (no scholarships issued or no funds appropriated) up to the cost for the maximum awarded amount for each fiscal year as estimated by DESE.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assumed this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** noted many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The 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 the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with its core budget. Therefore, the SOS reserves 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.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2031 )
<b>GENERAL REVENUE</b>				
<u>Costs – Section 135.715 – Empowerment Scholarship Tax Credit Cap – p.3-5</u>	Could Exceed (\$50,000,000)	Could Exceed (\$50,000,000)	Could Exceed (\$50,000,000)	Could Exceed (\$50,000,000)

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2031 )
<u>Savings – Section 135.715 – savings to the foundation formula from more students being eligible under the expanded cap – p.6</u>	Could exceed \$40,825,920	Could exceed \$40,825,920	Could exceed \$40,825,920	Could exceed \$40,825,920
<u>Costs – DESE - §161.239 - p.8-9</u>	Up to	Up to	Up to	Up to
Personnel Service	(\$37,400)	(\$45,778)	(\$46,693)	(\$46,693)
Fringe Benefits	(\$27,012)	(\$32,769)	(\$33,117)	(\$33,117)
Equipment and Expense	(\$9,157)	(\$6,546)	(\$6,677)	(\$6,677)
<u>Total Costs – DESE</u>	<u>(\$73,569)</u>	<u>(\$85,093)</u>	<u>(\$86,488)</u>	<u>(\$86,488)</u>
FTE Change	Up to 1 FTE	Up to 1 FTE	Up to 1 FTE	Up to 1 FTE
<u>Transfer Out – §161.239 Literacy Fund p. 8-9</u>	\$0 up to (\$5,000,000)	\$0 up to (\$5,000,000)	\$0 up to (\$5,000,000)	\$0 up to (\$5,000,000)
<u>Savings - DESE may withhold state aid for failure to utilize funds correctly – Section 1- Section 160.011, 160.041, 163.021, 171.028, 171.031, 171.033 - Minimum School Term p.7-9</u>	\$0	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Costs – DESE – additional formula payment Section 1- Section 160.011, 160.041, 163.021, 171.028, 171.031, 171.033 - Minimum School Term p.7-9</u>	\$0	(\$74,875,379)	(\$108,805,219)	(\$108,805,219)
<u>Costs - Section 160.011, 160.041, 163.021, 171.028,</u>	(\$46,494)	(\$9,531)	(\$9,769)	(\$9,769)

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2031 )
171.031, 171.033 - DESE/ITSD – programming expenses- Minimum School Term p. 7-9				
<u>Costs - DESE/OA-ITSD – Virtual School modifications to the foundation formula §161.670 p. 12</u>	(\$129,276)	(\$26,502)	(\$27,165)	(\$27,165)
<u>Costs/Savings - DESE - changes to the foundation formula call §161.670 – virtual school p. 12</u>	\$0 to More or Less than (\$505,229)	\$0 to More or Less than (\$534,003)	\$0 to More or Less than (\$534,003)	\$0 to More or Less than (\$534,003)
<u>Costs - DESE/ITSD - §163.011 modifications to the foundation formula p. 13</u>	(\$Unknown)	(\$Unknown)	(\$Unknown)	(\$Unknown)
<u>Costs – DESE - §163.011 – increase call to the foundation formula p. 13</u>	\$0	(\$41,267,319)	(\$41,267,319)	(\$41,267,319)
<u>Costs – DESE - §163.018 – cost to administer</u>	(Unknown)	(Unknown)	(Unknown)	(Unknown)
<u>Costs – DESE/ITSD – foundation formula modifications - §163.018 p. 14</u>	(Unknown)	(Unknown)	(Unknown)	(Unknown)
<u>Costs – DESE - expanded pre-kindergarten funding - §163.018 p. 14</u>	(Unknown, Could be substantial)	(Unknown, Could be substantial)	(Unknown, Could be substantial)	(Unknown, Could be substantial)

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2031 )
<b>Costs – DESE – transfer to Small Schools Fund - §163.044</b>	(\$15,000,000)	(\$15,000,000)	(\$15,000,000)	(\$15,000,000)
<u>Savings</u> - DESE may withhold state aid for failure to utilize funds correctly – Section 1 p. 13-14	\$0	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Costs – DESE/ITSD programming Section 163.096 p. 14</u>	(\$54,999)	(\$11,275)	(\$11,557)	(\$11,557)
<u>Costs –Foundation Formula - Section 163.096 p. 14</u>	(\$14,088,092)	(\$14,088,092)	(\$14,088,092)	(\$14,088,092)
<u>Transfer Out</u> - DESE - teacher salary increases if funded through the Teacher Salary Grants - §163.172 p. 19-22	\$0	\$0 or Up to (\$22,157,326)	\$0 or Up to (\$23,287,369)	\$0 or More or Less than (\$27,370,382)
<u>Costs</u> - DESE - transfer out to the Teacher Recruitment and Retention State Scholarship Program Fund increase in maximum allowed scholarships -§173.232 p 19.22	\$0 or (Up to \$1,200,000)	\$0 or (Up to \$2,400,000)	\$0 or (Up to \$2,600,000)	\$0 or (Up to \$3,400,000)
<u>Costs – DESE/ITSD Section 168.021 Teachers Licensure p. 21</u>	(\$50,000)	\$0	\$0	\$0

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2031 )
<u>Costs –Section 168.021 Teachers Licensure Program Cost p. 21</u>	(\$10,083,840)	(\$10,083,840)	(\$10,083,840)	(\$10,083,840)
<u>Costs – DESE - §168.021 p.21</u>				
Personnel Service	(\$83,500)	(\$102,204)	(\$104,204)	(\$104,204)
Fringe Benefits	(\$57,396)	(\$69,652)	(\$70,445)	(\$70,445)
Expense & Equipment	(\$20,592)	(\$12,764)	(\$13,020)	(\$13,020)
<u>Total Costs – DESE p. 21</u>	(\$161,489)	(\$184,621)	(\$187,669)	(\$187,669)
FTE Change	2 FTE	2 FTE	2 FTE	2 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>Could Exceed (\$55,567,068)</u></b>	<b><u>Could Exceed (\$194,897,054)</u></b>	<b><u>Could Exceed (\$230,162,570)</u></b>	<b><u>Could Exceed (\$235,045,613)</u></b>
<b>ELEMENTARY LITERACY FUND</b>				
<u>Transfer In – from General Revenue - §161.239 - unknown number and amount of grants p. 8-9</u>	\$0 up to \$5,000,000	\$0 up to \$5,000,000	\$0 up to \$5,000,000	\$0 up to \$5,000,000
<u>Income – §161.239.2 - gifts, contributions, grants and/or bequests</u>	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Transfer Out - §161.239 - Grant awards to local educational agencies</u>	\$0 up to (\$5,000,000)	\$0 up to (\$5,000,000)	\$0 up to (\$5,000,000)	\$0 up to (\$5,000,000)



<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2031 )
<b>ESTIMATED NET EFFECT ON ELEMENTARY LITERACY FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>MO EMPOWERMENT SCHOLARSHIP ACCOUNTS FUND (0278)</b>				
<u>Revenue Gain</u> – 2% of qualifying contributions to educational assistance organizations from the expanded cap - §135.715 – p. 6-7	Up to \$1,000,000	Up to \$1,000,000	Up to \$1,000,000	Up to \$1,000,000
<u>Costs</u> – STO - §135.715 - p. 6-7	Up to	Up to	Up to	Up to
Personnel Service	(\$70,000)	(\$85,680)	(\$87,394)	(\$87,394)
Fringe Benefits	(\$52,164)	(\$63,248)	(\$63,912)	(\$63,912)
Equipment and Expense	(\$11,767)	(\$5,100)	(\$5,202)	(\$5,202)
<u>Total Costs</u> - STO	<u>(\$133,931)</u>	<u>(\$154,028)</u>	<u>(\$156,508)</u>	<u>(\$156,508)</u>
FTE Change	Up to 2 FTE	Up to 2 FTE	Up to 2 FTE	Up to 2 FTE
<b>ESTIMATED NET EFFECT ON THE MO EMPOWERMENT SCHOLARSHIP ACCOUNTS FUND</b>	<b><u>Up to \$866,069</u></b>	<b><u>Up to \$845,972</u></b>	<b><u>Up to \$843,492</u></b>	<b><u>Up to \$843,492</u></b>
<b>TEACHER BASELINE SALARY GRANT FUND</b>				

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2031 )
<u>Transfer In – from General Revenue – §163.172</u>	\$0	\$0 or Up to \$22,157,236	\$0 or Up to \$23,287,369	\$0 or More or Less than \$27,370,382
<u>Transfer Out – to School Districts - §163.172</u>	\$0	\$0 or up to (\$22,157,236)	\$0 or up to (\$23,287,369)	\$0 or More or Less than (\$27,370,382)
<b>ESTIMATED NET EFFECT ON THE TEACHER BASELINE SALARY GRANT FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>TEACHER RECRUITMENT AND RETENTION STATE SCHOLARSHIP PROGRAM FUND</b>				
<u>Transfer In – from General Revenue - §173.232</u>	\$0 or Up to \$1,200,000	\$0 or Up to \$2,400,000	\$0 or Up to \$2,600,000	\$0 or Up to \$3,400,000
<u>Costs - scholarships awarded - §173.232 p. 17-20</u>	\$0 or (Up to \$1,200,000)	\$0 or (Up to \$2,400,000)	\$0 or (Up to \$2,600,000)	\$0 or (Up to \$3,400,000)
<u>Income - Principal and Interest payments rec'd – from scholarships converted to loans - §173.232 p. 17-20</u>	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2031 )
<u>Income</u> – sale proceeds – from scholarships converted to loans & sold to MOHELA - §173.232 p.17-20	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>
<b>TEACHER RECRUITMENT AND RETENTION STATE SCHOLARSHIP PROGRAM FUND</b>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2031)
<b>PUBLIC SCHOOLS</b>				
<u>Loss</u> - Section 135.715 – from additional students transferring to private schools – p.6	\$0 to Could exceed (\$40,825,920)	\$0 to Could exceed (\$40,825,920)	\$0 to Could exceed (\$40,825,920)	\$0 to Could exceed (\$40,825,920)
<u>Loss</u> – §160.400 – Public School Districts – Transfer of Public School Students To Newly Implemented Charter Schools p.8	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Revenue Gain</u> – §160.400 - Charter Schools – Increased Funding For New Charter Schools p.8	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2031)
<u>Revenue Gain</u> – from General Revenue - §161.239 - unknown number and amount of grants p. 8-9	\$0 up to \$5,000,000	\$0 up to \$5,000,000	\$0 up to \$5,000,000	\$0 up to \$5,000,000
<u>Loss</u> - DESE may withhold state aid for failure to utilize funds correctly –Section 1 p. 8-9	\$0	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Costs/Savings</u> - changes to the foundation formula call §161.670 – Virtual Schools p. 12	\$0 to More or Less than \$505,229	\$0 to More or Less than \$534,003	\$0 to More or Less than \$534,003	\$0 to More or Less than \$534,003
<u>Revenue</u> - §163.011- from increased call to the foundation formula p. 13	\$0	\$41,267,319	\$41,267,319	\$41,267,319
<u>Revenue Gain</u> – for expanded pre-kindergarten funding - §163.018	Unknown	Unknown	Unknown	Unknown
<u>Revenue Gain</u> – from the Small Schools Fund - §163.044	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000
<u>Revenue</u> - DESE – additional formula payment - call Section 1 p. 13-14	\$0	\$74,875,379	\$108,805,219	\$108,805,219
<u>Loss</u> - DESE may withhold state aid for failure to utilize funds correctly – Section 1 p. 13-14	\$0	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Costs</u> –Foundation Formula - Section 163.096 p. 14	\$14,088,092	\$14,088,092	\$14,088,092	\$14,088,092

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2031)
<u>Revenue Gain</u> - from the Teacher Baseline Salary Grant Fund for Teacher Salary Grants - §163.172 p. 17-20	\$0	\$0 or Up to \$22,157,236	\$0 or Up to \$23,287,369	\$0 or More or Less than \$27,370,382
<u>Costs</u> - School Districts - for teacher salary increases - §163.172 p. 17-20	\$0	(\$22,157,236)	(\$23,287,369)	More or Less than (\$27,370,382)
<u>Costs</u> - differentiated placement of hard-to-staff teachers on the salary schedule - §168.110 p. 17-20	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Savings</u> – from a reduction in employer contributions - §169.560 p. 22-23	\$0	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> – School Districts - supplies and equipment to print cards to adhere to §170.048 p. 23	\$0	\$0 or (Unknown)	\$0	\$0
<b>ESTIMATED NET EFFECT ON PUBLIC SCHOOLS</b>	<b><u>(\$6,232,599)</u> to <b><u>Could exceed</u></b> <b><u>\$29,088,092</u></b></b>	<b><u>Could exceed</u></b> <b><u>\$143,686,713</u></b>	<b><u>Could exceed</u></b> <b><u>\$179,160,630</u></b>	<b><u>Could exceed</u></b> <b><u>\$143,868,713</u></b>

FISCAL IMPACT – Small Business

Small businesses that qualify for the credits, depending on size of the donation, will be positively impacted.

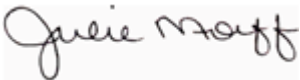
FISCAL DESCRIPTION

This proposal modifies provisions relating to elementary and secondary education.

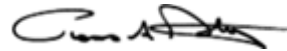
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Department of Revenue  
Office of the State Treasurer  
Office of the Secretary of State  
Joint Committee on Administrative Rules  
Oversight Division



Julie Morff  
Director  
March 13, 2024



Ross Strobe  
Assistant Director  
March 13, 2024