

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3329S.24T
 Bill No.: Truly Agreed To and Finally Passed SS#2 for SCS for SB 727
 Subject: Education, Elementary and Secondary; Treasurer, State; Department of Elementary and Secondary Education; Teachers; General Assembly; Department of Higher Education and Workforce Development; Tax Credits; Appropriations; Elections; Boards, Commissions, Committees, and Councils; Retirement - Schools; Children and Minors
 Type: Original
 Date: June 11, 2024

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2031)
General Revenue Fund*	Up to (\$107,162,310)	Up to (\$228,376,413)	Up to (\$276,974,378)	Up to (\$467,604,978)
Total Estimated Net Effect on General Revenue	Up to (\$107,162,310)	Up to (\$228,376,413)	Up to (\$276,974,378)	Up to (\$467,604,978)

*Oversight will show the costs for modifications to the Missouri Empowerment Scholarship Program, expansion of early education funding, creation of the Baseline Salary Grant Fund, an additional weighting factor to the foundation formula, additional funding for school districts with a five-day school week, increased funds for the Small Schools Grant and increased costs to the foundation formula for local effect calculation.

*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 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.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2031)
MO Empowerment Scholarship Accounts Fund	More or less than \$899,668	More or less than \$953,495	More or less than \$1,028,416	More or less than \$1,355,147
Teacher Recruitment and Retention State School Program Fund	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Teacher Baseline Salary Grant Fund*	\$0	\$0	\$0	\$0
Elementary Literacy Fund*	\$0	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	More or less than \$899,668	More or less than \$953,495	More or less than \$1,028,416	More or less than \$1,355,147

Numbers within parentheses: () indicate costs or losses.

*Oversight notes the Funds net to zero

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2031)
Total Estimated Net Effect on All Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2025	FY 2026	FY 2027	Fully Implemented (FY 2031)
MO Empowerment Scholarship Fund (STO)	Up to 2 FTE			
General Revenue(DESE)	3 FTE	3 FTE	3 FTE	3 FTE
Total Estimated Net Effect on FTE	Up to 5 FTE	Up to 5 FTE	Up to 5 FTE	Up to 5 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 2025	FY 2026	FY 2027	Fully Implemented (FY 2031)
Local Government	Up to \$53,451,856	Up to \$130,943,009	Up to \$173,360,991	Up to \$339,462,411

FISCAL ANALYSIS

ASSUMPTION

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

Officials from the **Office of Administration – Budget & Planning (B&P)** assume this proposal could reduce TSR. This proposal may impact the calculation under Article X, Section 18(e).

This proposal would remove the existing \$75 million annual authorization cap. B&P notes that for FY24, the authorization cap is \$27,025,000. B&P does not have enough information to determine when the \$75 million cap may occur.

This proposal would also create an additional annual adjustment tied to an amount equal to the percent increase or decrease in the amount of state aid distributed to school districts through the foundation formula in the current fiscal year as compared to such amount in the preceding fiscal year.

For this calculation, B&P used historic data to compare annual actual payments to schools from FYs 2021-2023 and projected actual payment information from DESE for FYs 2024-2025 to determine a 5-year average payment increase.

Fiscal Year	Current Cap	Proposed Cap	GR Impact
FY23	\$26,850,000	N/A	N/A
FY24	\$27,025,000	N/A	N/A
FY25	\$27,565,500	\$75,000,000	(\$47,434,500)
FY26	\$28,116,810	\$76,875,000	(\$48,758,190)
FY27	\$28,679,146	\$78,803,025	(\$50,123,879)
FY28	\$29,252,729	\$80,779,405	(\$51,526,676)
FY29	\$29,837,784	\$82,805,352	(\$52,967,568)

**Assumes 2.5% annual inflation after FY24.*

B&P notes that funding has declined in the past, and it is possible that the credit cap could decline in the future. B&P also notes that the State Adequacy Target (SAT) will increase in both 2025 and 2026, which may result in a more significant increase in the credit cap.

Therefore, B&P estimates that this proposal may reduce TSR and GR by an unknown, could be significant, amount in the future.

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
TOTALS	\$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 was 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 by the increase or decrease in the percentage of state aid distributed. With this proposal becoming effective on August 28, 2024, the cap would increase \$48,150,000 (\$75m new cap - \$26,850,000 current cap).

This proposal states that the cap should be adjusted by an “amount equal to the percent increase or decrease in the amount of state aid distributed...”. It is unclear what this language means. First confusion is with the term an “amount equal” which implies that the cap should be adjusted by a dollar value as the cap is a dollar value. Therefore, if the state aid went up 2.5% then the cap would increase by \$0.025.

This would result in a cap growing pennies a year:

FY 2025 \$75,000,000.00
FY 2026 \$75,000,000.025
FY 2027 \$75,000,000.05

It should be noted that Missouri follows the IRS guideline for individual income tax, which rounds all numbers to the nearest one dollar. It could take several years before the cap grows enough to round the amount up to one dollar.

The second confusion is with the “state aid distributed”. DOR is uncertain if it should use the total amount sent to school districts under the foundation formula, or just the State Adequacy Target amount.

If DOR were to calculate based on the state adequacy target amount distributed to schools, DOR notes that the history of the actual payments to schools under the foundation formula is:

Fiscal Years	<u>Actual</u> Payment to Schools	Percent Change in Actual Payment from Prior
2016	\$3,260,655,852	4.175%
2017	\$3,336,086,471	2.313%
2018	\$3,373,669,056	1.127%
2019	\$3,466,585,958	2.754%
2020	\$3,344,958,343	-3.509%
2021	\$3,439,432,189	2.824%
2022	\$3,473,523,268	0.991%
2023	\$3,561,737,794	2.540%
2024	\$3,664,831,194	2.894%
2025	\$3,785,430,822	3.291%
2026	\$4,085,795,815	7.935%
*Projected		

DOR averaged the 2024-2026 projected amount to get an inflation rate of 4.707% for all years. 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
FY 2024	\$75,000,000
FY 2025	\$78,529,990
FY 2026	\$82,226,125
FY 2027	\$86,096,224
FY 2028	\$90,148,475
FY 2029	\$94,391,451

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

Fiscal Year	Additional Impact to GR
FY 2024	(\$48,150,000)
FY 2025	(\$51,679,990)
FY 2026	(\$55,376,125)
FY 2027	(\$59,246,224)
FY 2028	(\$63,298,475)
FY 2029	(\$67,541,451)

Since the language is not clear, the impact is unknown. The responsibility for the administering of the tax credit and scholarship program is with the Office of the State Treasurer. The setting of the tax credit cap amount is the responsibility of the Office of the State Treasurer and B&P. DOR is responsible for the redeeming of the credits. DOR will need to update their computer systems for the new caps, estimated at \$1,785.

Under existing law, the Empowerment tax credit was able to begin only when school transportation funding was funded at 40% or more. As stated above, funding in FY 2023 was at 97% which allowed the program to begin. DOR notes the current FY 2025 budget being debated has the transportation funded above the 40% limit. This proposal removes the requirement that this program is tied to the school transportation funding, which would no longer slow this program's growth when the transportation funding falls. DOR assumes no additional fiscal impact from this provision, as the fiscal note is calculated assuming full growth in the program annually.

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

The remaining sections in the bill will not fiscally impact 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 or decrease *in the amount of state aid distributed* to school districts pursuant to the provisions of section 163.031.

Oversight showing calculation of the cap amount extended to FY 2031 below:

Table 1.

Fiscal Year	Adjusted Cap	Potential additional impact to General Revenue
FY 2024	\$75,000,000	(\$48,150,000)
FY 2025	\$78,529,990	(\$51,679,990)
FY 2026	\$82,226,125	(\$55,376,125)
FY 2027	\$86,096,224	(\$59,246,224)
FY 2028	\$90,148,475	(\$63,298,475)
FY 2029	\$94,391,451	(\$67,541,451)
FY 2030	\$98,639,066	(\$71,789,066)
FY 2031	\$103,077,824	(\$76,227,824)

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:

Amount	FY 2025 SAT	Students obtaining scholarship	Avg. FWADA Payment	Projected savings to formula	Projected net cost to the tax credit
\$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 projected amount of savings in table below:

Fiscal Year	Additional Cap Amount	FY 2025 SAT*	Students obtaining scholarships*	Avg. FWADA Payment	Projected savings to formula	Projected net cost to the state
2025	\$51,679,990	\$ 6,760	7,645	\$ 5,519	\$ 42,192,584	\$9,487,406
2026	\$55,376,125	\$ 6,760	8,192	\$ 5,519	\$ 45,210,183	\$10,165,942
2027	\$59,246,224	\$ 6,760	8,764	\$ 5,519	\$ 48,369,809	\$10,876,415
2028	\$63,298,475	\$ 6,760	9,364	\$ 5,519	\$ 51,678,148	\$11,620,327
2029	\$67,541,451	\$ 6,760	9,991	\$ 5,519	\$ 55,142,199	\$12,399,252
2030	\$71,789,066	\$ 6,760	10,620	\$ 5,519	\$ 58,610,038	\$13,179,028
2031	\$76,227,824	\$ 6,760	11,276	\$ 5,519	\$ 62,233,929	\$13,993,895

*Oversight notes the grant total limits depend upon the status of the child, and can be 160%, 125%, 175% or 100% of the SAT. For simplicity, Oversight will use 100% of the SAT.

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 more or less than \$62,233,929 (11,276 x \$5,519) in FY 2031.

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 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.

Officials from the **Office of the State Treasurer (STO)** note:

The salary is the base salary for that type of position, the IT and Equipment costs are a range provided by their IT Staff and purchasing staff based on recent purchases of the same nature. The space requirements are based on the latest number provided with the budget by FMDC. Removing the school requirements could expand the program. Provided the EAOs are able to raise enough donations to fund all applicants, the STO would need to hire additional personnel to handle daily processing and required reporting. The MESAP Program is in its infancy and therefore would not feel comfortable expending current funds when they are needed for planned expansion of the program within its current statutory parameters.

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 \$42,000 each.

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 more or less of the amounts calculated in the table below:

Fiscal Year	Add'l CAP Amount	2% Contribution Payment
2025	\$51,679,990	\$1,033,599.80
2026	\$55,376,125	\$1,107,522.50
2027	\$59,246,224	\$1,184,924.48
2028	\$63,298,475	\$1,265,969.50
2029	\$67,541,451	\$1,350,829.02
2030	\$71,789,066	\$1,435,781.33
2031	\$76,227,824	\$1,524,556.49

Section(s) 160.011, 160.041, 163.021, 171.028, 171.031, 171.033 and Section 1 - Minimum School Term

Officials from the **Office of Administration – Budget & Planning (B&P)** assume that Section 1 provides a monetary incentive to schools choosing to utilize a 5-day school week, or a 169-day school year. DESE will remit an amount equal to one percent of the district’s prior year distributions for FY26 and FY27 and two percent for all subsequent years.

Though it does not have a direct impact on TSR or Section 18(e), it may reduce GR by an unknown, could be significant, amount in the future subject to appropriations.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume that Section 1 would create a maximum payment for FY 2026 (1%) of **\$39,212,659**, FY 2027 (1%) of **\$39,212,659**, and FY 2028 (2%) of **\$78,425,318**. This assumes a SAT and all other calculation components equal to the FY 2026 SAT for the FY 2027 and FY 2028 amounts. ITSD programming would be required to create a new payment and create a method to verify monies are used to increase salaries. At this time DESE has not received an estimate from ITSD. Based on prior estimates for similar programming DESE is estimating the cost between \$50,000 and \$150,000.

Due to the potential of withholding payments, DESE assumes appeals and hearings would be required. 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 the State Board must hold include 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;

- 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.

Oversight notes the additional foundation formula payments in Section 1 begin in FY 2026.

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 1% of such district's or charter school's June state aid entitlement for the preceding year for fiscal years 2026 and 2027 and 2% for FY 2028 and beyond. 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. 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 (Boone County)

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.

In response to a similar proposal, HB 1205 (2023), officials from the **Columbia Public Schools (CPS)** stated this proposal appears to allow charter schools that fall within school districts in cities of their size. It would definitely have a negative financial impact on CPS. It is difficult to determine a concrete number because it would depend on the number of students that would take advantage of this opportunity. Not only would the state revenue follow the students, but the local effort would follow the student as well. It costs approximately \$13,000 per student (\$6,375 is the SAT from the state and the rest is made up of mostly local funds). If 100 students left CPS for a charter school the impact would be \$1.3 million. The difficulty is that those 100 students would be spread across 40 buildings and multiple grade levels so CPS would not be able to reduce the number of staff and corresponding expenditures to equate to the reduction in revenue.

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.

Oversight received zero 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 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 161.239 Elementary Literacy Fund

Officials from the **Department of Elementary and Secondary Education (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.

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

Officials from the **Office of Administration – Budget & Planning (B&P)** assume this Section establishes the Elementary Literacy Fund. The general assembly shall annual appropriate to the fund an amount no greater than \$5M.

Though this does not have a direct impact on TSR or Section 18(e), it may reduce GR in the future subject to appropriations.

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 DESE impact in the fiscal note.

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 for the STO.

Section 161.670 Missouri Course Access and Virtual School Program

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this provision makes changes to the MO virtual education program. Proposed changes to the host school calculations would result in an increase to the foundation formula for FY 2025 of **\$1,515,686**, FY 26 of **\$1,602,009**, and FY 27 of **\$1,602,009** (see tables below). Additional ITSD costs would be associated with this change (and are noted below in OA-ITSD response to the legislation as a whole).

In response to the similar proposal, HB 2287 (2024), officials from **DESE** assume the proposed legislation changing the calculation for average daily attendance (ADA) from the host district's prior year average attendance percentage to the attendance provided by the virtual provider to the host district based on dividing the total number of hours attended in a term by enrolled virtual pupils by the actual number of hours the virtual program was in session. Because of this change, DESE anticipates an increase in ADA to be used in calculating payments and has calculated a cost with 2%, 4% and 6% increase and showed no increase for comparative purposes.

DESE also updated the statewide adequacy target (SAT) from \$6,375 in FY23 and FY24 to \$6,760 in FY25 and \$7,145 in FY26. FY27's SAT may increase from \$7,145 when it is recalculated in two years; however, DESE is unable to estimate that amount and is using \$7,145 for FY27 as well. These SAT's should have been used in DESE's estimate for HB 2287 as it was originally filed. The original estimate was calculated by DESE's virtual school subject matter expert who was unaware of the increase in SAT as it had remained flat for the last five years. DESE also updated the estimates to use weighted ADA instead of calculated ADA as weighted ADA is the basis of the host school payment.

The host districts' prior-year average attendance percentages for 2022-2023:

District	Sum of Regular Hours Attended	Sum of Attendance Plus Absent Hours	Attendance % for in-person students
Sturgeon R-V	406,004.50	435,859.73	93%
Springfield R-XII	21,848,959.55	24,107,605.95	91%
Lee's Summit R-VII	17,470,097.81	18,645,832.25	94%
Grandview R-II	545,260.12	584,744.18	93%
Laquey R-V	580,434.75	637,941.08	91%
Mehlville R-IX	9,527,122.59	10,269,205.41	93%

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

2023 Host District Payments for MOCAP Student Attendance	
District	Annualized Payment Amount
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

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. The below tables demonstrate the 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	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	1,113	1,135	150,432	1,157	300,864	1,179	451,296
Springfield R-XII	474	484	64,100	493	128,199	503	192,299
Lee's Summit R-VII	12	13	1,673	13	3,345	13	5,018
Grandview R-II	1,874	1,911	253,334	1,949	506,669	1,986	760,003
Laquey R-V	191	194	25,757	198	51,514	202	77,270
Mehlville R-Ix	73	75	9,933	76	19,866	78	29,799
Total			505,229		1,010,457		1,515,686

Name	Calculated 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	1,113	1,135	59,000	1,157	317,999	1,179	476,999
SPRINGFIELD R-XII	474	484	67,750	493	135,501	503	203,251
LEE'S SUMMIT R-VII	12	13	1,768	13	3,536	13	5,304
GRANDVIEW R-II	1,874	1,911	267,762	1,949	535,525	1,986	803,287
LAQUEY R-V	191	194	27,224	198	54,447	202	81,671
MEHLVILLE R-IX	73	75	10,499	76	20,998	78	31,497
Total			534,003		1,068,006		1,602,008

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 notes the calculation shall be generated by the virtual provider and provided to the host district for submission to DESE. Virtual providers may differ in policy on how attendance is calculated. Oversight assumes the impact to the foundation formula (if fully funded) would depend on the school districts involved, virtual school programs' attendance rate and local contributions. Therefore, Oversight will show an impact of \$0 (no change in attendance) to more or less than cost as estimated by DESE at a 2% increase in attendance with corresponding gains or losses to the school districts.

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

Officials from **DESE** assume these provisions 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(s) 162.471, 162.492, and 162.611 School Board Vacancies

Officials from the **Department of Elementary and Secondary Education** assume this program 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 163.011 - This act modifies the definition of "Weighted Average Daily Attendance"

Officials from the **Office of Administration – Budget & Planning (B&P)** assume this Section redefines “weighted average daily attendance” (WADA) for FY26-FY30 in perpetuity and adds a definition for “weighted membership”.

Though it does not have a direct impact on TSR or Section 18(e), it may reduce GR by an unknown, could be significant, amount in the future subject to appropriations.

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 \$86,834,247**. Additional ITSD costs would be associated with this change (and are included in the OA-ITSD response).

DESE notes the following:

Payment Year	Difference from Prior Year Appropriation (\$3,785,430,821.62)	Change from Prior Year
FY 2026 Original	\$300,364,993.00	
1st Year Phase in 90%/10%	\$341,632,311.79	\$41,267,318.79
2nd Year Phase in 80%/20%	\$387,199,239.85	\$45,566,928.06
3rd Year Phase in 70%/30%	\$433,357,406.20	\$46,158,166.36
4th Year Phase in 60%/40%	\$480,237,259.77	\$46,879,853.56
5th Year and all future years 50%/50%	\$527,907,222.45	\$47,669,962.68

Oversight notes the cumulative impact is estimated as follows:

Baseline	\$300,364,993.00	Change from Prior Year	Cumulative Impact
FY 2026	\$341,632,311.79	\$41,267,318.79	\$41,267,318.79
FY 2027	\$387,199,239.85	\$45,566,928.06	\$86,834,246.85
FY 2028	\$433,357,406.20	\$46,158,166.36	\$132,992,413.21
FY 2029	\$480,237,259.77	\$46,879,853.56	\$179,872,266.77
FY 2030	\$527,907,222.45	\$47,669,962.68	\$227,542,229.45
FY 2031	\$527,907,222.45	\$0	\$227,542,229.45

Section 163.018 – Early Childhood Education (Pre-Kindergarten Funding)

Officials from **Department of Elementary and Secondary Education (DESE)** state, §163.018 would increase the PreK pupils to be included in the average daily attendance from 4% to 8%. This would result in an increase to the foundation formula of **\$61,051,119**. The actual cost to the foundation formula depends on the FRL population at each district. If it increases the potential number of PK students that can be claimed will exceed numbers used in the project resulting in an increased formula call. Also, other factors used in the foundation formula will also impact of this legislation for future years. In addition, these changes would require modification to Core Data Screens for calculating the maximum number of PK students that can be claimed for state aid and potentially MOSIS Business Rules. Based on previous estimates for similar changes DESE will show a range between \$50,000 and \$150,000 with ongoing costs for maintenance.

Oversight will show DESE estimated cost for IT modifications.

Section 163.044 – Small Schools Grant

Officials from the **Office of Administration – Budget & Planning (B&P)** assume this Section increases minimum appropriation to small school districts from \$15M to \$30M.

Though this does not have a direct impact on TSR or Section 18(e), it may reduce GR in the future subject to appropriations.

Officials from **Department of Elementary and Secondary Education (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 – Recalculation of Local Effort

Officials from the **Office of Administration – Budget & Planning (B&P)** assume this Section requires DESE to calculate the amount of state aid not received by schools in FY 2005 due to an elevation in local effort requirement and remit it to affected schools.

Though this does not have a direct impact on TSR or Section 18(e), it may reduce GR in the future subject to appropriations.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume Section 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.

Officials from the **Office of Administration – Information Technology (ITSD)** assume there will be modifications made to the foundation formula calculation (sections 163.096). ITSD estimates the project would take 523.80 hours at a contract rate of \$105 for a total cost of \$54,999 in FY 2025 with on-going support costs of \$11,275 in FY 2026, and \$11,557 in FY 2027.

Oversight will show the cost as estimated by DESE and ITSD.

Section 163.172 Baseline Teacher Salary

Officials from the **Office of Administration – Budget & Planning (B&P)** assume this Section establishes the Teacher Baseline Salary Grant Fund.

Though this does not have a direct impact on TSR or Section 18(e), it may reduce GR in the future subject to appropriations.

Officials from the **Department of Elementary and Secondary Education (DESE)** state the increase to teachers' salaries to \$40,000 would impact 7,154 teachers from 414 school districts.

The total cost would be:

\$28,811,529.07 + \$4,609,844.65 for benefits (16%) = \$33,421,373.72. DESE assumes the cost for the increase would be covered by the grant program for increasing teacher salaries and would be a General Revenue Cost.

Teacher Salaries Master's +10 years' experience:

In 2025-26, 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 for benefits (16%) = \$5,775,633.79

In 2026-27, a salary of \$47,000 would impact 2,015 teachers from 394 school districts (163.172.2(4)(d)). The total cost would be

\$6,792,725.19 + \$1,086,836.03 for benefits (16%) = \$7,879,561.22

In 2027-28, a salary of \$48,000 would impact 2,543 teachers from 430 school districts (163.172.2(4)(e)). The total cost would be

\$9,071,958.88 + \$1,451,513.42 for benefits (16%) = \$10,523,472.30

Less than Master +10 Teachers	#/% of Districts	# of Teachers	Amount to Raise	16% add for benefits	Total w/benefits	Fiscal Year
\$ 40,000	414	7,154	\$28,811,529	\$4,609,845	\$33,421,374	2026
\$ 40,000	414	7,154	\$28,811,529	\$4,609,845	\$33,421,374	2027
\$ 40,000	414	7,154	\$28,811,529	\$4,609,845	\$33,421,374	2028
Raise to \$40,800	499/89.4%	9,171	\$38,190,866	\$6,110,539	\$44,301,405	2029
Raise to \$41,616	515/92.3%	10,748	\$46,317,990	\$7,410,878	\$53,728,869	2030
Raise to \$42,448	520/93.2%	12,367	\$55,948,555	\$8,951,769	\$64,900,324	2031

Master +10 Teachers	#% of Districts	# of Teachers	Amount to Raise	16% add for benefits	Total w/benefits	Fiscal Year
\$46,000	362	1,603	\$4,978,995	\$796,639	\$5,775,634	2026
\$47,000	394	2,015	\$6,792,725	\$1,086,836	\$7,879,561	2027
\$48,000	430	2,543	\$9,071,959	\$1,451,513	\$10,523,472	2028
Raise to \$48,960	448/80.3%	3,113	\$11,934,716	\$1,909,555	\$13,844,271	2029
Raise to \$49,939	467/83.7%	3,734	\$15,279,739	\$2,444,758	\$17,724,497	2030
Raise to \$50,938	478/85.7%	4,990	\$19,392,670	\$3,102,827	\$22,495,497	2031

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:

FY	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Base Salary	28,811,529	28,811,529	28,811,529	29,675,875	30,566,151	31,483,136
Base Benefits (16% of Salary)	4,609,845	4,609,845	4,609,845	4,748,140	4,890,584	5,037,302
Subtotal	33,421,374	33,421,374	33,421,374	34,424,015	35,456,735	36,520,437
Masters 10+	4,978,995	6,792,725	9,071,959	9,344,118	9,624,441	9,913,174
Masters 10+ Benefits (16% of Salary)	796,639	1,086,836	1,451,513	1,495,059	1,539,911	1,586,108
Subtotal	5,775,634	7,879,561	10,523,472	10,839,176	11,164,352	11,499,282
Total	39,197,008	41,300,935	43,944,846	45,263,191	46,621,087	48,019,720

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 \$40,000, 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 **\$39,197,008** (\$33,421,374 + \$5,775,634), FY 2027 is **\$41,300,935** (\$33,421,374 + \$7,879,561), and FY 2031 is **\$48,019,720** (\$36,520,437 + \$11,499,282).

Oversight will show an impact to the school districts up to the full cost and a potential offsetting positive impact to school districts from grant funds.

Section(s) 167.031 and 595.209 School Attendance

Officials from the **Department of Elementary and Secondary Education (DESE)** assume both sections would have no fiscal impact on their agency.

In response to similar legislation, SB 122 from 2023, **DESE** assumed excusing an absence does not make the time claimable for Average Daily Attendance (ADA), thus no increase to the call of the Foundation Formula.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Section 167.850 Recovery School Deadline

Officials from the **Department of Elementary and Secondary Education** assume 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

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this Section requires developing an 18-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. DESE estimates the 18-hour course would be \$200 per participant. If an estimated 1,000 teachers participated annually the cost could be up to \$200,000. (For reference, the current substitute certificate course costs \$180.) In addition, DESE assumes the new online application would require ITSD development for a minimum of \$50,000 up to an unknown as it is the development of a new application. Ongoing maintenance costs would also be required. DESE estimated these based on current maintenance costs and other estimates provided by ITSD.

Oversight will reflect the DESE (2) FTE, as provided by DESE in above statement, to administer the program, in the fiscal note. DESE estimates the 18-hour course would be \$200 per participant. If an estimated 1,000 teachers participated annually the cost could be up to \$200,000. (For reference, the current substitute certificate course costs \$180.) In addition, DESE assumes the new online application would require ITSD development for approximately \$50,000 or more.

Oversight assumes the cost of up to \$200,000 for the Teacher Certification Program would NOT be a DESE liability, but rather would be paid for by each candidate. Therefore, Oversight will not reflect that program cost as estimated by DESE.

Lastly, **Oversight** will note the DESE - ITSD costs (\$50,000) in the fiscal note.

Section 168.110 – Hard-To-Staff Schools - Differentiated Placement on Salary Schedule

Officials from the **DESE** assume this section 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 168.500 Career Ladder

Officials from the **Department of Elementary and Secondary Education (DESE)** 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 section.

Oversight notes this section allows for members of armed forces to be excluded from the two-year teaching requirement in order to be eligible to apply for admission to the career plans adopted under section.

Section 169.560 and 169.660 Teacher Retirement

Officials from the **Public Schools and Education Employee Retirement Systems (PSRS/PEERS)** assume 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. The PSRS attached the cost statements and analysis prepared by PwC. Their analysis indicates no significant fiscal impact to the Systems.

Officials from the **Joint Committee on Public Employee Retirement (JCPER)** note the JCPER's review of this proposal indicates it will not affect retirement plan benefits as defined in Section 105.660(9). The JCPER's review of this proposal indicates it would not create a "substantial proposed change" in future plan benefits as defined in Section 105.660(10).

Oversight assumes the impact to the System from these provisions would be immaterial. Therefore, Oversight will reflect a zero impact in the fiscal note for the employer members of the retirement system.

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 / Teacher Recruitment and Retention State Scholarship Program

Officials from the **Office of Administration – Budget & Planning (B&P)** assume this Section establishes the Teacher Baseline Salary Grant Fund.

Though this does not have a direct impact on TSR or Section 18(e), it may reduce GR in the future subject to appropriations.

Officials from **DESE** assume Section 173.232 would revise the Urban Flight and Rural Needs Scholarship to become the Teacher Recruitment and Retentions State Scholarship Program. As outlined, the maximum scholarship awards for each year would be the maximum needed for this program. Department of Elementary and Secondary Education will reflect an annual cost of \$0 up to the maximum award amounts.

For the 2025-26 academic year, four hundred scholarships or a maximum awarded amount of two million four hundred thousand dollars;

For the 2026-27 academic year, four hundred forty scholarships or a maximum awarded amount of two million six hundred thousand dollars;

For the 2027-28 academic year, four hundred eighty scholarships or a maximum awarded amount of two million eight hundred thousand dollars;

For the 2028-29 academic year, five hundred twenty scholarships or a maximum awarded amount of three million dollars;

For the 2029-30 academic year, five hundred sixty scholarships or a maximum awarded amount of three million two hundred thousand dollars; and

For the 2030-31 academic year and all subsequent academic years, six hundred scholarships or a maximum awarded amount of three million four hundred thousand dollars.

Department of Elementary and Secondary Education 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.

Responses regarding the proposed legislation as a whole

Officials from **Office of Administration – Information Technology (ITSD)** assume the 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 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 (sections 161.670, 163.011 and 163.044). ITSD estimates the project would take 1274.40 hours at a contract rate of \$105 for a total cost of \$133,812 in FY 2025 with on-going support costs of \$27,431 in FY 2026, and \$28,117 in FY 2027.

Additionally, the **Office of Administration – Information Technology (ITSD)** assume the MOSIS data collection will need to be modified or created for additional functionality. ITSD assumes there will be modifications made to the MOSIS/core data (sections 161.670, 163.011 and 163.044). ITSD estimates the project would take 1,015.20 hours at a contract rate of \$105 for a total cost of \$106,596 in FY 2025 with on-going support costs of \$21,852 in FY 2026, and \$22,398 in FY 2027.

Officials from the **Department of Higher Education and the Workforce Development (DHEWD)**, the **Department of Mental Health**, the **Department of Social Services (DSS)**, the **Northwest Missouri State University**, the **Oversight Division**, and the **University of Missouri System** each assume the proposal will have no 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 both agencies.

Officials from the **University of Central Missouri** assume an indeterminate fiscal impact. Possible increase in enrollment because of the expansion of the teacher scholarship and maybe long-term increase in enrollment because of the educational assistance happening within elementary/secondary education. It is impossible to know the amount but this bill would likely cause an increase in revenue.

Officials from the **Paris R-II School District** assume if SB 727 results in a \$75,000,000 reduction in revenue allocated to the public school districts of Missouri, this would reduce their state revenue by approximately \$150,000. This loss would potentially require their district to cut 3 and 1.5 aides.

Rule Promulgation

In response to the previous version of the bill, 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)
GENERAL REVENUE				
<u>Costs</u> – Section 135.715 – Empowerment Scholarship Tax Credit Cap – p. 8	More or less than (\$51,679,990)	More or less than (\$55,376,125)	More or less than (\$59,246,224)	More or less than (\$76,227,824)
<u>Savings</u> – Section 135.715 – savings to the foundation formula from more students being eligible under the expanded cap – p. 9	More or less than \$42,192,584	More or less than \$45,210,183	More or less than \$48,369,809	More or less than \$62,233,929

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2031)
<u>Costs – DESE - §161.239 - p. 12</u>	Up to	Up to	Up to	Up to
Personnel Service	(\$37,400)	(\$45,778)	(\$46,693)	(\$50,542)
Fringe Benefits	(\$27,012)	(\$32,769)	(\$33,117)	(\$35,847)
Equipment and Expense	(\$9,157)	(\$6,546)	(\$6,677)	(\$7,227)
<u>Total Costs – DESE</u>	<u>(\$73,569)</u>	<u>(\$85,093)</u>	<u>(\$86,487)</u>	<u>(\$93,616)</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. 12</u>	Up to (\$5,000,000)	Up to (\$5,000,000)	Up to (\$5,000,000)	Up to (\$5,000,000)
<u>Costs – DESE – additional formula payment Section 1- Minimum School Term p. 10</u>	\$0	(\$39,212,659)	(\$39,212,659)	(\$78,425,318)
<u>Costs – DESE/ITSD – programming costs - Section 1 Minimum School Term p. 10</u>	(\$50,000) up to (150,000)	(\$10,000) to (\$30,000)	Could exceed (\$10,000) to (\$30,000)	Could exceed (\$10,000) to (\$30,000)
<u>Costs – DESE – hearing costs Section 1 – Minimum School Term p. 11</u>	Up to (\$100,000)	Up to (\$100,000)	Up to (\$100,000)	Up to (\$100,000)
<u>Savings - DESE may withhold state aid for failure to utilize funds correctly – Section 1 Minimum School Term p. 11</u>	\$0	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Costs/Savings - DESE – changes to payments for full-time virtual students §161.670 – p. 13-15</u>	\$0 to More or Less than (\$505,229)	\$0 to More or Less than (\$534,003)	\$0 to More or Less than (\$544,683)	\$0 to More or Less than (\$589,582)

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2031)
<u>Costs – DESE - §163.011 – increase call to the foundation formula "Weighted Average Daily Attendance" p. 16-17</u>	\$0	(\$41,267,319)	(\$86,834,247)	(\$227,542,229)
<u>Costs – DESE/ITSD – foundation formula modifications - §163.018 p. 17</u>	(Unknown)	(Unknown)	(Unknown)	(Unknown)
<u>Costs – DESE - expanded pre-kindergarten funding - §163.018 p. 17</u>	(\$61,051,119)	(\$61,051,119)	(\$61,051,119)	(\$61,051,119)
<u>Costs – DESE – transfer to Small Schools Fund - §163.044 p. 17</u>	(\$15,000,000)	(\$15,000,000)	(\$15,000,000)	(\$15,000,000)
<u>Costs – DESE/ITSD programing Section 163.096 p. 18</u>	(\$54,999)	(\$11,275)	(\$11,557)	(\$12,510)
<u>Costs – recalculation of local effort - Section 163.096 p. 18</u>	(\$14,088,092)	(\$14,088,092)	(\$14,088,092)	(\$14,088,092)
<u>Transfer Out - DESE - teacher salary increases if funded through the Teacher Salary Grants - §163.172 p. 20</u>	\$0	\$0 or Up to (\$39,197,008)	\$0 or Up to (\$41,300,935)	\$0 or More or Less than (\$48,019,720)
<u>Costs - DESE - transfer out to the Teacher Recruitment and Retention State</u>				

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2031)
Scholarship Program Fund increase in maximum allowed scholarships -§173.232 p. 23-24	\$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</u> Section 168.021 Teachers Licensure p. 21	(\$50,000)	\$0	\$0	\$0
<u>Costs – DESE -</u> §168.021 p. 21				
Personnel Service	(\$83,500)	(\$102,204)	(\$104,204)	(\$112,794)
Fringe Benefits	(\$57,396)	(\$69,652)	(\$70,445)	(\$76,252)
Equipment and Expense	(\$20,592)	(\$12,764)	(\$13,020)	(\$14,093)
<u>Total Costs – DESE</u>	<u>(\$161,488)</u>	<u>(\$184,620)</u>	<u>(\$187,669)</u>	<u>(\$203,139)</u>
FTE Change	2 FTE	2 FTE	2 FTE	2 FTE
<u>Costs – DESE/ITSD –</u> Sections 161.670, 163.011 & 163.044 – Foundation Formula modifications – p. 24	(\$133,812)	(\$27,431)	(\$28,117)	(\$31,035)
<u>Costs – DESE/ITSD –</u> Sections 161.670, 163.011 & 163.044 – MOSIS/Core Data – p. 24	(\$106,596)	(\$21,852)	(\$22,398)	(\$24,723)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>Up to</u> (\$107,162,310)	<u>Up to</u> (\$228,376,413)	<u>Up to</u> (\$276,974,378)	<u>Up to</u> (\$467,604,978)
ELEMENTARY LITERACY FUND				

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2031)
<u>Transfer In</u> – from General Revenue - §161.239 - unknown number and amount of grants p. 12	\$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</u> – §161.239.2 - gifts, contributions, grants and/or bequests p. 12	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Transfer Out</u> - §161.239 - Grant awards to local educational agencies p. 12	\$0 to Could exceed (<u>\$5,000,000</u>)			
ESTIMATED NET EFFECT ON ELEMENTARY LITERACY FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
MO EMPOWERMENT SCHOLARSHIP ACCOUNTS FUND (0278)				
<u>Revenue Gain</u> – 2% of qualifying contributions to educational assistance organizations from the expanded cap - §135.715 – p. 10	More or less than \$1,033,599	More or less than \$1,107,522	More or less than \$1,184,924	More or less than \$1,524,556
<u>Costs</u> – STO - §135.715 - p. 10	Up to	Up to	Up to	Up to
Personnel Service	(\$70,000)	(\$85,680)	(\$87,394)	(\$94,598)
Fringe Benefits	(\$52,164)	(\$63,248)	(\$63,912)	(\$69,180)
Equipment and Expense	(\$11,767)	(\$5,100)	(\$5,202)	(\$5,631)

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2031)
Total Costs - STO	(\$133,931)	(\$154,028)	(\$156,508)	(\$169,409)
FTE Change	Up to 2 FTE	Up to 2 FTE	Up to 2 FTE	Up to 2 FTE
ESTIMATED NET EFFECT ON THE MO EMPOWERMENT SCHOLARSHIP ACCOUNTS FUND	More or less than <u>\$899,668</u>	More or less than <u>\$953,495</u>	More or less than <u>\$1,028,416</u>	More or less than <u>\$1,355,147</u>
TEACHER BASELINE SALARY GRANT FUND				
<u>Transfer In</u> – from General Revenue – §163.172 p. 20	\$0	\$0 or Up to \$39,197,008	\$0 or Up to \$41,300,935	\$0 or More or Less than \$48,019,720
<u>Transfer Out</u> – to School Districts - §163.172 p. 20	\$0	\$0 or Up to (\$39,197,008)	\$0 or Up to (\$41,300,935)	\$0 or More or Less than (\$48,019,720)
ESTIMATED NET EFFECT ON THE TEACHER BASELINE SALARY GRANT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TEACHER RECRUITMENT AND RETENTION STATE SCHOLARSHIP PROGRAM FUND				

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2031)
<u>Transfer In</u> – from General Revenue - §173.232 p. 23-24	\$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</u> - scholarships awarded - §173.232 p. 23-24	\$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</u> - Principal and Interest payments rec'd – from scholarships converted to loans - §173.232 p. 23-24	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Income</u> – sale proceeds – from scholarships converted to loans & sold to MOHELA - §173.232 p. 23-24	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>	\$0 or Unknown
TEACHER RECRUITMENT AND RETENTION STATE SCHOLARSHIP PROGRAM FUND	\$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)
PUBLIC SCHOOLS				
<u>Loss</u> - Section 135.715 – from additional students transferring to private schools – p. 9	More or less than (\$42,192,584)	More or less than (\$45,210,183)	More or less than (\$48,369,809)	More or less than (\$62,233,929)
<u>Loss</u> – §160.400 – Public School Districts – Transfer				

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2031)
of Public School Students To Newly Implemented Charter Schools p. 11-12	\$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. 11-12	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Revenue Gain</u> – §161.239 – transfer-in from the Elementary Literacy Fund for an unknown number and amount of grants p. 12	\$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>Revenue Gain</u> – DESE – additional formula payment Section 1- Minimum School Term p. 10	\$0	\$39,212,659	\$39,212,659	\$78,425,318
<u>Loss</u> - DESE may withhold state aid for failure to utilize funds correctly –Section 1 p. 10	\$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. 13-15	\$0 to More or Less than \$505,229	\$0 to More or Less than \$534,003	\$0 to More or Less than \$544,683	\$0 to More or Less than \$589,582
<u>Revenue Gain</u> - §163.011- from increased call to the foundation formula "Weighted Average Daily Attendance" p. 16&17	\$0	\$41,267,319	\$86,834,247	\$227,542,229
<u>Revenue Gain</u> – for expanded pre-kindergarten funding - §163.018 p. 17	\$61,051,119	\$61,051,119	\$61,051,119	\$61,051,119

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027	Fully Implemented (FY 2031)
<u>Revenue Gain</u> – from the Small Schools Fund - §163.044 p. 17	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000
<u>Revenue Gain</u> –recalculation of the local effort - 163.096 p. 18	\$14,088,092	\$14,088,092	\$14,088,092	\$14,088,092
<u>Revenue Gain</u> – Baseline Teacher Grants - §163.172 – p. 20	\$0	\$0 or Up to \$39,197,008	\$0 or Up to \$41,300,935	\$0 or More or Less than \$48,019,720
<u>Costs</u> - School Districts – costs for teacher salary increases - §163.172 p. 20	\$0	(\$39,197,008)	(\$41,300,935)	(\$48,019,720)
<u>Costs</u> - differentiated placement of hard-to-staff teachers on the salary schedule - §168.110 p. 21	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (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
ESTIMATED NET EFFECT ON PUBLIC SCHOOLS	Up to \$53,451,856	Up to \$130,943,009	Up to \$173,360,991	Up to \$339,462,411

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This act creates and modifies provisions relating to elementary and secondary education.

MISSOURI EMPOWERMENT SCHOLARSHIP ACCOUNTS PROGRAM (Sections 135.713, 135.714, 135.715, and 166.700)

This act modifies provisions relating to the Missouri Empowerment Scholarship Accounts Program.

The act changes the maximum amount of tax credits that may be allocated in any year from \$50 million to \$75 million. Such maximum amount shall be increased annually by any percentage increase or decrease in the amount appropriated to school districts under the foundation formula. The act repeals a provision that the program shall be effective in any fiscal year immediately following any year in which the amount appropriated for pupil transportation equals or exceeds 40% of the projected amount necessary to fully fund transportation aid funding for fiscal year 2021. (Section 135.713)

The act modifies the scholarship distribution order to qualified students. The first students to receive scholarship funds shall be students who received scholarships in the previous year, followed by students who are siblings of students who are already receiving a scholarship. The act further outlines a distribution order that prioritizes funding to students who receive special education services, students who are eligible for free or reduced price lunch and who reside in an unaccredited or provisionally accredited school district, students who are eligible for free or reduced price lunch, and students who are the children of active duty military personnel who have relocated to Missouri.

The act modifies the total grant amount for students with an individualized education plan (IEP) or limited English proficiency or who receive free or reduced-price lunch. Students with limited English proficiency shall receive no more than 160% of the state adequacy target; students who receive free or reduced-price lunch shall receive no more than 125% of the state adequacy target; and students with an IEP shall receive no more than 175% of the state adequacy target. All other students shall receive a grant amount that does not exceed the state adequacy target.

The act provides that educational assistance organizations shall provide certain data that is currently provided only to the State Treasurer to the Department of Elementary and Secondary Education and the Missouri Empowerment Scholarship Accounts Program Board, as well.

The act requires the State Treasurer to post certain information relating to scholarship recipients, qualified schools, and educational assistance organizations on the Treasurer's website annually. (Section 135.714)

The act repeals a provision that the annual increase to the cumulative amount of tax credits shall cease when the amount of tax credits reaches \$50 million.

If the total contributions to educational assistance organizations exceed \$25 million in any school year, the State Treasurer may certify one additional educational assistance organization to administer scholarship accounts. A maximum of seven, rather than six, educational assistance organizations may have their principal place of business in any one of the counties listed in the act.

The act provides that all laws and regulations that apply to employees of an educational assistance organization shall also apply to the actions of any employees of a private financial management firm while they are conducting work relating to the direct decision-making of the operation of such educational assistance organization.

The act modifies membership of the Missouri Empowerment Scholarship Accounts Board by removing the Commissioner of Administration and adding an additional member to be appointed by the members of the board who is an employee of an educational assistance organization and whose responsibilities are directly related to such organization's involvement in the program. The board shall assist the State Treasurer with data collection, collaboration with the Department of Elementary and Secondary Education, and making recommendations to the State Treasurer regarding the promulgation of rules concerning the program. (Section 135.715)

The act modifies the definition of "qualified school" by providing that FPE schools, rather than home schools, shall be qualified to participate in the program.

The act modifies the definition of "qualified student" by including any student who is a resident of this state, rather than only those students who live in a charter county or a city with at least 30,000 inhabitants, and who is not unlawfully present in the United States or a person who gained illegal entry into the United States. Such definition is further modified by including any student who is a member of a household whose total annual income is 300% or less than the income standard used to qualify for free and reduced-price lunch, rather than only those students whose household income is 200% or less than such standard. The definition is also modified by adding siblings of qualified students who received a scholarship in the previous year and will receive a scholarship in the current year. (Section 166.700)

MINIMUM SCHOOL TERM (Sections 160.011, 160.041, 163.021, 171.028, 171.031, 171.033, 1, and B)

This act establishes provisions relating to the minimum school term.

The act modifies the definition of "school term" by providing that school districts located in charter counties or cities with more than 30,000 inhabitants shall have a school term that consists of at least 169 school days, unless the district has adopted a four-day school week, in which case a school term shall consist of at least 142 school days. (Sections 160.011, 163.021, 171.031, and 171.033)

The act repeals a provision specifying that school districts shall provide a minimum of 522 hours of actual pupil attendance for kindergarten pupils in order to receive state aid. (Section 163.021)

These provisions shall go into effect on July 1, 2026. (Section B)

Beginning in the 2026-27 school year, the act provides that school districts located wholly or partially in charter counties or cities with more than 30,000 inhabitants may adopt a four-day school week only upon a majority vote of the qualified voters of the school district, as provided in the act. (Section 171.028)

The Department of Elementary and Secondary Education shall remit to any school district with a five-day school week an amount equal to 1% for fiscal years 2026 and 2027, or 2% for fiscal year 2028 and all subsequent fiscal years, of such district's preceding year's annual state aid entitlement as calculated in June. For school districts in which one or more charter schools operate, and for all charter schools located in such district, the calculation shall be made prior to any adjustment to the district's or charter school's state aid calculation pursuant to current requirements regarding state aid payments to charter schools.

Any funds received pursuant to this provision shall be used by school districts and charter schools exclusively to increase teacher salaries. Any school district or charter school that fails to utilize such funds solely to increase teacher salaries shall have an amount equal to the amount of the funds received withheld from the district's or charter school's state aid payments under current law. (Section 1)

CHARTER SCHOOLS (Sections 160.400 and 160.415)

The act adds all school districts located in Boone County to the list of school districts in which a charter school may be operated by any entity currently authorized to operate a charter school under state law. Provisions of current law that provide for additional state aid to charter schools shall not apply to any charter school operated in Boone County.

All laws and regulations that apply to employees of a charter school shall also apply to the actions of any employees of a charter school management company while such employees are conducting any work relating to the direct decision-making of the operation of the charter school.

LITERACY OF ELEMENTARY SCHOOL STUDENTS (Section 161.239)

This act establishes the "Elementary Literacy Fund" for the purpose of providing grants to school districts and charter schools for home reading programs for children in kindergarten to 5th grade. The General Assembly shall annually appropriate an amount not to exceed \$5 million to the Fund, and the Department of Elementary and Secondary Education (DESE) shall develop a process by which a district or charter school may apply for a grant. Any district or charter school that receives such a grant shall match any funds that are granted.

The act sets forth certain criteria for a home reading program to be considered eligible for a grant from the Fund. Such program's objective shall be to mail books to students' homes that the students select themselves at a reading level with which they are comfortable. The program shall allow for parental engagement, as specified in the act, and shall allow students to select between six and nine new books to keep. The program provider shall provide summary data on the

program to the General Assembly and to DESE, and shall further maintain verification that the provider has secured the required matching funds from the district or charter school. The combined total cost of the program, including matching funds from the district or charter school, shall not exceed \$60 per student per semester.

MISSOURI COURSE ACCESS AND VIRTUAL SCHOOL PROGRAM (Section 161.670)

Under this act, the average daily attendance of a student who is enrolled full-time in the Missouri Course Access and Virtual School Program shall be calculated by dividing the total number of hours attended in a term by enrolled pupils between the ages of five and 21 years old by the actual number of hours that the program was in session in that term. Such calculation shall be generated by the virtual provider and provided to the host district for submission to the Department of Elementary and Secondary Education. Full-time virtual school students may complete their instructional activities during any hour of the day and during any day of the week. The hours attended for each enrolled pupil shall be documented by the pupil's weekly progress in the educational program according to a process determined by the virtual program and published annually in the virtual program's enrollment handbook or policy. The full-time equivalent average daily attendance of summer school students shall be added to the average daily attendance of the following school term.

Host districts that enroll one or more full-time virtual school students shall receive an amount of state aid specified in the act for such students on a monthly basis.

The act provides that students who reside in Missouri may enroll in the virtual program of their choice. Provisions of current law regarding a school district's approval of a student's request to enroll in a virtual program shall not apply to full-time virtual program enrollment.

The act requires host districts to adopt student enrollment policies for full-time virtual students and allows virtual schools to mutually agree with resident and host districts on the services that the resident district might offer, including possible financial reimbursements for those services. For students with disabilities, the enrollment policy shall ensure the development of an individualized education program and related services agreement, as necessary.

The act requires a student's parent or guardian, if the student is not considered homeless, to apply for enrollment directly with the full-time virtual program.

The act specifies that student progress reports to the school district are necessary only for part-time virtual school program enrollees.

A host district may contract with a provider to perform any required services involved with delivering a full-time virtual education.

A full-time virtual school shall provide regular student progress reports to parents or guardians at least four times per school year.

FAMILY PACED EDUCATION (FPE) SCHOOLS (Sections 161.670, 162.996, 166.700, 167.012, 167.013, 167.031, 167.061, 167.600, 167.619, 210.167, 210.211, 211.031, and 452.375)

The act defines a "Family Paced Education school" or "FPE school" as a school that enrolls any student who participates in the Missouri Empowerment Scholarship Accounts Program and that satisfies certain other criteria relating to instruction. The current definition of "home school" is modified by specifying that a home school shall not enroll any student who participates in such Program, and a home school is not an FPE school. The act applies to FPE schools several provisions of law that currently apply to home schools, including provisions relating to child custody and the licensing of child care providers.

SCHOOL BOARD VACANCIES (Sections 162.471, 162.492, and 162.611)

Under current law, any vacancy on an urban school board shall be filled by special election. Under this act, the remaining members of the board shall fill any such vacancy by appointment until the next school board election.

Current law also provides that any vacancy that occurs on the City of St. Louis school board outside of the normal election cycle shall be filled by appointment by the mayor for the remainder of the term. Under this act, the City of St. Louis school board shall fill any such vacancy by appointment for the remainder of the term.

WEIGHTED AVERAGE DAILY ATTENDANCE (Section 163.011)

This act modifies the definition of "weighted average daily attendance" as used in the education funding formula by adding to such definition a weighting factor relating to school district enrollment.

"Membership" is defined in current law as the average number of students enrolled in a school district who attended school at least one day during ten days at the end of January and September.

The act defines "weighted membership" as the current law definition of "membership" multiplied by certain weighting factors relating to the number of students who fall into certain population groups, such as the number of students who receive special educational services above a certain threshold number that is determined in a manner provided for in current law.

Weighted membership shall be included in the calculation of a school district's weighted average daily attendance beginning in the 2026 fiscal year. In 2026, a district's weighted average daily attendance shall be calculated as the sum of 90% of such district's weighted average daily attendance as calculated in current law, plus 10% of such district's weighted membership. The percent of weighted membership included in such calculation shall increase by 10% each year

until 2030, when a district's weighted average daily attendance shall be calculated as the sum of 50% of such district's weighted average daily attendance as calculated in current law, plus 50% of such district's weighted membership.

The same modification is made in the calculation of weighted average daily attendance for special school districts.

EARLY CHILDHOOD EDUCATION PROGRAMS OPERATED BY SCHOOL DISTRICTS AND CHARTER SCHOOLS (Section 163.018)

Currently, children between three and five years old who are eligible for free and reduced price lunch and attend an early childhood education program operated by a school district or a charter school may be included in such district's or charter school's calculation of average daily attendance, provided that the total number of such pupils does not exceed 4% of the total number of pupils between 5 and 18 years old who are eligible for free and reduced price lunch and who are included in such district's or charter school's calculation of average daily attendance. This act increases such percentage to 8%.

SMALL SCHOOLS GRANT (Section 163.044)

The act increases the Small Schools Grant appropriation from \$15 million to \$30 million. Of such moneys, \$20 million, rather than \$10 million, shall be distributed to the eligible districts, as described in the act, in proportion to their average daily attendance, and \$10 million, rather than \$5 million, shall be directed to the eligible districts that have an operating levy for school purposes in the current year in an amount specified in the act.

SCHOOL DISTRICTS' LOCAL EFFORT FIGURES (Section 163.096)

Beginning August 28, 2024, this act requires the Department of Elementary and Secondary Education to recalculate the local effort figure of any school district that, in fiscal year 2005, recorded revenues from intangible taxes, the merchants' and manufacturers' surcharge, and payments in lieu of taxes other than tax increment financing in the district's teacher and incidental funds that caused an elevation of the district's local effort figure. The Department must calculate the amount of state aid such a district would have received had the district placed these revenues in the capital projects fund or the debt service fund for payments subsequent to August 28, 2024.

MINIMUM TEACHER'S SALARY (Section 163.172)

Beginning in the 2025-26 school year, this act increases the minimum teacher's salary from \$25,000 to \$40,000. For teachers with a master's degree and at least ten years of experience, this act increases the minimum salary from \$33,000 to \$46,000 for the 2025-26 school year and further increases such salary by \$1,000 each year until the 2027-2028 school year, when the minimum shall be \$48,000.

In the 2028-29 school year and in all subsequent school years, the minimum teacher's salaries shall additionally be adjusted annually by the percentage increase in inflation, as such term is defined in the act. The State Board of Education shall publish the minimum salaries annually in February beginning in calendar year 2026. Modifications to the minimum salaries shall take effect on July 1 of each calendar year.

The act creates the "Teacher Baseline Salary Grant Fund" and "Teacher Baseline Salary Grant Program" for the purpose of increasing minimum teacher's salaries. The General Assembly may appropriate moneys to the Fund, provided that the total amount appropriated shall not exceed the amount necessary to assist each school district in increasing minimum teacher's salaries as required pursuant to the provisions of the act. School districts may apply to the Department of Elementary and Secondary Education for a grant from the Fund, provided that a grant shall not exceed the amount necessary for a district to increase minimum teacher's salaries as required pursuant to the provisions of the act.

COMPULSORY SCHOOL ATTENDANCE (Sections 167.031 and 599.209)

The act provides that a child may be excused from attendance at school if the child is unable to attend school due to mental or behavioral health concerns, provided that the school receives documentation from a mental health professional.

The act also provides that a public school district, public school, or charter school shall not discipline a child for failure to comply with the district's or school's attendance policy, and the parent or legal guardian shall not be deemed to be in violation of the compulsory attendance law, based on such child's honoring a subpoena to testify in a criminal proceeding, attending a criminal proceeding, or for participating in the preparation of a criminal proceeding.

SCHOOL ATTENDANCE OFFICERS (Section 167.071)

The act repeals a provision authorizing a seven-director school district to appoint a school attendance officer who has the powers of a deputy sheriff and may investigate claims of violations of the compulsory attendance law and arrest truant juveniles without a warrant.

RECOVERY HIGH SCHOOLS (Section 167.850)

This act changes the deadline for a school district to submit a proposal to operate a recovery high school from December 1st of the school year preceding the beginning of operation of the recovery high school to July 1st.

TEACHER CERTIFICATION (Section 168.021)

Current law requires candidates for a teaching license to satisfy certain criteria, including obtaining the recommendation of a state-approved, baccalaureate-level teacher preparation program.

Under this act, the Department of Elementary and Secondary Education shall develop an eighteen hour, online teacher preparation program related to subjects appropriate for teachers in different content areas determined by the Department. The Department may contract with an entity skilled in developing online teacher preparation programs or a charitable organization registered in Missouri to develop and maintain the online teacher preparation program. Such entity or charitable organization shall be certified to develop and maintain the program by the Department. An individual with a bachelor's degree may complete the online training program and receive a certificate of license to teach. However, such certificate shall not be accepted by Missouri public schools, but shall be accepted by private schools and private school accrediting agencies.

The act also provides that the State Board of Education shall issue an additional professional subject-area teaching certification for specific content knowledge or for a specialty area to a teaching certificate holder who applies for an additional professional subject-area certification, successfully achieves an acceptable score on the state-approved teacher evaluation system, receives a recommendation from the employing school district, and completes a background check.

HARD-TO-STAFF SCHOOLS AND SUBJECT AREAS (Section 168.110)

The act provides that a school board may include differentiated placement of teachers on the salary schedule to increase compensation in order to recruit and retain teachers in hard-to-staff subject areas or schools, as the terms "hard-to-staff schools" and "hard-to-staff subject areas" are defined in the act. No modifications to the identification of hard-to-staff subject areas or schools shall result in the demotion of a teacher in the salary schedule. Each school district that includes differentiated placement of teachers on the district salary schedule shall annually provide to the Department of Elementary and Secondary Education a report containing information outlined in the act.

TEACHER EDUCATION PROGRAMS (Section 168.400)

The act repeals provisions of current law that require preservice teacher education programs to include a program of entry-level testing of all prospective teacher education students to be administered by the Commissioner of Education.

CAREER LADDER (Section 168.500)

Currently, public school teachers become eligible for the Career Ladder program after two years of public school teaching in Missouri. This act provides that the two year-requirement shall not

apply to any member of the Armed Forces of the United States or such member's spouse who has teaching experience in another state and who has transferred to this state.

The act repeals a provision of current law that teachers' Career Ladder responsibilities and career efforts shall be required to occur outside of compensated hours. The act also specifies that teachers may receive Career Ladder admission and stage achievement for certain activities that are not included in the duties that require a teaching certificate under current law.

The act adds serving as a mentor for teachers to the list of activities for which teachers may receive Career Ladder admission and stage achievement.

PSRS/PEERS - WORKING AFTER RETIREMENT LIMITS (Sections 169.560 and 169.660)

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 act provides that the member, including those retired due to disability, may earn up to 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 which has been submitted and approved by the Board of Trustees of PSRS.

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 act provides that either 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.

SUICIDE PREVENTION IN GRADES 7-12 (Section 170.048)

This act modifies provisions of current law that require suicide prevention information to be printed on the identification cards of public school students in grades 7-12. Beginning July 1, 2025, the act adds to such information the non-emergency phone number of the local police department. 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.

TEACHER RECRUITMENT AND RETENTION STATE SCHOLARSHIP PROGRAM (Section 173.232)

The act changes the name of the "Urban Flight and Rural Needs Scholarship Program" to the "Teacher Recruitment and Retention State Scholarship Program." The corresponding state treasury fund is also renamed accordingly.

The act provides that scholarship funds may be used to cover up to 100% of the tuition costs related to teacher preparation at a four-year college or university located in Missouri, except that no amount granted for tuition shall exceed the amount of tuition charged a Missouri resident at the University of Missouri-Columbia for attendance.

The number of years a student may receive a scholarship is reduced from four to two years. The number of students who may receive a scholarship is increased from 100 to 200 in the 2025-26 academic year, or a maximum awarded amount of \$1.2 million dollars. The act further increases the maximum number of scholarships or the maximum awarded amount for each year through the 2030-31 academic year, when the maximum shall be 600 scholarships or a maximum awarded amount of \$3.4 million, as provided in the act.

Scholarship recipients after June 30, 2025, shall sign a statement that they have made a good faith effort to secure all available federal sources of grant funding.

The act repeals a provision that a student must have attended a Missouri high school in order to be eligible for a scholarship.

To be eligible for a scholarship, recipients shall sign an agreement to teach in a Missouri public school that is a hard-to-staff school or to teach at least one hard-to-staff subject area in a Missouri public school, or both, for two years for every one year the recipient receives a scholarship. The act defines a "hard-to-staff school" as an attendance center where the percentage of certificated positions that were left vacant or were filled with a teacher not fully qualified in the prior academic year exceeds 10% as reported to the Department of Elementary and Secondary Education. A "hard-to-staff subject area" is defined as a content area for which positions were left vacant or were filled with a teacher not fully qualified in the prior academic year.

The scholarships provided in the act shall be available to students who have successfully completed 48 credit hours at a community college, who have been awarded an associate degree, or who have completed 60 credit hours at a four-year college, as provided in the act.

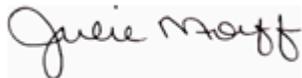
The act modifies the interest rate paid by scholarship recipients who do not follow through on their agreement to teach in a hard-to-staff subject or school and must therefore repay their scholarship award as a loan.

An individual who has qualified as an eligible student under the act shall continue to qualify as an eligible student as long as he or she remains employed by the school district in which he or she agreed to teach, regardless of whether his or her employing school no longer qualifies as a hard-to-staff school, the class he or she teaches longer qualifies as a hard-to-staff subject area, or his or her position within the school district changes.

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 Higher Education and Workforce Development
Public Education Employees' Retirement System
Department of Mental Health
Department of Social Services
Department of Revenue
Office of the State Treasurer
Office of the Secretary of State
Joint Committee on Administrative Rules
Joint Committee on Public Employee Retirement
Oversight Division
Northwest Missouri State University
University of Missouri System
University of Central Missouri
Columbia Public School
Paris R- II School District



Julie Morff
Director
June 11, 2024



Ross Strobe
Assistant Director
June 11, 2024