

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0642H.07C  
 Bill No.: HCS No. 2 for SS for SB 266  
 Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education; Children and Minors; Teachers  
 Type: Original  
 Date: May 7, 2025

Bill Summary: This proposal modifies provisions governing elementary and secondary education.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	More or less than (\$1,475,068) to (\$2,765,560)	More or less than (\$1,179,936) to (\$1,444,488)	More or less than (\$1,190,073) to (\$1,461,239)
<b>Total Estimated Net Effect on General Revenue</b>	<b>More or less than (\$1,475,068) to (\$2,765,560)</b>	<b>More or less than (\$1,179,936) to (\$1,444,488)</b>	<b>More or less than (\$1,190,073) to (\$1,461,239)</b>

\*§161.670 of the proposal states that any virtual school or program may administer any statewide assessment required pursuant to the provisions of section 160.518 in a virtual setting that aligns with the student’s regular academic instruction.

\*The amount of fiscal impact to the state starting in FY 2027 depends upon the number of students that apply and are accepted to transfer to a different school district (beginning in FY 2027) and whether DESE withholds state aid for transfer improprieties (beginning in FY 2028). Oversight notes a difference in state aid paid to separate school districts (ranges from under \$1,000 per student to over \$8,000 per student). Oversight notes there is an unknown cost for appropriating funds to the Parent Public School Choice Fund (if appropriated). Additionally, the penalty provision could result in a savings to General Revenue that could exceed \$250,000 if funds are withheld. Therefore, Oversight assumes the net impact to General Revenue could be more or less than the costs estimated for other provisions in this proposal.

\*Oversight also notes that resident school districts may still be allowed to count students that transferred out in their weighted average daily attendance (ADA) count used in the foundation formula calculation. Section 163.036 states school districts may use an estimate of the weighted ADA for the current year, or the weighted ADA for the immediately preceding year, or the weighted ADA attendance for the second preceding year, whichever is greater. This could result

in the state paying the resident district **and** the transfer district 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.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Parent Public School Choice Fund*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*For simplicity, Oversight assumes all funds will be used within the year they are received. Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
General Revenue	0 FTE	3 FTE	3 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>0 FTE</b>	<b>3 FTE</b>	<b>3 FTE</b>

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Local Government*</b>	<b>Unknown or (Unknown)</b>	<b>Unknown or (Unknown)</b>	<b>Unknown or (Unknown)</b>

\*Oversight cannot estimate the net impact to school districts. Oversight notes there will be additional state funding for non-resident transfers but also additional costs in the forms of transportation, special education services, and costs that occur with educating students. Conversely, there will be less state funding for resident districts but also additional savings in the forms of transportation, special education services, and savings that occur with no longer educating students.

## FISCAL ANALYSIS

### ASSUMPTION

#### §161.670 - Statewide Assessment of Students Enrolled in Virtual School

Officials from **Department of Elementary and Secondary Education** state Section 161.670 would allow the virtual administration of the statewide assessment of students enrolled in virtual school.

The Missouri Technical Advisory Committee for Assessment recommends that the Department of Elementary and Secondary Education (DESE) create a separate test form to meet the requirements as outlined and to limit the exposure of the item bank used for all assessments.

Data Recognition Corporation (DRC) currently is contracted to do similar work and DESE assumes would be responsible for the development of forms (tests), scoring, and reporting either through a contract amendment or a new contract. Based on the current contract costs, fourteen forms will need to be developed for grade levels: 3-8 English Language Arts, 3-8 Mathematics, 5 & 8 Science (\$73,941 year one) and ten forms will need to be developed for end-of-course English 1 & 2, Algebra 1 & 2, Geometry, Government, Biology, Physical Science, American History, and Personal Finance (\$69,978 year one). This development includes the creation of forms dedicated to virtual administration, online administration, reporting, dedicated IT services, psychometric services, validity study of virtual administration, program coordination and manual production for virtual administration. Annual costs for this would be:

1. \$443,822, plus;
2. \$200,000 annually for data forensics and test security.

In addition, DESE estimates \$214,800 for camera and communication devices necessary for remote test administration. DESE assumes the state would be responsible for providing these to vendors with an estimated cost per camera = \$30 per x 6,200 unduplicated count of students enrolled in MoCAP 2023-24 academic year = \$186,000. This equipment would be returned to vendors with an estimated annual need to replace a minimum number. Annual replacement cost is estimated at \$15,000.

**Oversight** notes after further inquiry with DESE the assumed total stated in their response was incorrect. Oversight notes the total cost for cameras and communication devices for remote test administration should be \$186,000 as calculated by DESE.

**Oversight** notes that the proposal states that any virtual school or program may administer any statewide assessment required pursuant to the provisions of section 160.518 in a virtual setting that aligns with the student's regular academic instruction. Oversight is unable to determine how many virtual schools or programs will decide to administer virtual assessments.

In addition, the cost of camera and communication devices necessary for remote test administration could potentially vary depending on compatibility with specific devices as well as the required wide degree angle of view in order to meet the requirements of the proposal. Therefore, Oversight will reflect a \$0 (no participation in virtual assessment) to a fiscal impact that could exceed the estimate provided by DESE in the fiscal note.

In response to the previous version, officials from the **Joplin School District** assumed the proposal will have no fiscal impact on their organization.

In response to similar legislation, HB 220 (2025), officials from **Hume R-VIII School District** assumed MOCAAP already cost their district a lot of money.

In response to similar legislation, SB 1049 (2024), officials from the **Concordia R-II School District** assumed the proposal would have no fiscal impact on their organization.

In response to similar legislation, SB 1049 (2024), officials from the **Henry County R-1 School District** assumed the proposal would have a fiscal impact on their organization.

**Oversight** does not anticipate a fiscal impact to school districts. However, Oversight received limited responses from school districts related to the fiscal impact of this proposal.

#### §§167.1200 - 167.1230 - Public School Open Enrollment Act

Officials from the **Department of Elementary and Secondary Education** state:

Section 167.1200 creates the "Public School Open Enrollment Act".

Section 167.1205 establishes the public school open enrollment program which would require ITSD services for DESE to collect data from school districts that participate. These ITSD costs would include a significant development of a new application to facilitate the application process for families and school districts. In addition, changes would need to be made to several of DESE's very complicated current systems including MOSIS/CORE Data, the transportation and charter school payment systems, and the foundation formula calculation. Requirements are included throughout the bill that would impact these changes. While ITSD estimates these changes to have a onetime cost of \$1,227,555, DESE assumes the costs will be closer to \$1,935,738. DESE makes this assumption based on actual experience with programming changes to the MOSIS/CORE Data, the transportation, charter school, and foundation formula payment systems, along with the many hours it will take to bring programmers up to speed on the systems before changes can be made as there are few outside subject matter experts on these topics. Thus, DESE assumes a low cost of \$1,227,555 and a high cost of \$1,935,738 for the required programming changes. After the initial year, DESE assumes maintenance costs will be \$251,649 with some adjustments for inflation.

Section 167.1210 could have an impact on the Transportation and Foundation formulas. These

costs would be unknown as they are dependent upon how many students are eligible, how many of those meet the criteria as described and the specific costs that are not able to be reimbursed by the parent public school choice fund.

167.1212 would create the "Parent Public School Choice Fund". The department would be required to evaluate the usage of funds, availability, and need for additional funds annually as part of the budget process. To assist with these duties, DESE would seek additional FTE through the appropriations process to meet the new requirements. The impact of this fund would be dependent on appropriation.

Duties and requirements for the department outlined throughout the legislation would require three director level FTEs; one in the DESE Office of Data System Management to report data per section 167.1220, one data steward within the Office of Quality Schools, and one within the Office of Quality Schools to assist with school finance, governance, and program management per section 167.1212. These individuals would be responsible for ensuring the application process meets the requirements of the legislation, supporting school districts and families throughout the process, assisting with hearings when necessary, providing reporting as required, completing audit requirements and ensuring the program meets the requirements as outlined.

In response to similar legislation, SCS for HCS for HB 711 (2025), officials from the **Office of Administration – Information Technology (ITSD)** stated it is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity. ITSD assumes the Foundation Formula is where changes would be needed, in order to provide proper funding per provisions for transporting pupils, and state aid for such. This has potential for massive impacts to the Foundation Formula (School Finance) application/calculations. It's unsure if these modification would be able to be handled appropriately by the current/existing application in place today. It is assumed these changes/modifications are able to be programmed into the existing school finance/foundation formula application/code. ITSD estimates the project would take 6,145.20 hours at a contract rate of \$105 for a total cost of **\$645,246** with on-going support costs of **\$132,276** in FY 2027 and **\$135,583** in FY 2028.

Officials from **DESE** assume the previous ITSD estimates were too low given the amount of hours that will be needed to not only create a new portal for families and districts to enter and track transfer data, but also for the changes that will be required to their MOSIS/CORE Data system, the transportation and charter school payment systems, and the foundation formula calculation. Given this along with rising outside costs for contractual services DESE multiplied their previous ITSD estimate by 3 resulting in a total of **\$1,935,738** ( $\$645,246 \times 3$ ) for FY26.

**Oversight** assumed there would be a twenty percent increase in ongoing ITSD costs to coincide with the increased overall cost to ITSD. Therefore, Oversight will reflect a range of the initial estimate (\$645,246) to the new estimate (\$1,935,738) provided by DESE in FY 2026 with ongoing support costs in the fiscal note.

Officials from the **Office of Administration - Budget and Planning** state sections 167.1200-167.1230 establish the Public School Open Enrollment Act and the Public School Choice Fund. The General Revenue fund may be impacted to the extent that the General Assembly appropriates monies for this program.

In response to similar legislation, SCS for HCS for HB 711 (2025), officials from the **Washington School District** assumed this bill could impact the district at various levels over the coming years with an estimate of an additional \$1.1mil a year. As a district, they spend about \$13,000 per student with 75% of their revenue coming from their taxpayers. If they have up to 3% additional students per year that only join at the SAT rate, their per-student spending could impact the district by about \$600,000 per year. In addition, added transportation costs due to a district their size and with the size of their neighboring district could add \$100,000 per year. Additional staff shifts AND additional staff needs for marketing their district could add up to \$400,00 per year.

In response to similar legislation, SCS for HCS for HB 711 (2025), officials from **Gasconade Co. R-I School District** assumed the following:

1. They receive \$2,343 per ADA from the state formula. Of that amount, \$621 comes from the Classroom Trust Fund. In addition, they receive \$1,198 from Prop C. This brings their total state aid to \$3,541 per student.
2. The district's average cost to educate a child is \$11,684. The state portion of their revenue covers only 30% of that cost. For every student who enrolls in the district without contributing to local assessments, the district must cover nearly 70% of their education costs.
3. This funding is simply not available without increasing local taxes. Plain and simple — the foundation formula is not designed, nor equipped, to support an open enrollment platform.

In response to similar legislation, SCS for HCS for HB 711 (2025), officials from **Exeter R-VI School District** assumed this bill creates incredible strain on districts of all sizes. Resources would be used to advertise school rather than on student learning. Resources from all schools would be spent on the application, acceptance, tracking, and rejecting students when they attempt to transfer.

Transportation would be a challenge to determine how to get students to school and who is responsible for it. Students that do not live in district would struggle to make it to school regularly. Exeter will probably benefit by adding students from surrounding districts.

Their school is very good at meeting each individual students where they are at with the needs that they have educationally, emotionally, and behaviorally. However, this bill has the potential

to great transient populations where schools will have to try and figure out student needs are while they are missing out on valuable targeted instruction.

In response to similar legislation, SCS for HCS for HB 711 (2025), officials from the **Cape Girardeau Public Schools** assumed this proposal will have an on going impact on school financial stability. Potential loss of 3 percent. They could potentially lose approx. \$850,000 per year. It will have an overwhelming impact on additional programing and extracurricular activities. The reduction in staffing is hard to predict due to not knowing what grade levels or students who would be impacted.

In response to similar legislation, SCS for HCS for HB 711 (2025), officials from **Richland R-IV School District** assumed this bill could impact the district at various levels over the coming years with an estimate of an additional \$250,000 a year. As a district, they spend about \$12,000 per student with 40% of their revenue coming from their taxpayers. If they have up to 3% additional students per year that only join us at the SAT rate, our per-student spending could impact the district by about \$100,000 per year. In addition, added transportation costs due to a district our size and with the size of their neighboring district could add \$50,000 per year. Additional staff shifts AND additional staff needs for marketing our district could add up to \$100,000 per year.

In response to similar legislation, HB 711 (2025), officials from **Bayless School District** assumed the proposal will have an anticipated impact for the loss of 3% of students using FY25 data (a combination of state and federal sources) is about \$400,000. That could result in the elimination of 5-6 teaching positions.

In response to similar legislation, HB 711 (2025), officials from **Osage County R-I School District** assumed the current state adequacy target per student is \$6,650. Prop C per student is estimated at \$1,500 per WADA. Small School Revenue is estimated at \$275 and \$144 per ADA. They estimate that each student who would choose to be unenrolled would cost the district \$8,569. The 3% cap as stated in the bill would be about 5 students. Therefore, the impact could lower revenue by \$42,845.

In response to similar legislation, HB 711 (2025), officials from **Lincoln R-II School District** stated the issue that doesn't get addressed is that if just the state foundation formula follows a student to a different public school district (about \$6,700 per student that has 100% attendance), this is less than half the total cost to education for that student (and that is if the student does not have an IEP or needs that require more resources). So, what Open Enrollment basically says is that the receiving district's local taxpayers would be required to cover the rest of the shortfall to educate that student. The average cost to educate a student in Missouri is \$15,915.

In response to similar legislation, SCS for HCS for HB 711 (2025), officials from the **Green Forest R-III School District** assumed each student that leaves the district would result in a reduction of \$4,264. They are a small K-8 with just under 160 students. If they were to lose just 5% of their student population they would be losing \$34,112 in state payments. This would result

in a cut to staff and reduced services for the students in their building. Calculations were determined using their current payment information that can be found in the data portal on the DESE website. Their current WADA is 230 and they receive \$980,781 in basic formula monies. This equates to \$4,264 that they receive for each resident student.

In response to similar legislation, SCS for HCS for HB 711 (2025), officials from **Concordia R-II School District** assumed at a minimum will cost approximately \$15,000-20,000 per year for students who transfer out. For incoming transfers, the cost is more because the District's current non-resident tuition rate is \$14,816. If they accepted 13 nonresident students (or 3% of current estimated enrollment for the 25-26 school year), the District would receive \$192,608 which fully funds their education. However, this bill only provides for foundation formula funding of \$6,760 (at best) for students and that would be approximately \$87,880. That is not sufficient to ensure needed staffing as well as operating costs for an additional 13 students.

In response to similar legislation, SCS for HCS for HB 711 (2025), officials from **Parkway Schools** assumed the addition of each non-resident student would contribute a maximum of only \$734 to Parkway's state revenue. The district's funding is primarily reliant on local tax revenue. As a result, enrolling non-resident would increase costs that local tax revenue and local tax payers would bear, since the district's state funding is insufficient to fully meet the new non-resident per-pupil expenditures. Parkway would incur an estimate of \$12,999 expenses per non-resident enrolled student.

In response to similar legislation, HB 711 (2025), officials from **Pilot Grove C-4 School District** assumed the Pilot Grove C-4 School District could have the following negative fiscal impact. Currently their September membership shows a district enrollment of 200 students. If HB 711 passes and their district were to lose 3% of their current membership in the following school year due to students being able to leave and enroll in other non-resident districts this could mean 6 students leaving their school district. If Pilot Grove C-4 School District lost 3% or 6 total students; the cost would be roughly \$110,000 to \$120,000. This is the equivalent of needing to cut at least 2 teachers from my staff of 29 teachers. This would result in a total annual operating budget loss of 3% for the Pilot Grove C-4 School District.

In response to similar legislation, HB 711 (2025), officials from **Republic R-III School District** assumed should the Republic School District choose to participate, they would have to hire an additional FTE to keep track of this whole process and what they have to do. Additionally, they believe their district would have to hire additional special education staff as families from smaller surrounding districts may want to have access to more services a larger district can provide. they believe Republic School's would need an additional \$250,000 in personnel if they said that they would participate. They also think that ALL districts across the state would be on the hook for transportation costs of students who do want to transfer. Therefore, even if they choose not to participate, they would still end up losing money in transportation the way the Bill reads.

Republic R-III also notes, this Bill is so complicated. Right now, DESE has a hard time servicing school districts and this increased work load looks enormous on their part. they don't see how one department at the state level who is already understaffed is going to keep all of this straight. After reading through the Bill, they would recommend to their Board that they not participate. In response to similar legislation, HCS for HB 253 (2023), officials from **North Pemiscot Co. R-I School District** stated there would be an impact but did not provide any additional information.

In response to similar legislation, HCS for HB 253 (2023), officials from the **Dallas County R-1 School District** stated the fiscal impact to local school districts would be drastic. While school districts have the option to opt in this program, they do not have the option to opt out of their families choosing another district and thereby losing that individual student's state aid. This alone could be a drastic financial loss to many districts in Missouri. The fiscal impact to districts gaining students and their state aid payments would also be drastic. The state aid does not cover the cost of facilities and it does not cover the full cost of educating a student. The remainder of those costs are made by local tax effort. As a district that would likely receive many students from other small districts, it would make it difficult in the future to pass referenda in their district when not all of their students are residents of the district. Additionally, this bill would force districts to hire additional staff and divert additional resources toward marketing of their district to (at minimum) balance the number of students lost to other districts with the number of students gained in the district. Finally, with many districts losing enrollment this would make them "hold harmless" under the current foundation formula. This would mean there is less money statewide to be able to support each student.

In response to similar legislation, HCS for HB 253 (2023), officials from the **Gordon Parks Elementary Charter School** stated this proposal may increase ADA funding and at the same time, may decrease enrollment and ADA funding.

In response to similar legislation, HB 543 (2021), officials from the **Kansas City School District** stated the cost of this bill is undeterminable until families make the election. The cost of children in district moving out is greater than the cost for those receiving. Loss of local and state revenue for a pupil in KC is roughly \$9,000. Loss of a child or even two or three from a classroom does not allow the sending district to reduce costs of teachers, transportation, etc., causing the revenue hit to not be balanced with reduced expenditures. Holding up housing inside boundaries for children who attend a neighboring district eliminates the opportunity for traditional and charter schools to fill seats that provide adequate trailing revenues.

In response to similar legislation, HB 543 (2021), officials from the **Springfield Public Schools** estimated a cost of \$150,000 annually.

In response to similar legislation, HB 543 (2021), officials from the **Afton School District** assumed the proposal would fiscally impact their school district, but did not elaborate.

In response to similar legislation, HB 543 (2021), officials from **Malta Bend R-V School District** and **High Point R-III School District** each assumed the proposal would not fiscally impact their respective districts.

In response to similar legislation, HB 2310 (2020), officials from the **Shell Knob School District** assumed this would have a negative fiscal impact.

In response to similar legislation, HB 2310 (2020), officials from the **Wellsville- Middletown R-I School District** assumed this bill has the potential to have a substantial negative fiscal impact on Missouri public schools. It will make long range planning virtually useless if a school can't realistically predict its enrollment figures for the coming years due to the vagaries of this bill that would allow students to transfer with no usable notice to the districts.

In response to the previous version, officials from the **Office of Administration – Budget and Planning (OA-BP)** assumed sections 167.1200-167.1230 establish the Public School Open Enrollment Act and the Public School Choice Fund. The General Revenue fund may be impacted to the extent that the General Assembly appropriates monies for this program. Furthermore, OA-BP assumes this proposal will not impact TSR or the calculation under Article X, Section 18(e).

**Oversight** notes this proposal allows students to transfer beginning in the 2026-2027 school year (FY 2027). Because DESE assumes the number of transfers cannot be estimated, and the amount of state funding is district specific (can vary from under \$1,000 per student to over \$8,000 per student, depending upon the school district), this note will reflect a potential Unknown cost (if students transfer into districts that receive more state aid) to an Unknown positive impact (if students generally transfer into districts that receive less state aid) for both general revenue and school districts. Oversight assumes that some districts would see a net negative direct fiscal impact, while others would see a net positive direct fiscal impact.

**Oversight** will reflect an \$0 to unknown appropriation from the General Revenue fund to the new Parent Public School Choice Fund (§167.1212.1) in FY 2027 (Section 167.1230.2 states the appropriate sections shall become effective July 1, 2026). Oversight assumes the funds will be used to reimburse parents and school districts for transportation costs. For simplicity, Oversight assumes all funds will be used within the year they are received.

In response to similar legislation, SB 5 (2023), DESE stated they assume no more than ten hearings per year for an annual cost of \$5,665.50 for sections 167.1220 and 167.1230. **Oversight** will show an annual cost for hearings of \$5,666 beginning in FY 2027.

**Oversight** will show cost estimated by DESE for three FTE (Directors) along with associated benefits, and E&E costs to conduct audits and perform other duties required by the proposal. However, Oversight notes no student shall participate in this proposal before July 1<sup>st</sup> 2026. Therefore, Oversight will reflect the cost of the FTE in 2027 as the proposed program would not start until FY 2027.

**Oversight** assumes section 167.1229.2 states DESE may withhold state aid payments for transfer improprieties identified in annual audits conducted by DESE. Oversight will show a range of impact of \$0 (no withholds) or an unknown savings to General Revenue.

#### §§168.410 – School Building Administrators

Officials from the **Department of Elementary and Secondary Education** 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 their agency.

In response to similar legislation, HB 1365, officials from **Hume R-VIII School District** noted this is similar to teacher's contracts. They assume no additional expense unless they have to purchase an evaluation program.

#### Responses regarding the proposed legislation as a whole

Officials from the **Department of Higher Education and Workforce Development** and **Department of Social Services** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to the previous version, officials from the **Office of Administration** and the **Office of the State Treasurer** both assumed 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 these agencies.

#### Rule Promulgation

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

In response to the previous version, 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 2026 (10 Mo.)	FY 2027	FY 2028
<b>GENERAL REVENUE</b>			
<u>Savings</u> - DESE may withhold state aid for transfer improprieties identified by an audit - §167.1229 p.12	\$0	\$0	\$0 or Unknown
<u>Costs</u> - OA-ITSD - foundation formula changes	(\$645,246) to (\$1,935,738)	(\$132,276) to (\$396,828)	(\$135,583) to (\$406,749)
<u>Transfer Out</u> – to the Parent Public School Choice Fund §167.1212.1 p.11	\$0	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs or Cost Avoidance</u> – Difference in state funding for resident district and nonresident district for transferring students §167.1205 & §167.1210 p.5	\$0	(Unknown) or Unknown	(Unknown) or Unknown
<u>Costs</u> - DESE - to conduct annual audits & other duties of proposal			
Personnel Service	\$0	(\$228,912)	(\$233,491)
Fringe Benefits	\$0	(\$139,124)	(\$140,959)
Expense & Equipment	\$0	(\$20,802)	(\$21,218)
<u>Total Costs</u> – DESE	\$0	(\$388,838)	(\$395,668)
FTE Change	0 FTE	3 FTE	3 FTE
<u>Costs</u> – DESE – Student technology for test administration §161.670 p.4	More or less than (\$186,000)	More or less than (\$15,000)	More or less than (\$15,000)
<u>Costs</u> – DESE – Transportation Fund §167.1210 p.5	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Costs</u> – DESE – Data Forensics/Test Security §161.670 p.4	(\$200,000)	(\$200,000)	(\$200,000)
<u>Costs</u> – DRC for development/scoring/reporting §161.670 p.4	(\$443,822)	(\$443,822)	(\$443,822)

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>More or less than (\$1,475,068) to <u>(\$2,765,560)</u></b>	<b>More or less than (\$1,179,936) to <u>(\$1,444,488)</u></b>	<b>More or less than (\$1,190,073) to <u>(\$1,461,239)</u></b>
Estimated Net FTE Change on General Revenue	0 FTE	3 FTE	3 FTE
<b>PARENT PUBLIC SCHOOL CHOICE FUND</b>			
<u>Transfer In</u> – from General Revenue	\$0	\$0 or Unknown	\$0 or Unknown
<u>Expenditures</u> – to parents/students or school districts for costs of transportation	\$0	\$0 or (Unknown)	\$0 or (Unknown)
<b>ESTIMATED NET EFFECT TO THE PARENT PUBLIC SCHOOL CHOICE FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>SCHOOL DISTRICTS AND CHARTER SCHOOLS</b>			
<u>Nonresident Districts</u> - additional State funding for non-resident transfers but also additional costs to educate those students	Unknown or (Unknown)	Unknown or (Unknown)	Unknown or (Unknown)
<u>Resident Districts</u> – reduced state funding, but also possible reduction in costs to educate those students	Unknown or (Unknown)	Unknown or (Unknown)	Unknown or (Unknown)

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<u>Transfer In</u> - from the Parent Public School Choice Fund - to reimburse nonresident districts for the costs of special educational services - §167.1211 p.5-6	\$0	\$0 or Unknown	\$0 or Unknown
<u>Loss</u> - DESE may withhold state aid for transfer improprieties identified by an audit - §167.1229 p.11	\$0	\$0	\$0 or (Unknown)
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICTS AND CHARTER SCHOOLS</b>	<b>Unknown or (Unknown)</b>	<b>Unknown or (Unknown)</b>	<b>Unknown or (Unknown)</b>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This proposal modifies provisions governing elementary and secondary education.

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

SOURCES OF INFORMATION

- Department of Elementary and Secondary Education
- Department of Higher Education and Workforce Development
- Department of Social Services
- Office of the Secretary of State
- Office of the State Treasurer
- University of Missouri
- Office of Administration – Budget and Planning
- University of Central Missouri
- Joint Committee on Administrative Rules
- Washington School District
- Wellsville Middle town School District
- Henry County R-1 School District
- Concordia R-II School District

Hume R-VIII School District  
Joplin School District  
Shell Know School District  
Gasconade Co. R-1 School District  
Exeter R-VI School District  
Cape Girardeau Public Schools  
Richland R-IV School District  
Bayless School District  
Afton School District  
Osage Co. R-I School District  
Lincoln R-II School District  
Green Forest R-III School District  
Parkway School District  
Pilot Grove C-4 School District  
Republic R-III School District  
North Pemiscot Co. R-I School District  
Dallas Co. R-I School District  
Gordon Parks Elementary Charter School  
Kansas City Public Schools  
Springfield Public Schools



Julie Morff  
Director  
May 7, 2025



Jessica Harris  
Assistant Director  
May 7, 2025