

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5182S.02I
 Bill No.: SB 1370
 Subject: Appropriations; Elementary and Secondary Education; Department of Elementary and Secondary Education
 Type: Original
 Date: February 28, 2026

Bill Summary: This proposal establishes provisions regarding adult eligibility for virtual school courses and programs.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	(Could exceed \$905,116)	(Could exceed \$841,835)	(Could exceed \$844,592)
Total Estimated Net Effect on General Revenue	(Could exceed \$905,116)	(Could exceed \$841,835)	(Could exceed \$844,592)

*Oversight notes costs to DESE include adult student reimbursement, 1 FTE and ITSD costs in order to meet the requirements of the proposal.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 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 2027	FY 2028	FY 2029
Local Government*	\$0	\$0	\$0

*Additional State funding for adult students enrolled in virtual program and cost to educate these students will net to zero.

FISCAL ANALYSIS

ASSUMPTION

§161.672 – Adult Student Virtual Programs

Officials from the **Department of Elementary and Secondary Education** assume the Adult Education section would be required to manage or maintain data on these students as well as provide technical assistance to districts and charter schools. This would require an Assistant Director with the associated salary (\$71,887) and expenses to determine eligibility of students/virtual programs, monitor/process payments, manage/maintain data on students.

It is unknown to DESE how many adults would participate in the program which is why the low cost for reimbursements is unknown. However, there are 305,068 adults in the state that need a high school diploma and if each decided to participate that would mean (14% of the State Adequacy Target (SAT) \$7,145 = \$1,000 per x number of students 305,068) Total possible cost of: **\$305,068,000**. While DESE assumes not every eligible adult will participate in the program it is impossible to know how many will choose to participate in the program.

DESE is a consolidated agency under OA-ITSD. It is assumed that all new IT projects/systems will be bid out because all ITSD resources are at full capacity. The proposed bill might affect the EPEGS (Electronic Planning and Electronic Grants System) application. It's assumed EPEGS is the application/system where the modifications would be required. It's assumed no other app/systems would be affected. It's assumed EPEGS application and databases and source code can withstand the changes described. It's assumed DESE provides staffing for communicating said changes and allows those staff time to test the changes with ITSD. The estimate is based on the limited revisions in this proposal. Total Cost: FY27 **\$104,325**, FY28 **\$21,357** and **\$21,922** in FY29.

DESE noted this is a duplication of AEL, Excel Adult High School, and Workforce Diploma services.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the estimated impact by DESE in the fiscal note.

In response to similar legislation, HCS for HB 1516 (2025), officials from DESE provided the following statistics in relation to similar current programs:

Workforce Diploma online high school diploma program participation (data provided by Graduation Alliance):

- 2022-2023=596 students (all students were new)
- 2023-2024=253 newly enrolled students (they do not have a count of carry-over enrollments from the previous FY)

Adult Education Literacy program (which includes in-person and virtual classes) participation:

- 2022-2023=13,229 students
- 2023-2024=14,776 students
- 2024-2025 YTD=14,382 students

Oversight will reflect the cost per student based on the participation in the “Workforce Diploma Program” resulting in a cost of **\$596,000** (596 x \$1,000). In addition, Oversight will reflect a revenue gain in additional state funding and an identical cost for schools to educate those additional students which will net to zero.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other school districts were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost – DESE/OA -ITSD (\$161.672) EPEGS p.3</u>	(\$104,328)	(\$21,387)	(\$21,922)
<u>Cost – DESE (\$161.672) Annual data license p.3</u>	(\$97,021)	(\$97,021)	(\$97,021)
<u>Cost – DESE – (\$161.672) Adult student reimbursement p.4</u>	(Could exceed \$596,000)	(Could exceed \$596,000)	(Could exceed \$596,000)
<u>Cost – DESE (\$161.672) p.3</u>			
Personal Service	(\$59,906)	(\$73,325)	(\$74,791)
Fringe Benefits	(\$37,707)	(\$45,827)	(\$46,417)
Expense & Equipment	(\$10,154)	(\$8,275)	(\$8,441)
<u>Total Costs – DESE</u>	<u>(\$107,767)</u>	<u>(\$127,427)</u>	<u>(\$129,649)</u>
FTE Change - DESE	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Could exceed <u>\$905,116</u>)	(Could exceed <u>\$841,835</u>)	(Could exceed <u>\$844,592</u>)
Estimated Net FTE Change on General Revenue	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Gain</u> – School Districts (§161.672) Additional state funding for adult students enrolled p.4	Could exceed \$596,000	Could exceed \$596,000	Could exceed \$596,000
<u>Cost</u> – School Districts (§161.672) To educate the adult students enrolled p.4	(Could exceed \$596,000)	(Could exceed \$596,000)	(Could exceed \$596,000)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This act establishes provisions regarding adult eligibility for virtual school courses and programs. An "adult student" is defined as a Missouri resident over 21 years of age who has not yet earned a high school diploma but is within 12 academic credits or 2 school years of achieving such a diploma.

Under this act, an adult student may enroll in any state-approved virtual course or full-time virtual program offered by a school district or a public institution of higher education. Adult students are also eligible to enroll in the Missouri Course Access and Virtual School Program.

An adult virtual program shall be entitled to a monthly allocation of state aid for adult students in an amount equal to 14% of the state adequacy target per completed course. However, an adult virtual program shall not be entitled to a school district's ordinary school revenue, including local effort revenue, and any state aid allocated to an adult virtual program shall not count toward the constitutional minimum amount of state aid required for the establishment of free public schools in this state. The total amount of funding provided for an adult student enrolled in a virtual program shall not exceed the state adequacy target.

No school district with an adult student enrolled in adult virtual program shall be required to report such adult student's information for purposes of annual performance reports or as required for full-time, school-age virtual students under current law.

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



Julie Morff
Director
February 28, 2026



Jessica Harris
Assistant Director
February 28, 2026