

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5566S.03C
 Bill No.: SCS for SB 1029
 Subject: Elementary and Secondary Education; Department of Elementary and Secondary Education
 Type: Original
 Date: March 2, 2026

Bill Summary: This proposal establishes provisions relating to transparency of certain school district financial information.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	Unknown or (Up to \$57,267)	Unknown or (Up to \$11,740)	Unknown or (Up to \$12,034)
Total Estimated Net Effect on General Revenue	Unknown or (Up to \$57,267)	Unknown or (Up to \$11,740)	Unknown or (Up to \$12,034)

*Oversight notes DESE may withhold state aid for school districts that violated a provision of the proposal. DESE will need to make additional ITSD changes.

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
Total Estimated Net Effect on FTE	0	0	0

- 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 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

*Oversight notes school districts must maintain financial ledgers on their website and may lose state aid if they are found to be in violation of a provision in the proposal.

FISCAL ANALYSIS

ASSUMPTION

§162.192 – School Financial Ledger

Officials from the **Office of Attorney General (AGO)** assume any potential litigation costs arising from this proposal can be absorbed with existing resources. The AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation costs.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

Officials from **Department of Elementary and Secondary Education (DESE)** assume some ITSD costs may be incurred if this legislation is passed. Modifications to the Annual Secretary of the Board Report (ASBR) also DESE and Office of Data System Management (ODSM) will collect any historical information in a standard data layout, that aligns with the database/fields they define and compile all data from the school districts.

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

Oversight notes §162.192.10 states if the department finds that any school district has violated the provision of this section, the department may withhold state aid to which the school district is entitled under chapter 163 until the school district proves to the satisfaction of the department that the school district is no longer in violation of this section. Oversight notes it is indeterminable how many districts would violate this section or how long it would take to remediate the violation. Therefore, Oversight will show potential savings, \$0 or unknown, to DESE for withholding school aid and a Revenue loss, \$0 to (unknown) to school districts that are found to be in violation.

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

Officials from **Republic R-III School District** assume this bill may require school districts to hire an additional person in the business services part of the school district. In the Republic School District, they would likely shift some duties to ensure compliance with the law. These shifts may cause an additional part-time opening which would cost approximately \$30,000. There could be additional costs associated with the State Auditor taking civil action against a district.

In response to a previous version, officials from the **Wellington-Napoleon R-IX School District** noted there are already state requirements written in statute on the quarterly and annual reporting of school finance to the state, and public. This information is already readily available on school websites and the DESE site on an annual basis through the ASBR (Annual Secretary of the Board Report).

In response to a previous version, officials from the **Sedalia 200 School District** noted that they already are fulfilling the requirements of the proposal and further noted that each month this information is published in the board packet. It is also part of every budget amendment and the final budget amendment.

Oversight assumes there is potential for additional IT cost for school districts that would need to update their website to provide a link directly to their district's financial ledger as defined in the proposal. Oversight notes school districts are responsible to update the ledger monthly. Furthermore, they must maintain complete financial ledger data for no fewer than the five prior fiscal years on their website. Therefore, Oversight will show a cost to school districts as zero (school is currently compliant) to unknown cost in the fiscal note.

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.

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.

Officials from the **Office of the Secretary of State (SOS)** note 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 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Savings</u> – DESE (§162.192) State aid withheld p.3	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> – DESE (§162.192) OSDM changes p.3	(\$57,267)	(\$11,740)	(\$12,034)
ESTIMATED NET EFFECT ON GENERAL REVENUE	Unknown or (Up to \$57,267)	Unknown or (Up to \$11,740)	Unknown or (Up to \$12,034)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Loss</u> – School Districts (§162.192) State aid withheld p.3	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost</u> – School Districts (§162.192) Maintain financial ledger p.3	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

SCHOOL DISTRICT FINANCIAL INFORMATION (Section 162.192)

Under this act, each school district shall maintain a searchable, publicly accessible database on its website setting forth all financial transactions conducted with school district funds. The financial ledger shall be available without login credentials, registration, or fees, and shall be downloadable and exportable in formats specified in the act. The financial ledger shall record transactions using codes set forth in the Missouri Financial Accounting Manual published by the

Department of Elementary and Secondary Education (DESE), as applicable. Certain data fields shall be included in the financial ledger at minimum, such as transaction date, transaction amount, revenue or expenditure designation, fund code, function code, object code, vendor or payee name, and a description or memo field.

The homepage of each public school's website shall include a direct link to the financial ledger of the school district that oversees such public school. The link shall make the financial ledger accessible within one click, and shall be functional and mobile-responsive. DESE may provide standardized language or icons that public schools may use for this purpose.

A school district's financial ledger shall be updated at least monthly. Details of each calendar month's financial transactions shall be posted no later than 45 days after the close of that calendar month. For record keeping purposes, a school district shall maintain at least five fiscal years of historical data on its financial ledger.

Protected personal information may be redacted only to the extent required by applicable law. Vendor names, amounts, and accounting codes shall not be redacted. Payroll data may be presented in aggregated form where disclosure of individual information is restricted.

Debt obligations shall be posted in a separate section of the financial ledger, with disclosure of outstanding debt balances, issuance dates, repayment schedules, annual debt service amounts, and debt service as a percentage of total expenditures.

DESE may provide or approve standardized templates or platforms school districts may use for their financial ledgers. DESE may additionally provide guidance to assist school districts with compliance.

DESE shall promulgate rules establishing procedures and timelines for school districts to certify compliance annually. A school district that violates any provision of this act may be subject to the withholding of state aid from such school district.

DESE shall establish a process for members of the public to file complaints if they believe a school district has violated any provision of the act. DESE may also establish a public compliance dashboard on DESE's website to enable members of the public to check whether a particular school district is certified as in compliance.

SCHOOL DISTRICT LEGAL EXPENSES (Section 162.821)

The act requires school districts to include the amount expended for legal services in their Annual Secretary of the Board Report. If the report does not include the amount expended for legal services, then the Attorney General may bring a civil action, including an action for injunctive relief, against the school district. Such action shall be brought in the county where the school district is located.

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
Office of the Secretary of State
Joint Committee on Administrative Rules
Attorney General's Office
Sedalia 200 School District
Wellington-Napoleon R-IX School District
Office of the State Courts Administrator
Republic R-III School District



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March 2, 2026



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March 2, 2026