

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 7118S.01I  
 Bill No.: SB 1653  
 Subject: Elementary and Secondary Education; Department of Elementary and Secondary Education  
 Type: Original  
 Date: February 15, 2026

Bill Summary: This proposal establishes new accountability measures for public schools, charter schools, school districts, and the Department of Elementary and Secondary Education.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	(\$2,265,143 to Could exceed \$9,725,193)	(\$567,881 to Could exceed \$8,027,931)	(\$581,037 to Could exceed \$8,041,087)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$2,265,143 to Could exceed \$9,725,193)</b>	<b>(\$567,881 to Could exceed \$8,027,931)</b>	<b>(\$581,037 to Could exceed \$8,041,087)</b>

\*Oversight notes the estimated costs include financial awards to public schools (if appropriated), OA-ITSD costs, and 1 FTE for DESE.

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

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

Numbers within parentheses: () indicate costs or losses.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

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

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	1 FTE	1 FTE	1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>	<b>1 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.

**ESTIMATED NET EFFECT ON LOCAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Local Government*</b>	<b>\$0 or could exceed \$7,460,050</b>	<b>\$0 or could exceed \$7,460,050</b>	<b>\$0 or could exceed \$7,460,050</b>

\*Oversight notes the “Show Me Success Program”, moneys shall be distributed to the school's fiscal agent and placed in the school's account and shall be used for nonrecurring bonuses to the school faculty and classroom staff, if funds are available.

## FISCAL ANALYSIS

### ASSUMPTION

#### §160.522 – Accountability Measures for Elementary and Secondary Schools

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this section calls for the creation of an annual accountability "report card" separate from the existing Annual Performance Report card to be completed by DESE or a private entity contracted by the state board of education to score all public-school districts, public schools, and charter schools on a rating scale of 0-100. This section also calls for an annual survey of all Missouri local educational agencies (LEA) leaders regarding their satisfaction with DESE. This report card and annual survey would require considerable changes and additions to DESE's current data reporting system. These changes would require ITSD programming for a total cost of \$2,073,519. DESE would also require an additional Research Analyst FTE (\$83,134) with the associated salary, fringe, expenses and equipment to handle the visualization, analysis, and reporting data required for the report card.

DESE assumes 2 meetings of stakeholders from across the state will be needed to create the report card and estimate these meetings to cost \$69,600.

This section also creates the "Show Me Success Program" to provide financial awards to public schools that experience high student performance and those with high student academic growth. Under this program, if moneys are available, public schools or public charter schools shall receive \$100 per student if the school is in the top 5% of all public schools in student performance or in the top 5% in student academic growth. Additionally, public schools or public charter schools shall receive \$50 per student if the schools are in the top 10%, but below the top 5% in student performance or the top 10% but below the top 5% in student academic growth.

These awards will be based on the results of the state-mandated summative assessment and will be distributed to the school's fiscal agent and placed in the school's account and shall be used for nonrecurring bonuses to school and faculty staff. Currently, 49,750 students attend public schools or public charter schools in the top 5% in student performance and student academic growth under MSIP 6 criteria set forth by the state board of education. Based on the count of 49,750, DESE estimates the awards for schools in the top 5% to cost \$4,975,000 based on the current APR (49,750 X 100). 49,701 students attend public schools or public charter schools in the top 10% but below the top 5% in student performance and student academic growth under MSIP 6 criteria set forth by the state board of education. Based on the student count of 49,701, DESE estimates the awards for schools in the top 10% but not in the top 5% to cost \$2,485,050. Taken together, DESE estimates the total costs of the "Show Me Success Program" awards to be \$7,460,050. It should also be noted that DESE listed an unknown high cost in future years for this payment as costs will vary with student enrollment in the high performing schools and DESE cannot make a reasonable estimate of this variance at this time.

DESE is a consolidated agency under **OA-ITSD**. It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

The Annual Performance Report/Report Card is an existing set of data processes (ETLs) that gather data that DESE has collected from districts using the MOSIS application/system will be impacted and a new set of data processes (ETLs) may be needed to gather the data for the new accountability report. Database changes may be needed, as well as report and ETL modifications and new ETL development. The impact of this new accountability report changes is not fully known for the systems and processes in place now.

Additionally, ITSD assumes that new sets of data are required to be collected for the anonymous annual survey as specified in the proposal. This proposal discusses a public school or charter school shall receive performance-based funding. Some application/system functionality may need to be modified or may no longer be needed in the Foundation Formula (school finance) application/system, but it's assumed these changes are feasible and can be included in the Foundation Formula (school finance) system as it is today. Also, it is assumed that the modifications are able to be completed without additional data elements needed within the application and process.

OA-ITSD states the project would take 19,747.8 hours at a contract rate of \$105 for a total cost of **\$2,073,519** in FY 2027 with on-going support costs of \$425,071 in FY 2028 and \$435,697 in FY 2029.

**Oversight** notes the "Show Me Success Program" will only award top performing schools if the money is available. Therefore, Oversight will reflect a "zero or" the estimated impact by DESE of \$7,460,050 in FY 2027, and more or less than estimated impact of \$7,460,050 in FY 2028 and FY 2029 due to the unknown variable of future student enrollment. Oversight will also reflect the corresponding revenue gain to school districts in the fiscal note.

Oversight notes §160.524.11 states public school districts, public schools, and public charter schools shall report for high schools the number of graduates who within six months of graduation attend postsecondary education or training programs, serve in the military, serve in national or community service, or are employed in a living-wage career. Oversight notes Missouri high schools already report post-graduation outcomes through the Missouri High School Graduates Performance Report. Therefore, Oversight will assume this section would cause no additional cost to the school districts.

Officials from the **Department of Higher Education and Workforce Development** and the **University of Missouri** both 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.

In response to similar legislation, HB 2710 (2026), officials from the **Northwest Missouri State University** and **University of Central Missouri** each 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 this agency.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other colleges, universities, and 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
<b>GENERAL REVENUE</b>			
<u>Cost – DESE (§160.524) p.3</u>			
Personal Service	(\$69,278)	(\$84,797)	(\$86,493)
Fringe Benefits	(\$41,477)	(\$50,441)	(\$51,123)
Expense & Equipment	(\$11,269)	(\$7,572)	(\$7,724)
<u>Total Costs – DESE</u>	<u>(\$122,024)</u>	<u>(\$142,810)</u>	<u>(\$145,340)</u>
FTE Change – DESE	1 FTE	1 FTE	1 FTE
<u>Cost – DESE/ITSD (§160.524) Programming cost p.3</u>	(\$2,073,519)	(\$425,071)	(\$435,697)
<u>Cost – DESE/ITSD (§160.524) Stakeholders meetings p.3</u>	(\$69,600)	\$0	\$0
<u>Cost – DESE (§160.524) Performance- based funding p.3</u>	\$0 to (Could exceed <u>\$7,460,050</u> )	\$0 to (Could exceed <u>\$7,460,050</u> )	\$0 to (Could exceed <u>\$7,460,050</u> )
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>(\$2,265,143 to Could exceed <u>\$9,725,193</u>)</b>	<b>(\$567,881 to Could exceed <u>\$8,027,931</u>)</b>	<b>(\$581,037 to Could exceed <u>\$8,041,087</u>)</b>
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
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenue Gain – School Districts</u> (\$160.524) Performance-based funding p.4	\$0 or Could exceed <u>\$7,460,050</u>	\$0 or Could exceed <u>\$7,460,050</u>	\$0 or Could exceed <u>\$7,460,050</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0 or Could exceed</b> <b><u>\$7,460,050</u></b>	<b>\$0 or Could exceed</b> <b><u>\$7,460,050</u></b>	<b>\$0 or Could exceed</b> <b><u>\$7,460,050</u></b>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This act repeals provisions relating to annual report cards for elementary and secondary schools and establishes new accountability measures for all public schools, charter schools, school districts, and the Missouri Department of Elementary and Secondary Education (DESE).

The State Board of Education may assign duties specified in the act to DESE or contract with a third party under state law. By July 15 of each year, the State Board of Education shall provide a confidential version of the school accountability report cards to each school district, public school, and charter school. Within 36 hours of the delivery of the embargoed report cards, the report cards shall be published on the DESE website in a clear and easily accessible location, and by August 15 of each year, the report cards shall be published in a clear and easily accessible location on each school or district website.

The State Board of Education shall assign each school district, public school, and charter school a letter grade rating of A-F based on a 0-100 scale, where an "A" rating represents excellent student outcomes, a "B" rating represents more than satisfactory outcomes, a "C" rating represents satisfactory outcomes, a "D" rating represents less than satisfactory outcomes, and an "F" rating represents a failure to produce adequate outcomes.

Each public school and public charter school shall earn a school rating and may be eligible to earn a performance-based funding award based upon student performance on the state-mandated annual summative assessments. A school district, public school, or charter school that does not test at least 95% of its students in the annual assessments shall have its rating lowered by one level.

The "Show Me Success Program" is created to provide financial awards to schools that experience high student performance. The program includes a "Success Ready Graduate" measure for high schools. If funds are available, public schools and charter schools shall receive \$100 per student if the school is in the top 5% of student performance statewide under criteria established by the State Board of Education. A school may earn \$50 per student if the school is in the top 10% but below the top 5% of student performance statewide. These rewards shall begin after the 2026-27 state-mandated annual summative assessment and shall be based on the results of such assessment. Funds shall be used for nonrecurring bonuses to school faculty and classroom staff.

DESE shall use a criteria-referenced growth measure, called "growth to proficiency", in addition to the existing normative value-added growth measure. Growth to proficiency shall evaluate for each student with two consecutive years of Missouri Assessment Program performance levels whether that student has made sufficient academic progress to put such student on a trajectory to reach grade-level proficiency within three years or by 10th grade, whichever comes first.

The act describes the factors that shall be used in determining a school's or a school district's A-F rating. These factors include students' academic achievement status, academic growth, and, for high schools, the four-year graduation rate and a success ready graduate measure to be calculated by DESE based upon factors including students' achievement of Advanced Placement scores of 3 or higher, International Baccalaureate scores of 4 or higher, dual enrollment course completions with a "C" grade or higher, and career and technical education certificates, as provided in the act. For schools serving students in kindergarten through 8th grade, academic achievement level shall represent 40% of the rating, value-added growth shall represent 30% of the rating, and growth to proficiency shall represent 30% of the rating. For high schools, academic achievement level shall represent 25% of the rating, value-added growth shall represent 25% of the rating, growth to proficiency shall represent 25% of the rating, the success ready graduate measure shall represent 15% of the rating, and the student four-year graduation rate shall represent 10% percent of the rating.

School districts, public schools, and charter schools shall also report, for high schools, the number of graduates who, within six months of graduation, attend postsecondary education or training programs, serve in the military or in national or community service, or are employed in a living-wage career as determined by a governmental agency or non-governmental organization with expertise in living-wage calculation.

The State Board of Education shall additionally develop an annual accountability report card for DESE for the purpose of providing information about DESE's performance in supporting districts and schools in producing positive outcomes for students. This report card shall consider factors specified in the act, such as the school and district ratings, student proficiency on the statewide assessments, and an anonymous annual survey of all leaders of Missouri local educational agencies regarding their satisfaction with DESE's efficacy and timeliness of support and communication.

The A-F grading scale for schools shall automatically increase to ensure rigor in the calculation such that when success is achieved, the following school year, expectations are raised so performance does not stagnate. Specifically, when 65% percent of schools earn an A or a B, the following school year, the school grading scale shall increase by five percentage points to earn an A, B, C, and D.

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  
University of Missouri  
Northwest Missouri State University  
University of Central Missouri



Julie Morff  
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February 15, 2026



Jessica Harris  
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