

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4601H.011
 Bill No.: HB 2160
 Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education; Children and Minors; Attorney General; Office of Administration
 Type: Original
 Date: February 27, 2024

Bill Summary: This proposal establishes provisions governing duties and responsibilities of public education entities.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	More or less than (\$389,393 to \$538,135)	More or less than (\$213,842 to \$410,482)	More or less than (\$234,712 to \$416,925)
Total Estimated Net Effect on General Revenue	More or less than (\$389,393 to \$538,135)	More or less than (\$231,842 to \$410,482)	More or less than (\$234,712 to \$416,925)

*The fiscal note reflects the potential withholding of funds from public schools if the financial penalty provisions of the bill are enacted. Oversight is uncertain how many school districts would be non-compliant; therefore, Oversight assumes the net impact to General Revenue could be more than the costs estimated for other provisions in this proposal.

* The fiscal note reflects a range of impact of \$0 (no hearings) to costs of less than \$100,000 (hearings by the State Board) as estimated by DESE in the fiscal note.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	1 FTE up to 3 FTE	1 FTE up to 3 FTE	1 FTE up to 3 FTE
Total Estimated Net Effect on FTE	1 FTE up to 3 FTE	1 FTE up to 3 FTE	1 FTE up to 3 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
Local Government	(Unknown, Could be substantial)	(Unknown, Could be substantial)	(Unknown, Could be substantial)

FISCAL ANALYSIS

ASSUMPTION

Section 37.850 - Missouri Accountability Portal

Officials from the **Office of Administration – Division of Accounting (OA)** state due to the scope of the added reporting requirements it is estimated that an additional 1 to 3 staff would be needed. The salary and fringes for one intermediate accountant would be \$71,871 for FY 2025. For 3 staff, the salary and fringe amount would be \$215,613 for FY 2025. This would increase to \$89,320 for 1 staff for FY 2026 and \$273,318 for 3 staff for FY2027. Increasing by 2% every year after.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume section 37.850.2(5) would require additional information collected from school districts regarding compensation and benefits. At this time DESE does not collect benefit information. In order to collect this information, DESE assumes new collection fields would need to be added to the current MOSIS system. DESE assumes this information would then be reported to Office of Administration annually; within 48 hours of receiving the data in MOSIS. Addition of fields would cost between \$10,000 and \$15,000 based on similar recent changes. In addition, there will be ITSD costs related to providing the mechanism to draw reported data into the appropriate table to be used in reporting.

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

In response to a similar proposal, HCS for HB 482 (2023), officials from the **City of Kansas City** and the **City of Springfield** each assumed the proposal will have no fiscal impact on their respective organizations.

In response to a similar proposal, HCS for HB 482 (2023), officials from the **University of Central Missouri** stated there is an indeterminate fiscal impact from this proposal.

In response to a similar proposal, SB 4 (2023), officials from the **University of Missouri System, Missouri Western State University** and **St. Charles Community College** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight assumes this provision will now require public school districts, institutions of higher education and other local political subdivisions to provide information to the Office of Administration. Oversight assumes the collecting and reporting of this information to OA can be absorbed within current resources of local political subdivisions.

Section 161.841 – Parent Bill of Rights Act

Officials from **DESE** state sections 161.841.13 and 170.231.2(5)(b) requires withholding of state aid to school district in violation of the section. Such an action would likely require a hearing. Section 170.355.7 would likely require a hearing.

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 hearing appeals the State Board receives from students and families, 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.

In addition, withholding such funds would require programming changes to the Foundation Formula to allow for withholding and/or release of funds as described.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a range of impact of \$0 (no hearings) to Less than \$100,000 in costs (hearings by the State Board) as estimated by DESE in the fiscal note.

In response to a similar proposal, HCS for HB 482 (2023), officials from the **Missouri Office of Prosecution Services** and **Office of the State Courts Administrator** each assumed the proposal would 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 for this provision.

Oversight did not receive any responses from school districts related to the fiscal impact of this proposal.

Oversight assumes there could be costs to school districts to adopt model policies related to parental rights depending on the requirements of the policies.

Oversight assumes there could be costs for staff time to meet requests for information on curriculum, instructional material, contracts, and funding. Additionally, Oversight assumes there could be training costs, administrative costs related to notifications and printing, costs to hold additional public hearings as well as legal costs.

Oversight assumes there could be costs for school boards to ensure effective accountability and transparency by assisting, collaborating, and communicating with parents.

Oversight is uncertain if these costs could be absorbed by school districts. Therefore, Oversight will show these costs as a range of \$0 (no additional costs or can be absorbed) to unknown costs.

Oversight notes, if a school district fails to comply with this provision, DESE is to withhold all moneys provided by the monthly distribution of state formula funding to the district. Oversight will show a potential loss to school districts who fail to comply and a gain in revenue for General Revenue. Oversight is uncertain how many school districts would be non-compliant but notes the monthly distribution for many school districts exceed the \$250,000 threshold. Therefore, Oversight assumes this impact could exceed a gain of \$250,000.

Oversight assumes any funding withheld for non-compliance shall be released to the school district in the same school year if the school district establishes compliance. Oversight assumes the combined effect would range from \$0 (no funding withheld or funding returned) to an unknown gain to General Revenue and an unknown loss to school districts if a school district does not establish compliance.

Section 170.231 - Display Learning Material

Officials from **DESE** state sections 161.841.13 and 170.231.2(5)(b) requires withholding of state aid to school district in violation of the section. Such an action would likely require a hearing. Section 170.355.7 would likely require a hearing.

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 hearing appeals the State Board receives from students and families, 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.

In addition, withholding such funds would require programming changes to the Foundation Formula to allow for withholding and/or release of funds as described.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a range of impact of \$0 (no hearings) to Less than \$100,000 in costs (hearings by the State Board) as estimated by DESE in the fiscal note.

In response to a similar proposal, HCS HB 2008, officials from **Gordon Parks Elementary** stated there would be an impact but did not provide any additional information.

In response to a similar proposal, HB 2008, officials from **Hazelwood School District** stated it is difficult to assess the additional amount of time that would be required, and the resulting labor costs, to organize all materials in the manner being proposed. The district has approximately 1,200 teachers. Gathering individual lesson plans and then posting them in the manner described would be an enormous task. Additional staff would have to be hired just to coordinate such a requirement.

Oversight assumes there would be costs to school districts to collect and display all learning materials and educational activities. Oversight assumes there would be costs for staff time and training as well.

Oversight notes, if a school district fails to comply with this provision, DESE is to withhold all moneys provided by the monthly distribution of state formula funding to the district. Oversight will show a potential loss to school districts who fail to comply and a gain in revenue for General Revenue. Oversight is uncertain how many school districts would be non-compliant but notes the monthly distribution for many school districts exceed the \$250,000 threshold. Therefore, Oversight assumes this impact could exceed a gain of \$250,000.

Oversight assumes any funding withheld for non-compliance shall be released to the school district in the same school year if the school district establishes compliance. Oversight assumes the combined effect would range from \$0 (no funding withheld or funding returned) to an unknown gain to General Revenue and an unknown loss to school districts if a school district does not establish compliance.

Additionally, **Oversight** assumes there could be costs for legal services and attorney's fees if a district violates the provisions of this section.

Section 170.355 - Discussion of Certain Concepts and Beliefs in Public School

In response to a similar proposal, HCS for HB 482 (2023), officials from the **Department of Elementary and Secondary Education** and the **Attorney General's Office** each assumed the proposal would 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 for this provision.

Responses regarding the proposed legislation as a whole

Officials from the **Office of Administration - Administrative Hearing Commission** and **Missouri Office of Prosecution Services** both assume the proposal will have no fiscal impact on their organization.

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 changes would be needed in the MOSIS and/or the ASBR application as well as ETL processes for the data that must be collected and processed. It is assumed these are feasible changes to be included in MOSIS and or ASBR 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.

OA-ITSD also assumes modifications would be needed to the Foundation Formula, which is the application that determines/calculates the funding for districts, based on and in part, with the Average Daily and other ETL processes changed or created. It is assumed these are feasible changes to be 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. ITSD estimates the project would take 1,220.40 hours at a contract rate of \$105 for a total cost of **\$207,522** in FY 2025 with ongoing support costs of **\$42,542** in FY 2026 and **\$43,606** in FY 2027.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect estimated impact from OA-ITSD in the fiscal note.

In response to a similar proposal, HCS for HB 482 (2023), officials from the **Attorney General's Office** assumed 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 this agency.

Officials from the **City of Kansas City** assume the proposal will have fiscal impact on their organization.

In response to a similar proposal, HB 482 (2023), officials from the **Office of the State Courts Administrator** assumed the proposal would have no fiscal impact on their respective organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note this agency.

In response to similar proposal, Perfected SS No. 2 for SCS for SB Nos. 4, 42 & 89 (2023), officials from the **Eldon School District** stated they would need to hire an additional staff person to take on all these responsibilities. The estimated cost for this person with benefits would be \$100,000.

In response to similar proposal, Perfected SS No. 2 for SCS for SB Nos. 4, 42 & 89 (2023), officials from the **Cape Girardeau Public Schools** state the fiscal impact is difficult to put a dollar amount on. At minimum, it will take a full time staff member to provide oversight and compliance with the current bill language. This will carry its own fiscal impact to public schools. The fiscal impact to the district will range from \$100,000 -\$500,000.

In response to similar proposal, Perfected SS No. 2 for SCS for SB Nos. 4, 42 & 89 (2023), officials from the **Republic R-III School District** state this will likely require my district to hire an employee who is solely responsible for reporting to the accountability portal and making sure the district has the required pieces located on the district website. This will be an additional administrative type employee with a total cost (salary and benefits) of approximately \$65,000.

In response to similar proposal, Perfected SS No. 2 for SCS for SB Nos. 4, 42 & 89 (2023), officials from the **Gordon Parks Elementary Charter School** state there will be an impact but did not provide any additional information.

In response to similar proposal, SB 4 (2023), officials from **Parkway C-2 School District**, stated they estimate adding an additional 2 FTE employees (finance department analysts) to collect information, upload and update the Accountability Portal. This cost is estimated at \$150,000 annually.

Oversight notes if 10% of school districts needed to hire a secretary or administrative assistant, the cost is estimated at \$2,002,520 (52 districts X an average salary of \$38,510 per MERIC-OEWS Data). If 50% of school districts needed to hire an additional person, the cost is estimated at \$10,031,855. These estimates do not include employee benefits. Oversight will show an unknown cost that could be substantial for school districts to implement this provision.

Oversight received a limited number of 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 the necessary approval to publish a new fiscal note. Oversight only reflects the responses received from state agencies and political subdivisions; however, over 200 school districts were requested to respond to this proposed legislation but did not. A general listing of political subdivisions opting to participate in the Missouri Legislative Information System (MOLIS) is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE			
<u>Costs – OA - §37.850</u> Added Reporting Requirements to the Missouri Accountability Portal			
Personnel	(\$43,723 up to \$131,169)	(\$53,517 up to \$160,551)	(\$54,587 up to \$163,762)
Fringe	(\$28,148 up to \$84,444)	(\$35,803 up to \$107,409)	(\$36,519 up to \$109,557)
<u>Total Cost – OA</u>	(\$71,871 up to \$215,613)	(\$89,320 up to \$267,960)	(\$91,106 up to \$273,319)
FTE Change – OA	1 FTE up to 3 FTE	1 FTE up to 3 FTE	1 FTE up to 3 FTE
<u>Costs – DESE/OA-ITSD - §37.850, §161.841, §170.231, and §170.355 – changes to MOSIS and ASBR application and modifications to foundation formula</u>	(\$207,522)	(\$42,522)	(\$43,606)
<u>Costs – DESE - §37.850 – ODSM data field additions</u>	(\$10,000) to (\$15,000)	\$0	\$0
<u>Costs – DESE - §161.841.13 and §170.231.2(5) – hearings held by the State Board</u>	\$0 to (Less than \$100,000)	\$0 to (Less than \$100,000)	\$0 to (Less than \$100,000)
<u>Revenue Gain - from funding withheld from school districts and charter schools for non-compliance §161.841 & §170.231</u>	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Revenue Loss - from funding returned to school districts and charter schools for establishing compliance - §161.841 & §170.231</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	More or less than (\$389,393 to \$538,135)	More or less than (\$231,842 to \$410,482)	More or less than (\$234,712 to \$416,925)

Estimated Net FTE Change on General Revenue	1 FTE up to 3 FTE	1 FTE up to 3 FTE	1 FTE up to 3 FTE
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<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
SCHOOL DISTRICTS & CHARTER SCHOOLS			
<u>Costs</u> - to adopt policies/administrative costs related to parents’ rights - §161.841	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - for school board to assist, collaborate and communicate with parents - §161.841.4	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Loss</u> - funding withheld for non-compliance §161.841 & §170.231	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Gain</u> - funding returned for establishing compliance - §161.841 & §170.231	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - costs for collection and display of learning material as well as staff time and training - §161.841 & §170.231	(Unknown, Could be substantial)	(Unknown, Could be substantial)	(Unknown, Could be substantial)
<u>Costs</u> - for legal costs and attorney’s fees - §161.841 & §170.231	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS & CHARTER SCHOOLS	(Unknown, Could be <u>substantial</u>)	(Unknown, Could be <u>substantial</u>)	(Unknown, Could be <u>substantial</u>)

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill adds compensation and benefits for public employees, including employees of public institutions of higher education and public school districts and charter schools, to the Missouri Accountability Portal Database (Section 37.850, RSMo).

The bill establishes the "Parents' Bill of Rights Act of 2023" and provides a list of rights that parents may require school districts that receive federal or state money to follow. Rights listed in the bill include but are not limited to:

- (1) The right to review curricula, books, and instructional materials;
- (2) The right to visit school during school hours, receive school records, and be notified about situations that affect their minor child's safety; and
- (3) The right to have sufficient accountability and transparency regarding school boards. School district restrictions are also outlined in the bill and include:
 - (1) Limits on nondisclosure agreements to review curriculum or for IEP meetings and certain other meeting and hearings specified in the bill;
 - (2) Allowing student involvement in school assemblies, field trips, or other extracurricular activities without written authorization from the parent;
 - (3) Biometric data collection; and
 - (4) Public meeting requirements that allow public comment. Each school district and public school must notify parents of all reported incidents pertaining to student safety including, but not limited to, any felony or misdemeanor committed by teachers or other school employees.

Each school board shall adopt policies that will ensure accountability and transparency for parents in the district as outlined in the bill, and employees of the school are prohibited from coercing a minor child from withholding information from a parent.

The bill provides details on civil actions that may be taken against a school district and provides that withholdings from state funding may occur for noncompliance (Section 161.841).

This bill requires that beginning in the 2025-26 school year that all school districts and charter schools post on the school's website the approved school curriculum that will be used for pupil instruction.

Any changes to the curriculum must be updated on the website within 30 days and notice must be provided in a form of written communication with parents. Any curriculum that is trademarked or copyrighted may not be widely disseminated to the public.

The bill requires that districts and charter schools provide a link to the library management system for the district or charter school for parents to access book title, author, and bibliography information, along with a system for notification of any book accessed by a parent's child.

The bill provides details on civil actions that may be taken against a school district and provides that withholdings from state funding may occur for noncompliance (Section 170.231).

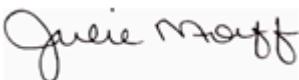
The bill specifies that teachers and students cannot be compelled to adopt, affirm, or profess ideas in violation of Title IV and VI of the Civil Rights Act of 1964 including but not limited to: that individuals of any race, ethnicity, color, or national origin are inherently superior or inferior; and that individuals, by virtue of their race, ethnicity, color, or national origin, bear collective guilt and are inherently responsible for actions committed in the past by other members of the same race, ethnicity, color, or national origin.

Students, parents, or teachers may file a complaint with the Department of Elementary and Secondary Education or the state Attorney General for violations (Section 170.355).

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 Administration
 Division of Accounting
 Administrative Hearing Commission
Attorney General's Office
Missouri Office of Prosecution Services
Office of the State Courts Administrator
Hazelwood School District
Gordon Parks Elementary
Eldon School District
Cape Girardeau Public Schools
Republic R-III School District
Parkway C-2 School District



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