

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0419S.10C  
Bill No.: SCS for HCS for HB 607  
Subject: Appropriations; Children and Minors; Contracts and Contractors; Education,  
Elementary and Secondary; Higher Education; Department of Elementary and  
Secondary Education; Employees - Employers; Federal - State Relations;  
Highway Patrol; Retirement - Schools; Teachers; Telecommunications;  
Transportation  
Type: Original  
Date: May 5, 2025

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This proposal creates and modifies provisions relating to elementary and  
secondary education.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
General Revenue*	More or Less than (\$2,014,294)	More or Less than (\$973,382)	More or Less than (\$1,120,393)
<b>Total Estimated Net Effect on General Revenue</b>	<b>More or Less than (\$2,014,294)</b>	<b>More or Less than (\$973,382)</b>	<b>More or Less than (\$1,120,393)</b>

\*§163.045 allows for the potential that some schools will become eligible for additional (1% up to 2%) state aid payments that otherwise would not have been eligible. Oversight assumes this cost would not exceed \$250,000.

\*§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.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
<b>Total Estimated Net Effect on <u>Other</u> 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 2026	FY 2027	FY 2028
<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 2026	FY 2027	FY 2028
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</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 2026	FY 2027	FY 2028
<b>Local Government*</b>	<b>Unknown or (Unknown)</b>	<b>Unknown or (Unknown)</b>	<b>Unknown or (Unknown)</b>

\*§163.045 allows for the potential that some schools will become eligible for additional (1% up to 2%) state aid payments that otherwise would not have been eligible. Oversight assumes this cost would not exceed \$250,000.

\*§170.014 includes a potential cost to public schools and charter schools that currently use a three-cueing system model of reading instruction to implement and purchase materials for a new literacy system.

## FISCAL ANALYSIS

### ASSUMPTION

#### §160.264 – Funding for absent students

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this section will have an impact to the foundation formula, but it is unknown to what extent. Currently, when a student is not in attendance the school does not receive money, but the proposed bill would require the school to still receive money for students not in attendance. Given this, it is unknown how much additional money will be paid to schools as DESE cannot assume the number of students who will not be in attendance.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero to unknown impact to DESE as it is unclear how many students would not be in attendance but would still receive funding. Oversight will also reflect the corresponding revenue to school districts.

#### §§160.518 & 160.522 – Student Grade-Level Equivalence Data

Officials from the **Department of Elementary and Secondary Education** assume to revise performance-level descriptors and define grade-level equivalence therein, the department would need to conduct on-site review/revise meetings with panelists – meeting costs and stipends for six meeting days with 160 panelists [Four grade-span groups (primary, elementary, middle school, high school) of 10 participants in each of four subjects (mathematics, English language arts, science, social studies).] representing various regions of the state. \$587,040 for all review/revise meetings.

Contractor facilitation of review/revise meetings and generation of new performance level descriptors (PLDs) that define range, threshold and are suitable for reporting. \$65,500 for two years in order to follow up on all requirements.

Psychometric and measurement work to incorporate five new PLDs into the prior four PLD structure. \$175,000

Revise building, district and statewide assessment reporting; revise individual student reports (ISRs) and related material. \$100,000

Costs associated with statute-required notifications and public meetings upon revision of the MSIP 6 Comprehensive Guide. \$5,000

DESE's Office of Data System Management (ODSM) will be involved with the collection of data and reporting including the searchable engine. DESE estimates 20 hours total for time to test and deploy report card changes post ITSD services. The position responsible for the work is a

Research Analyst position. At this time DESE can absorb these duties, however, if multiple pieces of legislation are passed that require additional duties that lead to additional FTE needed DESE will seek approval for the needed FTE through the appropriations process.

**Oversight** notes DESE shall establish panels to review and revise the performance-level descriptors for each academic subject and grade level. The proposal states for the 2026-27 (FY27) school year and all subsequent school years, the school accountability report card shall include information about each student's grade-level equivalence as outlined in the proposal. For simplicity, Oversight will show the total costs as estimated by DESE (\$932,540) in FY26.

In response to similar legislation, HCS for HB 371 (2025), officials from the **Office of Administration – Information Technology (OA-ITSD)** stated it is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity. This project would have to be prioritized by DESE to be worked among DESE's other projects. ITSD assumes the Report Card is a set of data processes (ETLs) that gather data that DESE has collected from districts using the MOSIS application/system. These ETL's will need modified to handle the changes required in this legislation. ITSD estimates the project would take 1,004.40 hours at a contract rate of \$105 for a total cost of \$105,462 in FY26 with on-going support costs of \$21,620 in FY27 and \$22,161 in FY28.

**Oversight** will show the costs as estimated by OA-ITSD.

In response to similar legislation, HB 371 (2025), officials from the **Washington School District** assumed the financial impact would be for additional training for staff on the new classifications, \$5,000 for the first year.

In response to similar legislation, HB 371 (2025), officials from the **Osage County R-I School District** assumed the proposal would have no fiscal impact on their organization.

**Oversight** does not anticipate a measurable fiscal impact to school districts; therefore, Oversight will reflect a zero impact in the fiscal note.

#### §160.701 – Provisions for activities associations

**Oversight** notes based on conversations with the deputy director of the Missouri National Guard there are approximately 400 split training students. This legislation is directed at creating exemptions for the student in regard to school activity association. Therefore, Oversight assumes this provision will have no fiscal impact.

#### §§160.2700, 160.2705, & 160.2710 – Adult High Schools

Officials from **DESE** assume they currently provide childcare services to participants in Adult High Schools. Assuming the average participation in Adult High School is 191 students/month,

the average cost per child is \$639.05/month. DESE assumed a 10% increase for year one (\$146,470), 20% year two (\$292,940) and 30% increase year three (\$439,410).

Current Contract Amount: \$1,464,700.00

**Oversight** is uncertain if the costs estimated by DESE would be realized. Therefore, Oversight will assume a range of impact of \$0 up to the costs estimated by DESE.

Officials from the **Department of Social Services (DSS)** assume the proposal will have no fiscal impact on their organization.

**Oversight** notes that in response to similar legislation, SB 426 (2025), officials from the **DSS stated the Children's Division (CD)** would not see an increased cost and the Family Support Division (FSD) believes the costs would be negligible. Therefore, DSS assumes 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 DSS.

**Oversight** notes DSS presented the following information in the [FY26 DSS Programs Book](#):

*The Department of Social Services (DSS) administers funding for the Adult High School (Excel Centers), which were bid through the Department of Education and Secondary Education (DESE) and awarded to MERS Goodwill. The Excel Centers offer public high school for adults 21 and over through flexible class schedules, supportive relationships with staff, and a life coach who works with students to find solutions for life's challenges that could hinder progress. While earning their diploma, students earn college credits and a variety of industry-recognized certifications in order to increase their earning potential. Excel Centers provide a free drop-in center for child care, transportation assistance, extended hours and year-round operations to support students as they work toward the goal of earning a diploma.*

Excel Center Enrollments:

FY 2022	1,206
FY 2023	1,310
FY 2024	1,547

#### §161.670 – Standards for Virtual Schools

Officials from **Department of Elementary and Secondary Education** state Section 161.670, RSMo., 12. – This legislation 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 \$186,000 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 203-24 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.

Officials from DESE also noted that they did not include costs for college readiness or workforce readiness assessments in the original estimate.

**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 except for college readiness or workforce readiness assessments provided by a national college and career readiness assessment provider 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 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, HCS for HB 220 (2025), officials from the **Northwest Missouri State University**, and **Concordia R-II School District** 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.

In response to a similar proposal, 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.

In response to similar legislation, HCS for HB 220 (2025), officials from the **Office of Administration** assumed the proposal would 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.

§163.045 - Additional funding to school districts with 169-day school calendar

Officials from the **Department of Elementary and Secondary Education** assume the provision will have no fiscal impact on their organization.

In addition, DESE provided the Department does not collect final calendars till the school year is complete, so based upon the School Year (SY) 2024 actual calendar only 49 school districts had calendars for all students claimed for state aid of 169 days or more. Please note, many LEA's are reviewing their SY 2025 calendars and considering adjustments based upon their LEA's specific benefit if they ensure calendars for all students claimed for state aid equal or exceed 169 days. DESE expects these numbers to fluctuate as schools make decisions and changes to their calendars.

**Oversight** notes Section 163.045 clarifies language relating to additional funding for teacher salaries that districts receive if the district has a school calendar with 169 school days. The clarification provided allows for inclement weather or authorized reductions to the number of days the district must be in session to qualify for the funding

In response to similar legislation, HCS for HB 368 (2025), officials from **East Buchanan Co. C-I School District** assumed the school district has made every effort to meet the 169-calendar requirement. Although their calendar was already created and approved prior to this opportunity being enacted, they already had an approved 170-day calendar. They have used their full allotment (6 days) of AMI and have added as many days as possible to their calendar without interrupting their summer school and going past Memorial Day. Despite this, they are currently on track to go 168 days because of the 11 days of weather cancellations they have endured this year.

Passage of this bill would allow their district to receive approximately \$35,000 in additional funding for teachers in the upcoming school year.

**Oversight** has no way to determine how many schools will adjust their school calendar to a 169 day or more school term to obtain additional funding. There is potential that more schools will become eligible for the amount equal to one percent for fiscal years 2026 and 2027, or two percent for fiscal year 2028 and all subsequent fiscal years, of each district's preceding year's annual state aid entitlement moving forward. Therefore, Oversight will reflect a \$0 or Unknown cost to GR, as well as a \$0 to Unknown gain to school districts in the fiscal note.

#### §163.172 - Baseline Teacher Salary

Officials from the **Department of Elementary and Secondary Education** assume the provision 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.

#### §167.167 - Prohibiting zero-tolerance policies/practices of discipline in public schools

Officials from **Department of Elementary and Secondary Education** assume the provision will have no fiscal impact on their respective organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

**Oversight** does not anticipate a fiscal impact to schools as a result of this provision, therefore, Oversight will reflect a zero impact in the fiscal note.

#### §167.850 - Recovery High Schools

Officials from **Department of Elementary and Secondary Education** assume the provision will have no fiscal impact on their organization. At this time DESE does not expect to become a sponsor and will show no impact. Should DESE become a sponsor of a recovery high school, additional FTE would be needed and DESE would seek those FTE through the appropriations process.

Upon further inquiry in regard to similar legislation, HB 1386 (2025), **DESE** noted there were funds in DESE's budget for start-up costs for a Recovery High School in FY24, first time funds were budgeted. The language identified a specific high school, and no one applied. The funds were re-appropriated for FY 25 with language that opens it up state-wide but these funds are for start-up costs.

DESE has received two applications for the one-time DESE funds appropriated for Recovery High Schools. The applications for funds were received from Cape Girardeau 63 School District and Lincoln County R-III (Troy).



There are not any recovery high schools operating currently, but the deadline to submit a proposal to pilot a Recovery High School is July 1, 2025 (to begin operation in the 2026 – 2027 school year). Only once a proposal has been submitted and ultimately approved by the State Board of Education can the DMH funds be accessed.

In response to similar legislation HCS for SS for SB 63 (2025), officials from the **Department of Mental Health** and the **Department of Public Safety – Alcohol and Tobacco Control** both assumed the proposal would have no fiscal impact on their respective organizations.

Upon further inquiry in regard to similar legislation, HB 1386 (2025), **DMH** stated they received the original funding for Recovery High Schools in the FY25 Budget and the same funding was recommended for the FY26 budget. DMH has been appropriated \$10,434,783 for Recovery High Schools. So far in FY25 DMH has expenditures of \$7,565 for Recovery High Schools. DMH's review of this fiscal note believes that the changes to the language would not add any additional need to the already appropriated amount received.

**Oversight** notes officials from the DMH assume they can absorb the additional costs with their current appropriation. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

In response to the similar proposal, SB 1393 (2024), officials from the **Concordia R-II School District** assumed the proposal would have no fiscal impact on their organization.

**Oversight** notes that the above-mentioned agencies have stated the provision would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

#### §168.021 – Teachers of tomorrow

In response to similar legislation, HB 1153 (2025), officials from the **Department of Elementary and Secondary Education** assumed the proposal would 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 organization.

In response to similar legislation, HB 1153 (2025), officials from **Northwest Missouri State University** assumed the proposal would 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.

**Oversight** notes this bill authorizes the State Board of Education to issue a Missouri teaching certificate for individuals certified by Teachers of Tomorrow. Missouri is already allowing teachers to gain certification through the American Board for Certification of Teacher Excellence, this legislation just extends the accepted certification to Teachers of Tomorrow. Therefore, Oversight will reflect a zero impact in the fiscal note.

§168.025 - Teachers Externships

**Oversight** notes, with the proposal, HCS for HB 604 (2019), the DED and DESE created rules for the program regarding requirements for teacher externships to be considered equivalent to credit hours of graduate-level courses for salary schedules.

**Oversight** notes Section 163.172 outlined the minimum starting salary for a teacher of \$25,000 and for teachers with master's degrees the minimum is \$33,000. Should DED and DESE determine that externships be allowed to be substituted for graduate-level courses, Oversight assumed it was possible that teachers may move up their district's salary schedule quicker.

**Oversight** notes that according to the [DESE Certified Externship: Information Guide](https://dese.mo.gov/media/pdf/occr-pathways-certified-educator-externship-experience) <https://dese.mo.gov/media/pdf/occr-pathways-certified-educator-externship-experience>

Requirements of the Externship Program are:

1. The externship participant is to spend a required total of 120 hours at the host industry site. This will equate to two (2) college graduate hours for possible advancement on the district's salary schedule. The site must be a prior district-approved location.
2. Complete the outlined requirements that include the following:
  - a. Making daily journal/reflections (one page per day) during the experience;
  - b. Developing a unit plan, lesson plan, presentation, or improvement plan for implementation that the educator will share with instructors, administrators, board of education, or any other group as specified by the participant's district at their direction.
  - c. Evaluating the externship experience.
  - d. Writing a thank you note to the host site.
3. Be punctual, appropriately dressed, and follow the host site instructions for working at the assigned facility.
4. Actively seek opportunities to learn about the company and to identify company resources that may be useful to students and colleagues.

**Oversight** notes according to the [DESE statistics of Missouri Public School 2023-2024](#) there were 70,858 classroom teachers (the total potential includes some double counting of dual position holders).

**Oversight** will show this provision could have a \$0 (no change to salary schedules) to an unknown impact, on the school districts, for increased teacher salaries due to the continuation of the program, after the provision was set to expire August 28, 2024.

In response to similar legislation, HCS for HB 267 (2025), officials from the **Hume R-VIII School District** assumed the proposal would have no fiscal impact on their organization.

In response to the similar legislation, HCS for HB 462 (2019), officials at the **Raymore-Peculiar School District** assumed they have only had teachers participate in externships using the grant and that these externships are minimal time involvement. They noted that teachers can move laterally on the salary schedule for each 8 hours of graduate credit they have. Each 8 hours is worth about \$700. If the hours lead to an advanced degree, the increase in salary is \$2,500 annually per teacher.

In response to the similar legislation, HCS for HB 462 (2019), officials at the **Columbia Public Schools** stated they have teachers that participate in externships in the local community and that those are done for 6-8 weeks in the summer months.

In response to the similar legislation, HCS for HB 462 (2019), officials at the **Bellevue R-III School District** stated they can not afford to hire substitute teachers and pay a teacher, so they do not participate in externships.

In response to a similar legislation, HCS for HB 462 (2019), officials at the **Wellsville Middletown R-1 School District** do not have teachers that participate in externships.

In response to similar legislation, HCS for HB 267 (2025), officials from the **Office of Administration – Budget & Planning** assumed the provisions of this bill have no direct impact on total state revenues. The General Revenue fund may be impacted to the extent that the General Assembly appropriates monies for this program.

In response to similar legislation, HCS for HB 267 (2025), officials from the **Department of Higher Education and Workforce Development, Department of Corrections**, and the **University of Missouri** each assumed the proposal would have no fiscal impact on their organizations.

#### §168.036 - Granting Substitute Teacher Certificates

Officials from the **Public Education Employees' Retirement System (PSRS/PEERS)** assume this bill, as currently drafted, extends the temporary provision allowing individuals who are receiving a retirement benefit from PSRS or PEERS to substitute teach on a part-time or temporary substitute basis in a covered school district without a discontinuance of the person's retirement benefit. The provisions in this bill only apply to part-time or temporary substitute teaching. As specified in this bill, if an individual chooses to work for a covered employer after retirement under this provision, they will not contribute to additional retirement benefits.

This provision was enacted in 2022 with an expiration of June 30, 2025. This bill extends the temporary provision through June 30, 2030.

The Systems have an actuary firm, PwC US (PwC), that prepares actuarial cost statements on any proposed legislation as well as the annual actuarial valuation reports for the Systems. As discussed in more detail below, the temporary suspension of the working after retirement limitations as proposed in this bill could have a fiscal impact on PSRS and PEERS.

#### Analysis of impact on PSRS

The 550-hour and 50% of compensation limitations applicable to retired PSRS members who return to work in substitute teaching positions is significantly less than half of the capacity worked by a fulltime teacher and therefore limits the work a rehired retiree can perform in a substitute teaching position without a suspension of their benefit. Suspending these limitations through June 30, 2030 could incentivize existing PSRS members to significantly change their retirement behavior and career planning. In addition, an extension of the working after retirement limits suspension would give employers a greater ability to replace full-time active employees with rehired retirees, allowing employers to save on the cost of contributions to PSRS (for part-time or temporary substitute teaching positions). Such behavior could have a significant impact on the cost of PSRS as earlier retirement by active members could increase the Actuarial Accrued Liability, and therefore the Unfunded Actuarial Accrued Liability, and result in a decrease in covered payroll which would increase the Actuarially Determined Contribution Rate.

However, HB 607 does include some conditions that would limit the fiscal impact, including:

- The end date for suspension of the working after retirement limitations of June 30, 2030 would limit any changes in retirement behavior and any changes in employer hiring to a temporary period (absent further extensions).
- Retirees who return to work in substitute teaching positions would only be able to return on a part-time or temporary basis, not on a full-time basis.

In addition, current statistical data on retired PSRS members who have returned to work since the temporary suspension of the limits went into effect in 2022 has been reviewed. The COVID pandemic and other legislation affecting working after retirement make it difficult to conclude from the data whether retirement patterns have been affected by the current suspension. However, to date, it does not appear to indicate a significant change in retirement behavior by members or hiring practices by employers as the number of retirees working after retirement remains below pre-pandemic levels. However, there is a recent increase in the average hours worked and average earnings by retirees who have returned to work due to some rehired retirees working in a capacity that would have exceeded the limitations of RSMo 169.560 if not for the suspension of those limits for part-time or temporary substitute teaching in RSMo 168.036.

For the reasons noted above and discussed in the actuarial cost estimate, PwC estimates the impact of extending the suspension of limitations on working after retirement for parttime or temporary substitute teaching positions through June 30, 2030 to be **an insignificant fiscal impact if retirement behavior remains unchanged**. However, there would be a fiscal cost if there is a change in active member retirement behavior to retire earlier, resulting in fewer full-time teachers participating in, and contributing to, PSRS, and they continue to caution that the

fiscal impact could be significant if the suspension of the limitations continues to be extended and effectively becomes a permanent provision.

#### Analysis of impact on PEERS

The 550-hour limitation applicable to retired PEERS members who return to work in substitute teaching positions is significantly less than half of the capacity worked by a full-time employee and therefore limits the work a rehired retiree can perform without a suspension of their benefit. Suspending these limitations through June 30, 2030 for part-time or temporary substitute teaching positions could incentivize existing PEERS members to significantly change their retirement behavior and career planning. In addition, an extension of the working after retirement limits suspension would give employers a greater ability to replace full-time active employees with rehired retirees, allowing employers to save on the cost of contributions to PEERS (for part-time or temporary substitute teaching positions). Such behavior could have a significant impact on the cost of PEERS as earlier retirement by active members could increase the Actuarial Accrued Liability, and therefore the Unfunded Actuarial Accrued Liability, and result in a decrease in covered payroll which would increase the Actuarially Determined Contribution Rate.

However, HB 607 does include some conditions that would limit the fiscal impact, including:

- The end date for suspension of the working after retirement limitations of June 30, 2030 would limit any changes in retirement behavior and any changes in employer hiring to a temporary period (absent further extensions).
- Retirees who return to work in substitute teaching positions would only be able to return on a part-time or temporary basis, not on a full-time basis.
- The number of PEERS retirees who are certificated and eligible to fill substitute teaching positions has historically been very few.

In addition, current statistical data on retired PEERS members who have returned to work since the temporary suspension of the limits went into effect in 2022 has been reviewed. The COVID pandemic and other legislation affecting working after retirement make it difficult to conclude from the data whether retirement patterns have been affected. However, to date, it does not appear to indicate a significant change in retirement behavior by members or hiring practices by employers, or an increase in the number of PEERS retirees being hired to fill part-time or temporary substitute teaching positions.

For the reasons noted above and discussed in the actuarial cost estimate, PwC estimates the impact of extending the suspension of limitations on working after retirement for parttime or temporary substitute teaching positions through June 30, 2030 to be **an insignificant fiscal impact to PEERS**. However, they continue to caution that the fiscal impact could be significant if the suspension of the limitations continues to be extended and effectively becomes a permanent provision.

PSRS/PEERS provide retirement benefits to approximately 132,000 active members and over 110,000 retired Missouri public school teachers, school employees, and their families. The total invested assets of both PSRS and PEERS were \$58.7 billion as of June 30, 2024.

**Oversight** notes this provision was enacted in 2022 with an expiration of June 30, 2025. This proposal extends the temporary provision through June 30, 2030. Therefore, Oversight assumes the temporary change will result in an insignificant fiscal impact to PSRS/PEERS and therefore, no impact to member employers.

Officials from **Joint Committee on Public Employee Retirement** noted according to actuarial information provided by the retirement system, SCS HB 607 would constitute a “substantial proposed change” in future plan benefits as defined in section 105.660(10). Pursuant to section 105.670, an actuarial cost statement must be filed with the Chief Clerk of the House of Representatives, the Secretary of the Senate, and the Joint Committee on Public Employee Retirement as public information for at least five legislative days prior to final passage.

Officials from the **Department of Elementary and Secondary Education** assume the provision will have no fiscal impact on their organization.

#### §168.133 - Criminal Background Checks

Officials from the **Department of Elementary and Secondary Education** assume the provision will have no fiscal impact on their respective organization.

In response to similar legislation, HCS for HB 538 (2025), **Department of Public Safety - Missouri Highway Patrol** and the **Office of the State Courts Administrator** both assumed the proposal would have no fiscal impact on their respective organizations.

**Oversight** notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

**Oversight** notes this proposal adds charter schools to provisions of state law requiring background checks to be conducted on school personnel. The proposal requires background checks to be conducted not only on school bus drivers, but also on the drivers of other vehicles owned by school districts and charter schools. For drivers employed or contracted by a pupil transportation company that is under contract with a school district or charter school, the pupil transportation company shall conduct the criminal background check.

**Oversight** assumes a minimal amount of additional revenue will be collected into the Criminal Records Fund from additional background checks as a result of this proposal and will not reflect it in the fiscal note.

#### §168.409 – Fees related to services

Upon further inquiry DESE provided the following information. The assessment center does not exist in its original format and hasn’t for a couple of decades. Candidates now take a content test

that is currently administered by ELT and a performance assessment that is administered by MPEA, they do not go through this assessment center. Furthermore, they do not currently use an assessment center so they do not collect fees. Finally, DESE noted they do not collect fees from the academy established in section 168.407 for the Excellence in Education Fund (0651). Oversight has no information to the contrary. Therefore, since no fees are being collected Oversight will not show a loss in revenue to fund 0651.

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

In response to similar legislation, HCS for SS for SCS for SB 68 (2025), officials from the **Office of Administration – Budget & Planning** assumed though this does not have a direct impact on TSR or Section 18(e), it may impact GR in the future subject to appropriations.

#### §170.014 – Three- Cueing System

Officials from the **Department of Elementary and Secondary Education** assume the provision 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.

Upon further inquiry, DESE stated it is not clear as to how many, but some schools are implementing a three-cueing system currently and there could be significant cost to LEAs to replace instructional materials where they do use them.

In response to similar legislation, SB 556 (2025), officials from the **Washington School District** assumed the proposal would have no fiscal impact on their organization.

**Oversight** notes that the provision prohibits school districts and charter schools from using a three-cueing system to teach students to read. Oversight is unable to determine how many schools use this system. Oversight assumes there could be a potential cost to those schools to implement and purchase materials for a new literacy system. Therefore, Oversight will reflect a \$0 or unknown impact on the fiscal note.

**Oversight** notes in the summer of 2022, the Missouri legislature approved the Evidence-Based Reading Instruction Program Fund (Senate Bill 681, Section 161.241, RSMo) to be used to reimburse LEAs for efforts to improve student literacy. DESE administers this funding and provides support to LEAs as they move through the application process.

**Oversight** notes the [Missouri Read, Lead, Exceed](#) is the state's comprehensive plan to dedicate \$25 million in state funding and just over \$35 million in federal relief funding to support student literacy. DESE provides the state-approved evidence-based reading instructional materials list that serves as a resource for schools to select materials. Local Education Agencies (LEAs) are

not required to select materials from this list. However, LEAs that are eligible to request reimbursement for instructional materials must select materials from this list.

§173.232 – Teacher recruitment and Retention State Scholarship Program

Officials from the **DESE** assume this section of the provision 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.

In response to similar legislation, HCS for HB 712 (2025), officials from the **Office of Administration – Budget & Planning (OA-BP)** assumed the provisions of this bill have no direct impact on total state revenues. The General Revenue fund may be impacted to the extent that the General Assembly appropriates monies for this program.

In response to similar legislation, HCS for HB 712 (2025), officials from the **Department of Corrections** assumed the proposal would have no fiscal impact on their organization.

§173.1352 – Undergraduate course credits for students who score 4 or higher on international baccalaureate exams

Officials from the **Department of Elementary and Secondary Education** assume the provision 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 2415 (2025), officials from **Northwest Missouri State University** assumed the proposal would have no fiscal impact on their respective organizations.

§177.086 - Construction of Facilities

Officials from the **Department of Elementary and Secondary Education** assume the provision will have no fiscal impact on their organization.

**Oversight** notes Section 177.086.4 states “The requirements of this statute are not applicable if the district utilizes a cooperative procurement service, state procurement services as authorized in sections 34.046 and 67.360, services as authorized under section 67.5060, or other purchasing processes authorized by state or federal law.” Therefore, Oversight assumes there could be a zero to unknown savings to school districts that are exempt from the requirements of this section.

Bill as Whole

Officials from the **Department of Social Services, Office of the State Treasurer, Department of Higher Education and Workforce Development, University of Central Missouri** and the **University of Missouri** each assume the proposal will have no fiscal impact on their respective organizations.



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.

#### Rule Promulgation

In response to similar legislation, HCS for SS for SCS for SB 68 (2025), officials from the **Joint Committee on Administrative Rules** assumed 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 2026 (10 Mo.)	FY 2027	FY 2028
<b>GENERAL REVENUE</b>			
<u>Costs</u> – DESE – Student technology for test administration §161.670 p.5-6	More or less than (\$186,000)	More or less than (\$15,000)	More or less than (\$15,000)
<u>Costs</u> – DESE – Data Forensics/Test Security §161.670 p.5-6	(\$200,000)	(\$200,000)	(\$200,000)
<u>Costs</u> – DRC for development/scoring/reporting §161.670 p.5-6	(\$443,822)	(\$443,822)	(\$443,822)
<u>Costs</u> – DESE – additional funding for 169-day calendar to schools §163.045 p.7-8	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> – DESE – Childcare for Adult High schools §160.2700 p. 4-5	\$0 up to (\$146,470)	\$0 up to (\$292,940)	\$0 up to (\$439,410)
<u>Costs</u> – DESE – additional funding for absent students §160.264 p.3	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - DESE - to develop and revise performance level descriptors, related assessments, notifications and meetings - §§160.518 & 160.522 p.3-4	(\$932,540)	\$0	\$0
<u>Costs</u> - DESE/OA-ITSD - changes to MOSIS application - §§160.518 & 160.522 p.3-4	(\$105,462)	(\$21,620)	(\$22,161)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b>More or Less than (\$2,014,294)</b>	<b>More or Less than (\$973,382)</b>	<b>More or Less than (\$1,120,393)</b>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>PUBLIC SCHOOL DISTRICTS AND CHARTER SCHOOLS</b>			
<u>Revenue</u> - Additional State Aid §163.045 p.7-8	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Revenue</u> – DESE – additional funding for absent students §160.264 p.3	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Savings</u> - exemption for construction of facilities §177.086 p.16	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - Potential salary adjustments from credit earned on externships – §168.025 p.10	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> – Implement new literacy system §170.014 p.15	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<b>ESTIMATED NET EFFECT ON PUBLIC 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 makes changes to elementary and secondary education.

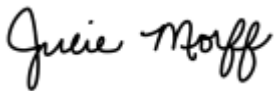
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Department of Elementary and Secondary Education

GS:LR:OD

Office of the State Treasurer  
Joint Committee On Public Employee Retirement  
Public Education Employees' Retirement System  
Attorney General's Office  
Office of Administration - Budget & Planning  
Department of Higher Education and Workforce Development  
Department of Social Services  
Office of Administration  
Office of the Secretary of State  
University of Missouri System  
Hume R-VIII School District  
Concordia R-II School District  
Henry County R-1 School District  
Washington School District  
Raymore-Peculiar School District  
Columbia Public Schools  
Bellevue R-III School District  
Wellsville Middletown R-1 School District  
Osage Co. R-I School District  
Northwest Missouri State University  
University of Central Missouri



Julie Morff  
Director  
May 5, 2025



Jessica Harris  
Assistant Director  
May 5, 2025