

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1543H.02C
 Bill No.: HCS for HB 477
 Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education; Disabilities
 Type: Original
 Date: February 20, 2025

Bill Summary: This proposal establishes written parental consent requirements for Individualized Education Programs (IEPs).

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|------------|--|--|
| FUND AFFECTED | FY 2026 | FY 2027 | FY 2028 |
| General Revenue | \$0 | (\$139,250) up to (\$389,250) | (\$164,067) up to (\$414,067) |
| Total Estimated Net Effect on General Revenue | \$0 | (\$139,250) up to (\$389,250) | (\$164,067) up to (\$414,067) |

* Oversight notes DESE assumes this proposal would lead to a substantial increase in child complaint filings. The investigation of these complaints by DESE would require an additional FTE Investigator as well as increased litigation expenses.

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2026 | FY 2027 | FY 2028 |
| 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 2026 | FY 2027 | FY 2028 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2026 | FY 2027 | FY 2028 |
| General Revenue | 1 FTE | 1 FTE | 1 FTE |
| | | | |
| Total Estimated Net Effect on FTE | 1 FTE | 1 FTE | 1 FTE |

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|-------------------------|-------------------------|
| FUND AFFECTED | FY 2026 | FY 2027 | FY 2028 |
| | | | |
| | | | |
| Local Government* | \$0 | \$0 or (Unknown) | \$0 or (Unknown) |

*Costs to school districts to implement parental consent procedures.

FISCAL ANALYSIS

ASSUMPTION

Section 161.854 – Parental Consent Procedures

Officials from the **Department of Elementary and Secondary Education (DESE)** assume they would be required to develop a model form for school districts to use with parents. DESE assumes the development of this model can be absorbed by current staff and that translation of documents would be the responsibility of each school district depending upon their individual needs.

Upon additional review of language, including changes made in version 1543.02, DESE assumes these changes would lead to a substantial increase in child complaint filings. The investigation of these complaints by DESE would require an additional FTE Investigator including their salary and associated expense and equipment. Complaints could also lead to litigation which would have increased litigation costs, up to 20-25%, in the form of mediation expenses, deposition costs, transcription costs, and additional burden on the Administrative Hearing Commission (AHC). If DESE participates in mediation with parents/LEAs, DESE anticipates \$750-\$1,000 per case in attorney fees and transcripts, if depositions or additional transcripts are needed during the case anticipate \$750-\$2,500 per case. Each case has additional costs for the AHC depending on the complexity of the case. DESE is showing a potential cost of \$0-\$250,000 depending on the number of filings and the complexity of each case.

DESE also provided the following information Missouri already has four types of dispute resolution available to families should they disagree with the changes a LEA determines at the time the IEP is implemented. The Prior Written Notice the LEA utilizes to document their decision provides for 10 days waiting period before implementation and those decisions must be based on documentation throughout the IEP and data, to justify those changes. The parent always has access to suggest or request any of the four dispute resolution options to address their opposition to the LEAs Prior Written Notice.

Oversight does not have information to the contrary. Therefore, Oversight will reflect the estimates provided by DESE in the fiscal note.

In response to a previous version, HB 477 (2025), officials from the **DESE** stated they would be required to develop and have translated documents for school districts to use with parents. DESE assumes translation of documents would be approximately \$1,000 per language with an estimated 35 languages required. This would total \$35,000. DESE is requesting these funds annually as any changes/updates to forms would require translation.

In response to a previous version, HB 477 (2025), officials from **DESE** stated the Office of Special Education with DESE already provides for the publication of a document called the

Procedural Safeguards, which must be provided to all families of children with disabilities served in public and charter schools under the Individuals with Disabilities Education Act. They currently translate that document into 35 different languages based on constituents' needs in Missouri. When looking at the cost per document for translation of those languages most recently translated, the range was anywhere from \$200 to nearly \$1,000 each based on the availability of a translator for that language and the contractor to provide the translation.

Oversight notes according to 34 CFR 300.503, the public agency (typically the school district) is responsible for providing the necessary prior notice to parents of children with disabilities, which means they essentially "pay" for the cost of delivering this information, including translating it into the parent's native language if needed; the parents do not directly pay for this notice. Oversight has no way to determine how many documents will need to be translated or into how many languages. The provisions of this proposal become effective on July 1, 2026. Oversight will reflect an unknown cost of to school district for translation costs beginning in FY 2027 to the school districts.

Officials from the **Office of Administration - Administrative Hearing Commission** 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.

Officials from the **Washington School District** assume the financial impact could be approximately \$ 125,000 annually. (Director of Special Education Training \$5,000, Special Education Training and additional meeting times that could impact work days and instruction time with students \$20,000, Legal ramifications if conflicts arise between parents and educators \$100,000)

Officials from the **Fayette R-III School District** stated they have been fortunate to not have very many disagreements with parents in regards to IEP changes for placement or services either one. However, if complete control is given to parents, the school's ability to do what is best for the educational interest of the student would require legal fees. They would estimate the cost could range from 40K to 200k per year depending on the severity of the disagreement and the educational impact on the student.

In response to the previous version, officials from **Lafayette Co. C-1 School District** assumed creating a situation where parents have to consent to every piece of the IEP document will create a system where additional staff are needed to complete the paperwork required to maintain federal compliance. For their district that would amount to approximately \$75,000 in additional staff costs. Further, if only 5% of their families with students with IEPs required a Due Process proceeding to ensure the child receives FAPE, that would require approximately \$350,000 (7 families times \$50,000 per due process hearing) to continue to serve their students. They would be required to raise their local levy approximately .45 to have the revenue to handle this additional cost.

In response to the previous version, officials from **Marquand-Zion R-VI School District** assumed due process hearings can cost from \$5,000 to \$20,000, depending on what is involved.

In response to the previous version, officials from **Osage Co. R-I School District** assumed AASA's survey of 200 school superintendents found that the average legal fees for a due process hearing was \$10,512.50. The average district expenditure for a due process hearing was approximately \$16,000. (Source: Gomez, M. M., Morgan, V. R., Schanding, G. T., & Cheramie, G. M. (2022). Due Process Case Issues for Students With Emotional Disturbance. Sage Open, 12 (1). <https://doi.org/10.1177/21582440221085274>) Their district has approximately 20 special education students. If half of the IEP's in a year required a due process hearing, it would cost the district \$160,000 per year.

In response to a previous version, officials from **Raymore-Peculiar R-II School District** assumed districts would need to consider building substitutes (if they can be hired) to cover the need for extra meetings. An additional building sub for every building is a considerable cost. For their district, potentially 12 additional FTEs = \$36,000 per FTE x 12 = \$432,000 annually.

Increases the likelihood of forcing districts to increase reliance on contractual staff. Hourly rate for special education teachers for most contractual agencies is approximately \$80/hr = \$640/day @ 169 days = \$108,160 per employee.

\$90,000 for due process (6 months to hearing) Parents' lawyer min \$9600 for the Due Process meeting alone.

Daily cost of subs for three teachers at a minimum @ \$175/day x 3 = \$525

District filing Due Process \$90,000 per case.

In response to the previous version, officials from **Republic R-III School District** assumed this Bill has the real possibility to add significant cost for school districts. For instance, if a student has an IEP for a behavior diagnosis and, for safety reasons the IEP team believes a more restrictive environment for the student is appropriate, then if the parent disagrees, the district is going to have to spend a considerable sum of money (if the district has to file due process-I am estimating that to be more than \$10,000 per occurrence) to ensure that the student is not a safety concern for others or him/herself. The way I understand this Bill, it seems that there could be safety concerns for the health and well being of all students, but also considerable costs if the IEP team has disagreement with parents. Additionally, this Bill has the potential to require more paperwork and amendments to IEPs, which will lead to increased work loads on special education teachers and supervisors. Special education teachers are already in very short supply, and if they make the processes more difficult and intricate, the unanticipated response is going to be special education teachers leaving the profession or the need to hire additional people for the increased work load.

In response to the previous version, officials from **Richland R- IV School District** assumed the financial impact for HB477 could be approximately \$ 60,000 annually. (Director of Special Education Training \$5,000, Special Education Training and additional meeting times that could

impact work days and instruction time with students \$20,000, Legal ramifications if conflicts arise between parents and educators \$100,000)

In response to the previous version, officials from **Warrensburg R-VI School District** assumed The Warrensburg R-VI School District used past due process filing data to calculate an average cost for just legal services and insurance deductibles to determine the following:

If 10% of parents/guardians of students with IEPs (538 students with an IEP in total) disagreed with the decision of the IEP team and the district was forced to file for due process the cost is estimated to be \$1,007,000 or just over 2% of their total district expected revenue for 2024-25 school year. The district has not had a full due process hearing in recent years as disagreements were resolved through resolutions or agreed through the findings of a third party's Individualized Education Evaluation. As such the cost for a full due process would be higher than what is listed here.

Past demands by parents/guardians that were deemed inappropriate based on the student's needs by the IEP team have ranged from the number of minutes in a classroom that have little to no cost to demands requiring the hiring of additional staff at \$30,000-\$70,000 (largely depending on the demand of being certified or classified staff) to tuition, special schools, or other contracted services that would have cost the district \$124,000 per year per student.

In response to the previous version, officials from **Worth Co. R-III School District** assumed
Yearly cost: \$110,000 (3% of budget)
Additional Teacher: \$55,000 - SPED staff already over limit on capabilities
IEP Meetings: \$5000
Due Process: \$50,000

The provisions of this proposal become effective on July 1, 2026. Therefore, the costs will be reflected in FY 2027 in the fiscal note. Furthermore, Oversight would assume that this cost would be unknown but ongoing with new enrollment which would bring forth an opportunity for new cases requiring due process.

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, school districts were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

| <u>FISCAL IMPACT – State Government</u> | FY 2026 (10 Mo.) | FY 2027 | FY 2028 |
|--|---------------------|---------------------------------------|---------------------------------------|
| GENERAL REVENUE | | | |
| <u>Cost – DESE</u> | | | |
| Personnel Service | \$0 | (\$75,680) | (\$92,632) |
| Fringe Benefits | \$0 | (\$43,493) | (\$52,919) |
| Expense & Equipment | \$0 | (\$20,077) | (\$18,516) |
| Total Costs - DESE | \$0 | (\$139,250) | (\$164,067) |
| <u>Cost – DESE – Hearing/ Litigation - §161.854 p. 3</u> | \$0 | \$0 to (\$250,000) | \$0 to (\$250,000) |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | \$0 | (\$139,250) to (\$389,250) | (\$164,067) to (\$414,067) |
| Estimated Net FTE Change on General Revenue | 1 FTE | 1 FTE | 1 FTE |

| <u>FISCAL IMPACT – Local Government</u> | FY 2026 (10 Mo.) | FY 2027 | FY 2028 |
|--|---------------------|-----------------------------|-----------------------------|
| LOCAL EDUCATION AGENCIES | | | |
| <u>Costs – to implement parental consent procedures - §161.854</u> | \$0 | \$0 or (Unknown) | \$0 or (Unknown) |
| <u>Cost – translation of documents - §161.854 p.4</u> | \$0 | \$0 or (Unknown) | \$0 or (Unknown) |
| ESTIMATED NET EFFECT ON LOCAL EDUCATION AGENCIES | \$0 | \$0 or (Unknown) | \$0 or (Unknown) |

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill requires public schools that serve students with an individualized education program (IEP) to implement parental consent procedures. Written or electronic parental consent shall be

obtained and maintained for initial placement, annual placement, or other revisions to a student's IEP as outlined in the bill.

If the parents and local educational agency (LEA) only reach an agreement on certain IEP services or interim placement, the child's new IEP shall only be implemented in the areas of agreement with the current services remaining unchanged unless the local education agency follows procedures set forth in the bill which include a due process complaint and hearing.

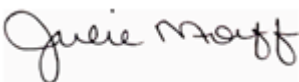
If a child is identified as eligible for special education services, the parents have the right to visit any program proposed for their child. The Department of Elementary and Secondary Education shall adopt a parental consent form, as described in the bill, that each school district shall provide to parents, and districts may not proceed with implementation of a student's IEP without the parental consent form completed except as provided in the bill.

The bill has a delayed effective date of July 1, 2026.

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 - Administrative Hearing Commission
Washington School District



Julie Morff
Director
February 20, 2025



Jessica Harris
Assistant Director
February 20, 2025