

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2784H.02C
 Bill No.: HCS for HB 1365
 Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education; Salaries; Contracts and Contractors
 Type: Original
 Date: April 27, 2025

Bill Summary: This proposal modifies provisions governing school administrator evaluations and contracts.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>Other State Funds</u>	\$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
Total Estimated Net Effect on FTE	0	0	0

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

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

***Oversight** notes a potential increase in hearings for school boards regarding nonrenewal contracts for building-level administrators.

FISCAL ANALYSIS

ASSUMPTION

§§168.410 & 168.411 – School Building Administrators

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

Oversight notes there is a potential for increased hearings before the school boards. Oversight has no way to determine the number of potential hearings. Oversight notes §168.118 mandates school boards cover all cost of hearings, except the cost of counsel for teachers, when a teacher’s contract is terminated or demoted. Therefore, oversight will reflect zero (no new hearings) to an unknown cost to school districts in the fiscal note.

In response to the previous version, officials from **Hume R-VIII School District** noted this is similar to teacher’s contracts. They assume no additional expense unless they have to purchase an evaluation program.

Oversight received limited 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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
SCHOOL DISTRICTS			
<u>Costs</u> – additional hearings regarding contracts for building-level administrators §168.411 p.3	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</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 defines "building-level administrator" as a school official who supervises other licensed staff. The bill provides schools with direction on contracts for building level administrators including for renewal and nonrenewal notice by February 15th in the year the contract would expire. An administrator whose contract is renewed must accept or reject the contract within 15 business days.

Administrator contracts cannot be nonrenewed without the administrator having at least one evaluation and being provided with written cause. Cause for nonrenewal includes unsatisfactory performance on an annual evaluation, violation of school policy or state law, or conduct detrimental to the operation of the school. An administrator that receives a nonrenewal has specified rights as outlined in the bill including the right to a hearing and an appeal.

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
Hume R-VIII School District



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Director
April 27, 2025



Jessica Harris
Assistant Director
April 27, 2025