

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3931H.01I
Bill No.: HB 2748
Subject: Department of Elementary and Secondary Education; Elementary and Secondary Education; Children and Minors
Type: Original
Date: January 19, 2026

Bill Summary: This proposal modifies requirements for physical education in schools.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
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 2027	FY 2028	FY 2029
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

*Oversight assumes school districts would need additional staff for supervision of students for the requirement of the proposal.

FISCAL ANALYSIS

ASSUMPTION

§167.720 – Physical Education

Officials from the **Department of Elementary and Secondary Education (DESE)** assume §167.720 does not currently have an FTE dedicated to coordinate Physical Education (PE) activities such as this throughout the state. As such, DESE requests 1.0 FTE to assist Local Education Agencies (LEAs) with this, and other bills related to PE that they review annually. Director level position, \$83,134 1 FTE. It is not uncommon for LEAs to look to DESE for guidance with implementing new statute requirements. If this bill becomes law, the department will need a point-person to collaborate with districts. The introduction of several pieces of similar legislation, a FTE would be required. While this specific activity may not require the entire dedication of a FTE, it could certainly require a portion of it.

In addition, DESE notes human growth and development are currently being taught within the existing Health curriculum. This would be a duplication of effort. Additionally - DESE has updated PK-8 Health standards developed to align with the newly updated 9-12 Health curriculum that includes human growth and development.

Oversight assumes DESE is provided with core funding to handle a certain amount of activity each year. Oversight assumes DESE could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DESE could request funding through the appropriation process.

Officials from the **High Point R-III School District** assume the proposal will have a fiscal impact on their organization but did not provide any additional information.

Oversight assumes the proposal will create a potential negative cost to school districts due to maintenance of facilities, staffing, supervision, and scheduling demands that would be required to implement the provisions of this proposal. It is unclear the specific needs for each district. Therefore, Oversight will reflect a zero or unknown cost to schools in the fiscal note.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other school districts and charter schools were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost – School Districts (\$167.720)</u> Requirements to implement proposal p.3	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Currently, school districts must ensure that elementary school students participate in an average of 30 minutes of physical activity a day. This bill requires that schools ensure that all students in grades K-12 participate in moderate physical activity for a minimum of 60 minutes daily. The bill expands recess to all grade levels and requires at least one 20 minute period.

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
 High Point R-III School District



Julie Morff
 Director
 January 19, 2026



Jessica Harris
 Assistant Director
 January 19, 2026