

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4137H.011
Bill No.: HB 2197
Subject: Elementary and Secondary Education; Department of Elementary and Secondary Education; Salaries; Contracts and Contractors
Type: Original
Date: April 7, 2026

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

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** 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 similar legislation, HB 1365 (2025), 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 only reflects the responses that we have received from state agencies and political subdivisions; however, other school districts 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 (§168.411)</u> Additional hearings 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

This bill defines a "building-level administrator" as a school official who supervises other licensed staff and may be a principal or an assistant principal. The bill requires that a building-level administrator evaluation be conducted using research-based evaluation tools that align with best practices and the evaluation must be based on multiple rating categories that include student growth and assessment data as a factor in performance ratings.

This bill provides schools with direction on contracts for building-level administrators, including that a renewal and nonrenewal notice must be given to the administrator 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 rights as specified 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.

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SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Hume R-VIII School District



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April 7, 2026



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April 7, 2026