

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4621H.011
 Bill No.: HB 1748
 Subject: Elementary and Secondary Education; Department of Elementary and Secondary Education; Children and Minors
 Type: Original
 Date: January 14, 2026

Bill Summary: This proposal adds provisions including gifted education pupil count for purposes of funding schools through the Foundation Formula.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	More or less than (\$121,492,391)	More or less than (\$121,318,396)	More or less than (\$121,319,517)
Total Estimated Net Effect on General Revenue	More or less than (\$121,492,391)	More or less than (\$121,318,396)	More or less than (\$121,319,517)

***Oversight** will show the increased call to the foundation formula to include gifted education pupil count to the calculation by multiplying the number of such pupils by six-tenths.

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*	More or less than \$121,273,529	More or less than \$121,273,529	More or less than \$121,273,529

***Oversight** will show the increased call to the foundation formula to include gifted education pupil count to the calculation by multiplying the number of such pupils by six-tenths.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration -Budget & Planning** did not respond to **Oversight's** request for fiscal impact for this proposal.

§163.011 – Gifted Education Pupil Count

Officials from **Department of Elementary and Secondary Education (DESE)** assumed §163.011 would add a provision to include the gifted education pupil count to the calculation of the foundation formula (the product of six-tenths multiplied by the number of the district's gifted education pupil count). This change in the formula would require ITSD programming costs of \$309,717 to update the Foundation Formula System and the Annual Performance Report (APR)/Report Card and increase the call to the formula by \$121,273,529 based on the October Student Core count of gifted students at 95,446 for school years 2023-2025.

DESE is a consolidated agency under OA-ITSD. OA-ITSD assumes that every new IT project/system will be bid out because all ITSD resources are at full capacity. ITSD estimates the project would require 2,084.4 hours at a contracted rate of \$105 for a total cost of \$218,862 in FY 2027, \$44,867 in FY 2028, and \$45,988 in FY 2029.

Oversight has no information to the contrary. However, DESE's response to HB 1473 (2025), stated a gifted student count of 94,124. Oversight notes there was an increase of gifted students in FY 2026 to 95,446, an increase of 1,322 from the prior year. **Oversight** notes that the number of gifted students can fluctuate and will reflect the fiscal impact as more or less than the estimated impact by DESE in the fiscal note with the corresponding revenue to school districts.

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

Responses regarding the proposed legislation as a whole

Officials from the **Office of Attorney General (AGO)** assume any potential litigation costs arising from this proposal can be absorbed with existing resources. However, 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.

Officials from the **Department of Higher Education and Workforce Development, Department of Revenue, Missouri Department of Transportation, Office of the State**

Treasurer, St. Louis City Assessor, and University of Missouri 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 these agencies.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other school districts, county clerks, and county assessors 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.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume 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 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost – DESE (§163.011) Increase call to the Foundation Formula p.3</u>	More or less than (\$121,273,529)	More or less than (\$121,273,529)	More or less than (\$121,273,529)
<u>Cost – DESE/ITSD (§163.011) Update APR/Report Card p.3</u>	(\$218,862)	(\$44,867)	(\$45,988)
ESTIMATED NET EFFECT ON GENERAL REVENUE	More or less than (\$121,492,391)	More or less than (\$121,318,396)	More or less than (\$121,319,517)

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Gain – School districts</u> (§163.011) Increased call to the Foundation Formula p.3	More or less than <u>\$121,273,529</u>	More or less than <u>\$121,273,529</u>	More or less than <u>\$121,273,529</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	More or less than <u>\$121,273,529</u>	More or less than <u>\$121,273,529</u>	More or less than <u>\$121,273,529</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

For purposes of school funding, this bill defines "gifted education pupil count", as the number of pupils who qualify as gifted, as gifted children are defined in §162.675, and who are enrolled and have participated in a State-approved gifted education program provided by the school district by June 1st of the immediately preceding school year.

Beginning on July 1, 2027, State funding for public schools will include in the calculation for weighted average daily attendance and weighted membership, the product of six-tenths multiplied by the number of the district's gifted education pupil count.

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

Attorney General's Office
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Revenue
Missouri Department of Transportation
Office of the Secretary of State
Office of the State Treasurer
High Point R-III School District
St. Louis City Assessor
Joint Committee on Administrative Rules



Julie Morff
Director
January 14, 2026



Jessica Harris
Assistant Director
January 14, 2026