

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4709H.031
 Bill No.: HB 2933
 Subject: Elementary and Secondary Education; Department of Elementary and Secondary Education; Children and Minors; Teachers; Disabilities
 Type: Original
 Date: March 25, 2026

Bill Summary: This proposal authorizes school district withdrawal from a special school district.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	\$0	\$0	\$0 or (\$698,343)
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0 or (\$698,343)

***Oversight** notes DESE will require modifications to current applications regarding WADA and WAM. Oversight notes school districts may withdraw from special districts and students may now obtain services at school districts that approve of the withdrawal. Oversight notes changes could be realized in FY 2029 at the earliest.

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
General Revenue	0 FTE	0 FTE	0 or 1 FTE
Total Estimated Net Effect on FTE	0 FTE	0 FTE	0 or 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 2027	FY 2028	FY 2029
Local Government	\$0	\$0	\$0 or (Unknown) to Unknown

FISCAL ANALYSIS

ASSUMPTION

§162.827 – School District Vote to Leave Special School Districts

Officials from **Department of Elementary and Secondary Education** assume that this could potentially have a large impact on the Foundation Formula and school payments that would require system updates and programming (see attached OA-ITSD worksheet). DESE feels this could allow someone to withdraw from St. Louis Special School District or Pemiscot Special School District. Since it could apply to both there would be a change to Weighted Average Daily Attendance (WADA) and Weighted Average Method (WAM), Small Schools Grant and reports on the payment transmittals. Total Impact: FY27 - \$574,371, FY28 - \$117,747, FY29 - \$120,690.

Officials from **OA/ITSD** note the Annual Performance Report (APR)/Report would be affected as it's generated annually by ITSD-DESE for DESE's review and publishing of districts performance.

It is assumed the APR data processes (ETL's) which are executed manually each APR cycle will be affected. Also, there is an assumption the databases and would require some modifications. This bill has a potential large impact to the Foundation Formula (School Finance)/Payment Transmittal application/calculations. It's unsure if these modification would be able to be handled appropriately by the current/existing application in place today.

Assumed the Foundation Formula (School Finance)/Payment Transmittal is where these changes would be needed in order to provide proper funding per provisions for the proposal. Also, assumed these changes/modifications are able to be programmed into the existing Foundation Formula (School Finance)/Payment Transmittal application/code. This bill has a potential impact to Eligible Participant and or the Leader Services applications such as Tiered Monitoring, Surrogate, and IMACS. It's unsure if these modification would be able to be handled appropriately by the current/existing application in place today.

Assumed these modifications are able to be programmed into the existing Eligible Participant and the Leader Services application code.

This bill has a potential impact to MOSIS/Core Data. It's unsure if these modification would be able to be handled appropriately by the current/existing application in place today. Assumed these changes/modifications are able to be programmed into the existing MOSIS/Core Data application/code.

Oversight notes the St. Louis Special School District serves 22 school districts in St. Louis County and Pemiscot Special School District serves 7 school districts in Pemiscot County.

Oversight notes the state board of education shall appoint a person to supervise the disposition of property and indebtedness. Decisions made by the person so appointed shall be subject to review by the State Board of Education. Upon further inquiry DESE assumed this legislation would require at least 1 FTE position, but notes it cannot estimate the maximum amount of FTE needed as it will depend on the scope and size of the property, size of school, number of students, etc. The position would be a supervisor position with the associated salary of \$65,208, one-time cost of \$12,508, and ongoing cost of \$7,424 for expenses and equipment. Oversight assumes DESE will not need additional FTE until the supervision of property and indebtedness take effect. Therefore, Oversight will reflect this cost as estimated by DESE starting in FY 2029.

Oversight notes the provisions of this proposal are subject to a vote of the people. In the event voters reject withdrawing from a special school district, the provisions will not be implemented, and the fiscal impact would be \$0. In the event voters approve withdrawing from a special school district, Oversight assumes there would be an unknown impact on the withdrawing district and the special school district. For fiscal note purposes, Oversight will show an unknown savings to an unknown cost to local political subdivisions.

Officials from the **St. Louis County Board of Elections, Platte County Board of Elections and State Tax Commission** each 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 this agency.

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.

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 (§162.827) p.4</u>			\$0 or...
Personal Service	(\$0)	(\$0)	(\$67,842)
Fringe Benefits	(\$0)	(\$0)	(\$43,622)
Expense & Equipment	(\$0)	(\$0)	(\$12,508)
<u>Total Costs – DESE</u>	<u>(\$0)</u>	<u>(\$0)</u>	<u>(\$123,972)</u>
FTE Change – DESE	0 FTE	0 FTE	0 or 1 FTE
<u>Cost – DESE/ITSD (§162.827) Program modifications p.3</u>	\$0	\$0	\$0 or (\$574,371)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (\$698,343)</u>
Estimated Net FTE Change on General Revenue	0 FTE	0 FTE	0 or 1 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost/Savings – Withdrawing District/Special School District (§162.827) Withdrawal from special district p.4</u>	\$0	\$0	\$0 or (Unknown) to Unknown
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0 or (Unknown) to 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 provides a withdrawal process for any school district that is part of a special school district. The bill requires that the school board of the school district that wants to withdraw approve a resolution for a public vote to withdrawal and if so desired impose an additional levy to provide for services that the special school district has provided. Such proposed levy may not exceed the withdrawing school district's proportion of levy paid to the special school district.

The bill provides sample ballot language and the process for notification of the local election authority. If the majority at the next available day for school district elections vote to withdraw, the school board must notify the State Board of Education and the school board of the special school district and, beginning on July 1 of the second school year following the vote, the school district will no longer be included in the special school district. The special school district tax levy concludes June 30th the year of withdrawal.

This bill requires that the county collector prorate the taxes imposed on each item or parcel of property so as to collect the proportional share for the school district and the special school district. Additionally, the withdrawing school district must return property, facilities, equipment, and other assets and assume proportional bonded indebtedness.

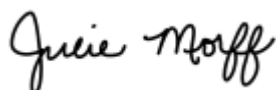
If a majority of the vote is to remain within the special school district the question to withdraw may not be considered again for 12 months.

The State Board of Education will appoint a person to supervise the disposition of property and indebtedness and has rule making authority.

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 the Secretary of State
Joint Committee on Administrative Rules
St. Louis County Board of Elections
Platte County Board of Elections
State Tax Commission



Julie Morff
Director
March 25, 2026
GS:LR:OD



Jessica Harris
Assistant Director
March 25, 2026