

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5786H.06C
 Bill No.: HCS for HB Nos. 2278 & 2403
 Subject: Elementary and Secondary Education; Department of Elementary and Secondary Education; Children and Minors; Athletics
 Type: Original
 Date: March 23, 2026

Bill Summary: This proposal establishes the "Interscholastic Athletic Activities Appeals Board" within the Department of Elementary and Secondary Education to hear appeals after the activities association appeals process has been exhausted.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	(Could exceed \$557,997)	(Could exceed \$567,330)	(Could exceed \$571,045)
Total Estimated Net Effect on General Revenue	(Could exceed \$557,997)	(Could exceed \$567,330)	(Could exceed \$571,045)

***Oversight** notes this proposal creates the Interscholastic Athletic Activities Appeals Board in DESE. DESE will have additional costs for appeals hearings. The state is responsible for all attorney fees, costs, and damages incurred regarding the appeals board as the defendant. Oversight assumes this proposal would exceed the \$250,000 threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Legal Expense Fund (0692)*	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

*Distributions and transfers net to zero.
 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	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 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

FISCAL ANALYSIS

ASSUMPTION

§167.795 – Interscholastic Athletic Activities Appeals Board

Officials from the **Office of Attorney General (AGO)** assume this proposal will increase personnel costs. One AAG and one Paralegal will be necessary to handle the increased caseload. In addition, the Office estimates an impact to the Legal Expense Fund, potentially \$250,000.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the impact for FTE in the fiscal note for this agency.

Oversight notes the AGO shall represent the appeals board if the appeals board is named as a defendant in any court action relating to a decision of the board. The state shall be responsible for all attorney's fees, costs, and damages incurred. Oversight is uncertain how many cases will be brought against the appeals board. Therefore, Oversight will reflect a cost to the Legal Expense Fund (LEF) that could exceed \$250,000 as estimated by AGO. Oversight will reflect a transfer out of General Revenue into the LEF and show cost and transfers netting to \$0.

Officials from **Department of Elementary and Secondary Education (DESE)** assume this proposal creates an appeals board to be appointed by the Governor to hear appeals related to decisions made by an activities association and to present an annual report to a house and senate committee. The legislation requires DESE to provide sufficient administrative and financial personnel to support the work of the appeals board. Based on this proposed language, DESE assumes it will need a .5 coordinator FTE with the associated salary to fulfill the obligations of the legislation and to assist in preparing the annual report to be presented to the committees. DESE also estimates costs of less than \$100,000 for appeals hearings. These costs will be dependent on the number of appeals hearings the appeals board receives to include but are not limited to:

- Hearing officer time for hearing and drafting recommendations for the appeals board
- Administrative assistant time to schedule hearings, provide notice to parties and any settlement negotiations;
- Court reporter costs;

For cost explanation purposes, the average cost for an appeals hearing is \$566.55/hearing:

- Average of 3 hours of hearing officer time x average of \$58.08/hour
- Average of 7 hours administrative assistant time x \$31.08/hour
- Average of \$174.75 in court reporter costs/hearing.

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 FTE for 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 Oversight Division assume the proposal will cause need for additional FTE for their organization.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect an impact of less than \$100,000 for appeals hearings in the fiscal note for this agency.

Officials from the **Office of the Governor** assume this proposal adds to the Governor's current load of appointment duties. Individually, additional requirements should not fiscally impact the Office of the Governor. However, the cumulative impact of additional appointment duties across all enacted legislation may require additional resources for the Office of the Governor.

Officials from **Cape Girardeau 63 School District** note this proposal as having a negative fiscal and operational impact on public education. Even if the exact cost is unknown, the bill introduces an unfunded governance change, increases the likelihood of administrative expense, and risks weakening the local educator voice that has historically guided student activities in Missouri.

In response to a previous version, officials from the **High Point R-III School District** assumed the proposal would have a fiscal impact on their organization but did not provide any additional information.

Oversight notes under this proposal, appeals of decisions made by an activities association may be heard by the "Interscholastic Athletic Activities Appeals Board", which is hereby created and consists of an appeals board appointed by the governor, by and with the advice and consent of the senate. The term of office of each member shall be four years, except that of the initial appointed members, two members shall serve terms of two years, and three members shall serve terms of four years. At the expiration of the term of each member, the governor, by and with the advice and consent of the senate, shall appoint a successor. If the general assembly is not in session at the time for making an appointment, the governor shall make a temporary appointment as in the case of a vacancy. Therefore, Oversight does not anticipate a fiscal impact to school districts.

Officials from the **Office of the State Courts Administrator, Office of Administration, and Missouri Senate** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a previous version, officials from the **Missouri House of Representatives** assumed the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above-mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

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>Transfer Out – (\$167.975) To the State Legal Expense Fund for potential increase in litigation p.3</u>	Could exceed (\$250,000)	Could exceed (\$250,000)	Could exceed (\$250,000)
<u>Cost – DESE (\$167.975) Appeals hearings p.3</u>	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
<u>Cost – AGO (\$167.975) p.3</u>			
Personal Service	(\$108,333)	(\$132,600)	(\$135,252)
Fringe Benefits	(\$69,740)	(\$84,730)	(\$85,793)
Expense & Equipment	(\$29,924)	(\$0)	(\$0)
<u>Total Costs – AGO</u>	(\$207,997)	(\$217,330)	(\$221,045)
FTE Change – AGO	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Could exceed \$557,997)	(Could exceed \$567,330)	(Could exceed \$571,045)
Estimated Net FTE Change on General Revenue	2 FTE	2 FTE	2 FTE
LEGAL EXPENSE FUND (0692)			
<u>Transfer In - From GR (Potential increase in litigation) p.3</u>	Could exceed \$250,000	Could exceed \$250,000	Could exceed \$250,000
<u>Transfer Out – LEF (\$167.975) Court costs p.3</u>	Could exceed (\$250,000)	Could exceed (\$250,000)	Could exceed (\$250,000)
ESTIMATED NET EFFECT TO THE LEGAL EXPENSE FUND	\$0	\$0	\$0

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

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill requires that beginning in the 2027-2028 school year, any appeals of decisions made by a statewide activities association can be heard by the "Interscholastic Athletic Activities Appeals Board", an appeals board appointed by the Governor, by and with the advice and consent of the Senate.

The term of office of each director will be four years, with the initial appointments staggered such that two members will serve terms of two years, and three members will serve terms of four years.

The bill defines an "activities association" as a nonprofit statewide organization that facilitates interscholastic activities for secondary school students, and whose members include at least one public school district that pays any fees to the association, including any fees relating to membership in the association or participation in any activities facilitated by the association.

This bill requires that once the activities association's appeals process is exhausted, the appeals board will hear all subsequent appeals. If a decision is needed within 48 hours, then an appeal can be made directly to the appeals board. Hearings on such appeals can be conducted in-person, over the telephone, video conferencing, or other remote communication.

The appeals board can hear the following appeals:

- (1) Appeals relating to transfer students deemed to be for athletic purposes;
- (2) Appeals relating to athletic contests; and
- (3) Appeals relating prior decisions made by an activities association that resulted in the student's disqualification or prohibition from participating in any athletic activity.

Decisions made by the appeals board are final and the activities association must abide by that decision.

The bill requires the activities association to prepare an annual report and present to the House and Senate committee chosen by the Speaker of the House of Representatives and the President Pro Tem of the senate within the first 30 days of the legislative session

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

Office of the Governor
Attorney General's Office
Department of Elementary and Secondary Education
Missouri Senate
Missouri House of Representatives
Office of the Secretary of State
Joint Committee on Administrative Rules
Office of the State Courts Administrator
Office of Administration
Cape Girardeau 63 School District
High Point R-III School District



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March 23, 2026



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March 23, 2026