

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5998H.03C  
 Bill No.: HCS for HB 2776  
 Subject: Elementary and Secondary Education; Department of Elementary and Secondary Education; Teachers  
 Type: Original  
 Date: February 20, 2026

Bill Summary: This proposal establishes provisions relating to the granting of associate teacher certificates.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	(Less than \$663,682)	(Less than \$311,439)	(Less than \$315,790)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Less than \$663,682)</b>	<b>(Less than \$311,439)</b>	<b>(Less than \$315,790)</b>

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

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

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	1 FTE	1 FTE	1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>

- 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
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §168.038 - Certificates of License to Teach in Public Schools

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this bill gives the State Board of Education the authority to issue tiered authorization certificates for applicants that complete a state-approved associate of applied science-level teacher preparation program and have received an associate's degree in a teaching field. Applicants must also achieve a qualifying score on the Missouri general education assessment and complete a background check. DESE would incur cost to implement this legislation as well as cost for continuation.

\$5,000 for initial accreditation of provider with \$1,000 annual oversight and support.

Certification FTE (Supervisor) at a cost of \$65,208 with additional equipment & expenses to process and issue a new classification of certificates that does not currently exist.

This bill creates more certificated teachers who will have due process rights on any disciplinary matters. Based on this proposed language, the Office of Governmental Affairs estimates costs of less than \$100,000. These costs which will be dependent on the number of hearing appeals the State Board receives to include but are not limited to:

- Hearing officer time for hearing and drafting recommendations for the State 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 a teacher discipline 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.

DESE is a consolidated agency under OA-ITSD. It is assumed that all new IT projects/systems will be bid out because all ITSD resources are at full capacity.

This bill has a potential large impact to the Educator Certification and Educator Qualifications (HQT) application. It's unsure if these modification would be able to be handled appropriately by the current/existing application in place today.

Assuming these changes/modifications can be made:

Educator Certification application/code FY27=\$240,408, FY28=\$49,284, FY29=\$50,516.  
Qualifications (HQT) application/code FY27=\$217,728, FY28=\$44,634, FY29=\$45,750

Total OA-ITSD Cost: FY27=\$458,136, FY28=\$93,918, FY29=\$96,266

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect an impact in the fiscal note as estimated by DESE for their organization.

Officials from the **Public School and Education Employee Retirement Systems of Missouri (PSRS/PEERS)** assume HCS for HB 2776 does not provide a new or different benefit structure to current or future members of PSRS and PEERS. It is also not expected to change the turnover, retirement or other behaviors of current certificated (PSRS) members and non-certificated (PEERS) members of the Systems. As such, the impact on the actuarial liabilities of the Systems collectively is expected to be insignificant.

However, the Bill would create a new class of teacher whose eligibility to participate in PEERS and PSRS differs from those who hold a traditional (non-associate) teacher certificate and they anticipate that school districts could be incentivized to hire individuals holding associate teacher certificates versus traditional teacher certificates, whether due to availability and/or cost when considering compensation and benefits. Additionally, the Bill could incentivize individuals considering a career as a teacher to pursue the certification contemplated in the Bill instead of requirements currently in law to hold a traditional (nonassociate) teacher certificate.

Consistent with the PEERS and PSRS participation eligibility noted in the Bill, it is therefore expected some future early career teachers of grades one through six would participate in PEERS instead of PSRS, and then later participate in PSRS if they progress to a Tier III associate teacher certificate or obtain a traditional (non-associate) teacher certificate. This would have the effect of shifting future active membership from PSRS to PEERS.

Contribution rates for both PSRS and PEERS are set as a percentage of covered member payroll and at a level that funds the value of benefits accrued by members as well as the value of any unfunded actuarial liability. By law, the total contribution rate is paid in equal shares by members and by employers. A shift in future membership from PSRS to PEERS would lower the covered member payroll in PSRS and increase the covered member payroll in PEERS. Both PSRS and PEERS currently have an unfunded actuarial liability, such that without a similar shift in actuarial liabilities from PSRS to PEERS, the contribution rate for PSRS would increase and the contribution rate for PEERS would decrease until such time as each System is fully funded.

In addition, participating employers and the Systems would incur increased operational costs associated with the complexity of membership reporting and administration.

The Systems engage an actuarial firm, PwC US (PwC), that prepares annual actuarial valuations of the liabilities of the Systems and actuarial cost statements related to proposed legislation. Based on the actuarial liability and calculation of the actuarially determined contribution rates from their most recent actuarial valuations of PSRS and PEERS, the impact to the contribution rates noted above were based on a decrease in covered member payroll in PSRS of 5% to 25%, along with a similar, though smaller, increase in PEERS covered member payroll due to the

lower minimum pay requirement for individuals holding an associate teacher certificated (\$35,000) compared to those holding a traditional (non-associate) teacher certificate (\$40,000).

The estimated impact to the actuarially determined contribution rates of the Public School Retirement System (PSRS) and the Public Education Employee Retirement System (PEERS) (collectively, the Systems) are as follows (and further detailed in Appendix I), due to the potential changes to who is a member of PSRS and PEERS described in the Section "Analysis of impact on PSRS and PEERS" below:

Public School Retirement System:

- 0.54% - 3.45% Increase to the actuarially determined contribution rate

Public Education Employee Retirement System:

- 0.31% - 1.07% Decrease to the actuarially determined contribution rate

The total contribution rates approved by the PSRS and PEERS Board of Trustees are shared equally by actively working members (via withholding from their applicable earnings) and their employers, per Section 169.030.

The estimated impact to the actuarial valuation of the liabilities of the Systems is expected to be insignificant as the Bill would not impact the benefit structure or anticipated behaviors of current members.

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

Officials from the **Department of Higher Education and Workforce Development** and **Department of Public Safety – Highway Patrol** 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 these agencies.

Officials from the **University of Missouri** assume the proposal will have an indeterminant fiscal impact. The proposal could cause a reduction in revenue as students enrolling in existing undergraduate teacher education programs seek new certification pathways.

Officials from the **University of Central Missouri** assume an indeterminate fiscal impact possible reduction in students enrolling in education programs and obtaining certificate instead.

Officials from **Wellington-Napoleon R-IX School District** assume that allowing local control and more options to hire teaching staff on shortened timelines would give more flexibility in getting streamlined training candidates into public schools.

Officials from **Northwest Missouri State University** assume the proposal will have no fiscal impact on their organization.

**Oversight** assumes because the potential for decreases in enrollment is speculative that the colleges and universities will not incur significant revenue loss related to this proposal. 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, colleges, and community colleges 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
<b>GENERAL REVENUE</b>			
<u>Cost – DESE (§168.038) p.3</u>			
Personal Service	(\$54,340)	(\$66,512)	(\$67,842)
Fringe Benefits	(\$35,469)	(\$43,087)	(\$43,622)
Expense & Equipment	(\$10,737)	(\$6,922)	(\$7,060)
<b>Total Costs – DESE</b>	<b>(\$100,546)</b>	<b>(\$116,521)</b>	<b>(\$118,524)</b>
FTE Change – DESE	1 FTE	1 FTE	1 FTE
<u>Cost – DESE (§168.038) Initial Accreditation p.3</u>	(\$5,000)	(\$1,000)	(\$1,000)
<u>Cost – DESE/ITSD (§168.038) Modification to Educator Certification application &amp; HQT p.3</u>	(\$458,136)	(\$93,918)	(\$96,266)
<u>Cost – DESE (§168.038) Discipline hearings p.3</u>	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>(Less than \$663,682)</b>	<b>(Less than \$311,439)</b>	<b>(Less than \$315,790)</b>
Estimated Net FTE Change on General Revenue	1 FTE	1 FTE	1 FTE

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

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill gives the State Board of Education (SBE) the authority to issue an associate teacher certificate to applicants that complete a background check and have a degree from a state approved associate of applied science-level teacher preparation program or a program of a

substantially similar nature that includes 60 semester hours from an institution of higher education. The teacher preparation program must include a literacy and reading instruction coursework, be accredited by the SBE, and includes a capstone project.

The bill creates a three-tier certification process. Tier I and Tier II associate certificate holders may only teach in grades one to six, pay into the public education employee retirement system under Sections 169.600-169.715, RSMo, and have additional criteria that must be met to be granted a full certificate of licensure, including participation in a mentor program, professional development, and an acceptable score on the state approved teacher evaluation system, as specified.

Tier III certificate holders may seek additional certification for middle school or early childhood and pay into the public-school retirement system under Sections 169.010 to 169.141.

The bill provides that schools may establish separate salary schedules for teachers with associate certificates with the minimum for Tier I and Tier II set at \$35,000 and the Tier III teacher at the minimum established under Section 163.172.

The bill specifies provisions for mentors for Tier I associate certificate holders that may receive additional compensation or release time and includes time for observations.

This bill requires that after 10 years, and every two years after that, the Department of Elementary and Secondary Education will provide to the Joint Committee on Public Education a report on the effectiveness of the associate teacher process and make recommendations for legislative change.

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  
Department of Higher Education and Workforce Development  
Department of Public Safety – Highway Patrol  
Office of the Secretary of State  
University of Missouri  
Wellington-Napoleon R-IX School District  
Northwest Missouri State University  
University of Central Missouri  
Joint Committee on Administrative Rules  
Public Schools and Education Employee Retirement Systems



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