

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6102H.07P  
 Bill No.: Perfected HCS for HB 2710  
 Subject: Elementary and Secondary Education; Department of Elementary and Secondary Education; Children and Minors  
 Type: Original  
 Date: March 4, 2026

Bill Summary: This proposal modifies provisions governing accountability measures for elementary and secondary schools.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

| FUND AFFECTED  | FY 2027                               | FY 2028                             | FY 2029                             |
|--|---------------------------------------|-------------------------------------|-------------------------------------|
| General Revenue*                                     | Could exceed<br>(\$2,448,663)         | Could exceed<br>(\$567,881)         | Could exceed<br>(\$581,037)         |
| <b>Total Estimated Net Effect on General Revenue</b> | <b>Could exceed<br/>(\$2,448,663)</b> | <b>Could exceed<br/>(\$567,881)</b> | <b>Could exceed<br/>(\$581,037)</b> |

\*Oversight notes the estimated costs include financial awards to public schools (if appropriated), OA-ITSD costs, and 1 FTE for DESE.

**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 or Unknown</b> | <b>\$0 or Unknown</b> | <b>\$0 or Unknown</b> |

\*Oversight notes the “Show Me Success Program”, moneys shall be distributed to the school's fiscal agent and placed in the school's classroom incidental fund to be used to promote teacher recruitment and retention.

## FISCAL ANALYSIS

### ASSUMPTION

#### §160.524 – Accountability Measures for Elementary and Secondary Schools

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this section calls for the creation of an annual accountability "report card" separate from the existing Annual Performance Report card to be completed by DESE or a private entity contracted by the state board of education to score all public-school districts, public schools, and charter schools on a rating scale of 0-100. This report card would require considerable changes and additions to DESE's current data reporting system. These changes would require ITSD programming for a total cost of \$2,934,287. DESE would also require an additional Research Analyst FTE-\$83,134 for the associated salary, \$7,424 for ongoing expenses, and \$5,082 for one-time equipment to handle the visualization, analysis, and reporting data required for the report card.

DESE assumes 2 meetings of stakeholders from across the state will be needed to create the report card and estimates these meetings to cost \$69,600.

This section also creates the "Show Me Success Program" to provide additional funding to public and charter schools that demonstrate strong student academic growth, sustained improvement over time, or success in closing achievement gaps as determined by DESE. This section also states DESE shall establish by rule the methodology for determining school eligibility, award amounts, and distribution of funds. DESE estimates these costs as unknown as DESE currently has no way to determine how many schools might meet the criteria for additional funding or how much funding may be available through appropriation. Without knowing these pieces of information, DESE cannot estimate a specific cost at this time.

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

The Annual Performance Report/Report Card is an existing set of data processes (ETLs) that gather data that DESE has collected from districts using the MOSIS application/system will be impacted and a new set of data processes (ETLs) may be needed to gather the data for the new accountability report. Database changes may be needed, as well as report and ETL modifications and new ETL development. The impact of this new accountability report changes is not fully known for the systems and processes in place now.

Additionally, ITSD assumes that new sets of data are required to be collected for the anonymous annual survey as specified in the proposal. This proposal discusses a public school or charter school shall receive performance-based funding. Some application/system functionality may need to be modified or may no longer be needed in the Foundation Formula (school finance) application/system, but it's assumed these changes are feasible and can be included in the Foundation Formula (school finance) system as it is today. Also, it is assumed that the

modifications are able to be completed without additional data elements needed within the application and process.

OA-ITSD states the project would take 19,747.8 hours at a contract rate of \$105 for a total cost of **\$2,073,519** in FY 2027 with on-going support costs of \$425,071 in FY 2028 and \$435,697 in FY 2029.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a the estimated impact by DESE in the fiscal note.

Oversight notes the "Show Me Success Program" will only award top performing schools if money is appropriated by General Revenue. Therefore, Oversight will reflect a "zero or" Unknown cost as estimated by DESE in FY 2027. Oversight will also reflect the corresponding revenue gain to school districts in the fiscal note.

Oversight notes §160.524.11 states public school districts, public schools, and public charter schools shall report for high schools the number of graduates who within six months of graduation attend postsecondary education or training programs, serve in the military, serve in national or community service, or are employed in a living-wage career. Oversight notes Missouri high schools already report post-graduation outcomes through the Missouri High School Graduates Performance Report. Therefore, Oversight will assume this section would cause no additional cost to the school districts.

Officials from **Department of Higher Education and Workforce Development, Northwest Missouri State University** and **University of Missouri** 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.

In response to a previous version, officials from the **University of Central Missouri** assumed 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 college, universities, and 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.

#### House Amendment 1 (HA1)

Officials from **DESE** assume the amendment to this bill requires DESE to develop or contract with a private entity to develop a school climate rating for each public-school, public-school

district, and charter school to be posted in the same manner as the performance rating. The school climate rating shall be based on the following factors: Suspension rates and seclusion and restraint incident rates; a score on a district and school survey of parent satisfaction; a score on a district and school survey of teacher satisfaction; and a score on a district and school survey of student satisfaction. DESE notes that a survey similar to the one called for in this amendment is already available to LEAs, parents, students, and teachers to provide input and feedback on a school. However, this survey would need to be revised to meet all the specifications of this amendment. DESE assumes these revisions will require several stakeholder meetings as called for in the legislation and estimate the costs of these meetings to be \$83,520 for 15 participants meeting a total of 8 days. Additionally, DESE estimates the cost to the vendor to complete the revisions to the survey adopted by the stakeholders to meet the provisions of this legislation to cost \$100,000.

**Oversight** assumes stakeholder meetings for establishing revisions to the survey could be accomplished in one year. Oversight also assumes vendor revisions could be completed and adopted by schools in the same year. Therefore, Oversight will reflect the cost as estimated by DESE for stakeholder meetings and vendor revisions in FY 2027 with no continued cost.

Oversight notes §160.524.15 states DESE shall administer an annual web-based school climate survey assumes there would be no additional cost to school districts to offer this survey. Therefore, Oversight will not reflect a cost for schools to administer this survey.

| <u>FISCAL IMPACT – State Government</u>  | FY 2027<br>(10 Mo.) | FY 2028            | FY 2029            |
|--|---------------------|--------------------|--------------------|
| <b>GENERAL REVENUE</b>   |                     |                    |                    |
| <u>Cost – DESE (§160.524) p.3</u>  |                     |                    |                    |
| Personal Service   | (\$69,278)          | (\$84,797)         | (\$86,493)         |
| Fringe Benefits  | (\$41,477)          | (\$50,441)         | (\$51,123)         |
| Expense & Equipment  | (\$11,269)          | (\$7,572)          | (\$7,724)          |
| <u>Total Costs – DESE</u>  | <u>(\$122,024)</u>  | <u>(\$142,810)</u> | <u>(\$145,340)</u> |
| FTE Change – DESE  | 1 FTE               | 1 FTE              | 1 FTE              |
| <u>Cost – DESE/ITSD (§160.524)<br/>Programming cost p.3</u>                      | (\$2,073,519)       | (\$425,071)        | (\$435,697)        |
| <u>Cost – DESE (§160.524) Report-card<br/>stakeholders meetings p.3</u>          | (\$69,600)          | \$0                | \$0                |
| <u>Cost – DESE (§160.524) School<br/>climate survey stakeholder meetings p.5</u> | (\$83,520)          | \$0                | \$0                |

| <u>FISCAL IMPACT – State Government</u>                           | FY 2027<br>(10 Mo.)                   | FY 2028                             | FY 2029                             |
|---|---------------------------------------|-------------------------------------|-------------------------------------|
| <u>Cost – DESE (§160.524) School climate survey revisions p.5</u> | (\$100,000)                           | \$0                                 | \$0                                 |
| <u>Cost – DESE (§160.524) Performance-based funding p.3</u>       | \$0 or<br>(Unknown)                   | \$0 or<br>(Unknown)                 | \$0 or<br>(Unknown)                 |
| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>                    | <b>Could exceed<br/>(\$2,448,663)</b> | <b>Could exceed<br/>(\$567,881)</b> | <b>Could exceed<br/>(\$581,037)</b> |
| Estimated Net FTE Change on General Revenue                       | 1 FTE                                 | 1 FTE                               | 1 FTE                               |

| <u>FISCAL IMPACT – Local Government</u>   | FY 2027<br>(10 Mo.)          | FY 2028                      | FY 2029                      |
|---|------------------------------|------------------------------|------------------------------|
| <b>LOCAL POLITICAL SUBDIVISIONS</b>   |                              |                              |                              |
| <u>Revenue Gain – School Districts (§160.524) Performance-based funding p.4</u> | <u>\$0 or Unknown</u>        | <u>\$0 or Unknown</u>        | <u>\$0 or Unknown</u>        |
| <b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>                     | <b><u>\$0 or Unknown</u></b> | <b><u>\$0 or Unknown</u></b> | <b><u>\$0 or Unknown</u></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 requires the State Board of Education (SBE) to develop an annual accountability report card for public schools. The report card will provide information about school performance and satisfy federal reporting requirements relating to students, staff, finances, and other data.

The SBE may contract with a private entity or charge the Department of Elementary and Secondary Education (DESE) to generate the annual report. An embargoed version of the report must be provided to schools by July 15th and within 36 hours DESE will publish the report on the Department website. Before August 15th schools must publish on the school's website the report.

The bill provides that the SBE will assign a rating based on a zero-one-hundred A thru F scale for each public school and district. The criteria of the ratings are specified in the bill and included factors such as student academic achievement and growth in english, math, and science as assessed through the Missouri assessment program. The factors include a value-added growth metric and a "Success Ready Graduate" measure which will be calculated by DESE. The bill also requires that the rating scale increase by 5% in any year that 65% of schools achieve an A or a B.

The bill establishes the "Show Me Success Program" to provide financial awards to public schools with a high student performance and high student academic growth. The program will provide a performance-based award of \$100 per student if a school is in the top 5% of schools for performance or academic growth and \$50 for each student in schools that are in the top 10% but not in the top 5%. Rewards will begin after the 2026-27 state mandated annual summative assessment.

The bill requires the SBE to develop an annual accountability report card for DESE that will consider the number of Missouri schools rated A thru F with the objective being to increase the percentage of students attending higher rated schools, Missouri student performance on national assessments, and an anonymous survey.

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  
University of Missouri  
Northwest Missouri State University  
University of Central Missouri



Julie Morff  
Director  
March 4, 2026



Jessica Harris  
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March 4, 2026