

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6102S.08C
 Bill No.: SCS for HCS for HB 2710
 Subject: Appropriations; Attorney General; Elementary and Secondary Education;
 Department of Elementary and Secondary Education; Science and Technology;
 Teachers
 Type: Original
 Date: April 9, 2026

Bill Summary: This proposal establishes new accountability measures for public schools, charter schools, and school districts and creates the "Show Me Success Program" to provide performance-based funding to schools and districts.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	Could exceed (\$2,422,410)	Could exceed (\$679,621)	Could exceed (\$693,071)
Total Estimated Net Effect on General Revenue	Could exceed (\$2,422,410)	Could exceed (\$679,621)	Could exceed (\$693,071)

*Oversight notes the estimated costs include financial awards to public schools (if appropriated), OA-ITSD costs, and 1 FTE for DESE. Oversight is uncertain how many schools might meet the criteria for additional funding or how much funding may be available through appropriation.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on Other 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	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	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*	Unknown or (Unknown)	Unknown or (Unknown)	Unknown or (Unknown)

*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. Oversight notes school districts and charter schools must maintain financial ledgers on their website and may lose state aid if they are found to be in violation of a provision in the proposal.

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.

This section also calls for DESE to use a growth to proficiency standard, in addition to the existing normative value-added growth measure to measure student success. This growth to proficiency measure shall evaluate for each student with two consecutive years of Missouri assessment program performance levels whether that student has made sufficient academic progress to put such student on a trajectory to reach grade-level proficiency within three years or by grade ten, whichever comes first. After further discussion, DESE believes the development of this measure will cost \$40,000 per year for file generation and review. This cost is based on current vendor contracts DESE uses with the University of Missouri for growth measures and on meetings with several technical groups that would be responsible for developing the growth measure. However, if for some reason DESE must use another vendor to complete this work costs could increase but DESE assumes these costs would not be over \$100,000 per year.

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 it is unclear if DESE will need to use another vendor for file generation and review. Therefore, Oversight will reflect a cost up to \$100,000 per year as estimated by DESE.

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.

§162.192 – School Financial Ledger

In response to similar legislation, SCS for SB 1029 (2026), officials from the **Office of Attorney General (AGO)** assumed any potential litigation costs arising from this proposal can be absorbed with existing resources. 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 **Department of Elementary and Secondary Education (DESE)** assume some ITSD costs may be incurred if this legislation is passed. Modifications to the Annual Secretary of the Board Report (ASBR) also DESE and Office of Data System Management (ODSM) will collect any historical information in a standard data layout, that aligns with the database/fields they define and compile all data from the school districts.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the ITSD impact as estimated by DESE in the fiscal note for this agency.

Oversight notes §162.192.10 states if the department finds that any school district or charter school has violated a provision of this section, the department may withhold up to five percent of the state aid to which the school district or charter school is entitled under chapter 160 or 163 for the current school year until the school district or charter school proves to the satisfaction of the department that the school district or charter school is no longer in violation of this section. Oversight notes, for the simplicity of the fiscal note, Oversight assumes school districts and charter schools would satisfy the requirements of the legislation to avoid state aid withholdings. Therefore, Oversight will reflect no impact on school districts or DESE for this section.

In response to similar legislation, SCS for SB 1029 (2026), officials from the **Office of the State Courts Administrator** 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.

In response to similar legislation, SCS for SB 1029 (2026), officials from **Republic R-III School District** assumed this bill may require school districts to hire an additional person in the business services part of the school district. In the Republic School District, they would likely shift some duties to ensure compliance with the law. These shifts may cause an additional part-time opening which would cost approximately \$30,000. There could be additional costs associated with the State Auditor taking civil action against a district.

In response to similar legislation, SB 1029 (2026), officials from the **Wellington-Napoleon R-IX School District** noted there are already state requirements written in statute on the quarterly and annual reporting of school finance to the state, and public. This information is already readily available on school websites and the DESE site on an annual basis through the ASBR (Annual Secretary of the Board Report).

In response to similar legislation, SB 1029 (2026), officials from the **Sedalia 200 School District** noted that they already are fulfilling the requirements of the proposal and further noted

that each month this information is published in the board packet. It is also part of every budget amendment and the final budget amendment.

Oversight assumes there is potential for additional IT cost for school districts that would need to update their website to provide a link directly to their district's financial ledger as defined in the proposal. Oversight notes school districts are responsible to update the ledger monthly. Furthermore, they must maintain complete financial ledger data for no fewer than the five prior fiscal years on their website. Therefore, Oversight will show a cost to school districts as zero (school is currently compliant) to unknown cost in 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.

Responses regarding the proposed legislation as a whole

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

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.

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 (§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)
Total Costs – DESE	(\$122,024)	(\$142,810)	(\$145,340)
FTE Change – DESE	1 FTE	1 FTE	1 FTE
<u>Cost – DESE/ITSD (§160.524)</u>			
Programming cost p.3	(\$2,073,519)	(\$425,071)	(\$435,697)
<u>Cost – DESE (§160.524) Report-card stakeholders meetings p.3</u>	(\$69,600)	\$0	\$0
<u>Cost – DESE (§160.524) File generation & review p.3</u>	(Up to \$100,000)	(Up to \$100,000)	(Up to \$100,000)
<u>Cost – DESE (§160.524) Performance-based funding p.3</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost – DESE (§162.192) OSDM changes p.3</u>	(\$57,267)	(\$11,740)	(\$12,034)
ESTIMATED NET EFFECT ON GENERAL REVENUE	Could exceed (\$2,422,410)	Could exceed (\$679,621)	Could exceed (\$693,071)
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
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Gain – School Districts</u> (§160.524) Performance-based funding p.4	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost – School Districts</u> (§162.192) Maintain financial ledger p.3	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	Unknown or (Unknown)	Unknown or (Unknown)	Unknown or (Unknown)

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This act establishes provisions relating to accountability measures for elementary and secondary schools.

SCHOOL ACCOUNTABILITY REPORT CARDS (Section 160.524)

This act requires the State Board of Education to develop an annual school accountability report card for each public school, charter school, and school district in the state, designed to inform the public regarding school performance and to satisfy applicable federal reporting requirements concerning students, staff, finances, and related data. Each report card shall be presented in a standardized, clear, and accessible format and include a summary for parents explaining the school's performance level and underlying indicators, identifying strengths and areas for improvement, highlighting year-to-year progress and student academic growth, and describing opportunities for family engagement. The State Board of Education may assign duties specified in the act to the Department of Elementary and Secondary Education (DESE) or contract with a third party under state law.

An embargoed version of each report card shall be provided to districts and schools by September 15 annually, subject to an appeals process to be provided by the State Board of Education, and each district and school shall publish its report card on its website by October 31.

The State Board of Education shall assign each district and school a letter grade of "A" through "F" based on a 0-100 scale and derived from multiple performance measures, with an "A"

reflecting excellent student outcomes benchmarked as the top decile of composite scores of certain specified measures. Assessment participation rates below 95% shall be separately reported but shall not automatically reduce a school's rating.

The act establishes the "Show Me Success Program", subject to appropriation, to provide performance-based funding to public schools and charter schools demonstrating strong academic growth, sustained improvement over multiple years, significant improvement among historically underserved student groups, high levels of postsecondary readiness, or improvement in early literacy outcomes, with funds distributed to classroom incidental funds for teacher recruitment and retention.

DESE shall develop a criterion-referenced growth measure termed "growth to proficiency", evaluating whether students are on a trajectory to reach or exceed grade level within a specified timeframe, in addition to an existing value-added growth measure.

School and district ratings shall be based on specified factors, including student proficiency levels on statewide assessments in English language arts, mathematics, and science; academic growth for all students and the lowest-performing quartile; and, for high schools, the four-year graduation rate and a "Success-Ready Graduate" measure incorporating advanced coursework, industry-recognized credentials, dual enrollment, and degree completion. The act prescribes weighted components for elementary, middle, and high school ratings; mandates annual reporting of post-graduation outcomes for high schools; and requires district-level ratings to be calculated using the same methodology as school-level ratings, as provided in the act.

The State Board of Education shall also issue a statewide report card detailing the percentage of students attending schools in each letter-grade category and comparing state assessment performance with results on the National Assessment of Educational Progress, with the objective of alignment in proficiency rates.

The annual report card requirements established in the act do not apply to special school districts or state-operated schools serving exclusively students with disabilities.

SCHOOL DISTRICT AND CHARTER SCHOOL FINANCIAL INFORMATION (Section 162.192)

Under this act, each school district and charter school shall maintain a searchable, publicly accessible database on its website setting forth all financial transactions conducted with school district or charter school funds. The financial ledger shall be available without login credentials, registration, or fees, and shall be downloadable and exportable in formats specified in the act. The financial ledger shall record transactions using codes set forth in the Missouri Financial Accounting Manual published by the Department of Elementary and Secondary Education (DESE), as applicable. Certain data fields shall be included in the financial ledger at minimum, such as transaction date, transaction amount, revenue or expenditure designation, fund code, function code, object code, vendor or payee name, and a description or memo field.

The homepage of each public or charter school's website shall include a direct link to the financial ledger of the school district or charter school. The link shall make the financial ledger accessible within one click, and shall be functional and mobile-responsive. DESE may provide standardized language or icons that public and charter schools may use for this purpose.

A school district's or charter school's financial ledger shall be updated at least monthly. Details of each calendar month's financial transactions shall be posted no later than 45 days after the close of that calendar month. For record keeping purposes, a school district or charter school shall maintain at least five fiscal years of historical data on its financial ledger.

Protected personal information may be redacted only to the extent required by applicable law. Vendor names, amounts, and accounting codes shall not be redacted. Payroll data may be presented in aggregated form where disclosure of individual information is restricted.

Debt obligations shall be posted in a separate section of the financial ledger, with disclosure of outstanding debt balances, issuance dates, repayment schedules, annual debt service amounts, and debt service as a percentage of total expenditures.

DESE may provide or approve standardized templates or platforms school districts and charter schools may use for their financial ledgers. DESE may additionally provide guidance to assist school districts and charter schools with compliance.

DESE shall promulgate rules establishing procedures and timelines for school districts and charter schools to certify compliance annually. A school district or charter school that violates any provision of this act may be subject to the withholding of up to 5% of that school year's state aid entitlement for the school district or charter school.

DESE shall establish a process for members of the public to file complaints if they believe a school district or charter school has violated any provision of the act. DESE may also establish a public compliance dashboard on DESE's website to enable members of the public to check whether a particular school district or charter school is certified as in compliance.

SCHOOL DISTRICT AND CHARTER SCHOOL LEGAL EXPENSES (Section 162.821)

The act requires school districts and charter schools to include the amount expended for legal services in their Annual Secretary of the Board Report. If the report does not include the amount expended for legal services, then the Attorney General may bring a civil action, including an action for injunctive relief, against the school district or charter school. Such action shall be brought in the county where the school district or charter school is located.

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
Office of the Secretary of State
Joint Committee on Administrative Rules
University of Central Missouri



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