

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6382S.04C  
 Bill No.: SCS for HB 2896  
 Subject: Boards, Commissions, Committees, and Councils; Counties; Elementary and Secondary Education; Higher Education; Department of Elementary and Secondary Education; Governor and Lt. Governor; Department of Higher Education and Workforce Development  
 Type: Original  
 Date: May 5, 2026

Bill Summary: This proposal repeals and modifies provisions relating to education.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	(\$57,267)	(\$11,740)	(Could exceed \$2,012,034)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$57,267)</b>	<b>(\$11,740)</b>	<b>(Could exceed \$2,012,034)</b>

\*Oversight notes this proposal removes the sunset from §173.831. Costs for the Workforce Diploma Program will continue in FY 2029 and all subsequent years.

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on Other 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
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</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 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

**Oversight** was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year's information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

### §162.192 – School Financial Ledger

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 the 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.

In addition, **DESE** states this section allows DESE to withhold state aid from schools who have violated the provisions in section 162.192. If DESE were to withhold state aid, this could trigger due process and lead to hearings to resolve the issue. DESE estimates the cost of hearings to be between \$0-\$100,000 but notes that this will depend on the amount of hearings that are required.

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 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.

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.

#### §173.831 - Workforce Diploma Program

**Oversight** notes this section will automatically sunset August 28, 2028. This proposal removes the sunset clause from this section.

Oversight is providing data based on information found in DESE's FY 2027 Budget book for program history regarding the Workforce Diploma Program as seen in the table below:

<b>Year</b>	<b>Budget Authority</b>	<b>Actual Expenditure</b>	<b>Unexpended</b>
2023	\$1,940,000	(\$586,250)	\$1,353,750
2024	\$1,940,000	(\$1,940,000)	\$0
2025	\$3,880,000	(\$3,411,000)	\$469,000
2026 (As of 08/31/2025)	\$1,940,000	(\$481,750)	\$1,458,250

**Oversight** assumes based on prior fund activity, if the proposal passes, DESE would continue to appropriate funds for the program, the fund is subject to appropriation. Therefore, Oversight will reflect a continued cost for DESE as could exceed \$2,000,000 (based on most consistent appropriation) in FY 2029 for the continuation of the program.

§§174.300, 174.332, 174.450, 174.453, 174.610, 175.020, and 178.632 - Governing Bodies of Certain Public Institutions of Higher Education

Officials from the **Department of Higher Education and Workforce Development** and **Missouri Senate** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Northwest Missouri State University, Office of the State Treasurer, and University of Central Missouri** each assume the proposal will have no fiscal impact on their organization.

In response to a previous version, officials from the **Missouri House of Representatives** and **Office of the Governor** each assumed the proposal will have no fiscal impact on their organization.

In response to similar legislation, SB 939 (2026), **Missouri State University** assumed that the proposal would have no fiscal impact on their organization.

**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 colleges and community colleges were requested to respond to this proposed legislation but did not. Upon receiving 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 (\$162.192) OSDM changes p.3</u>	(\$57,267)	(\$11,740)	(\$12,034)
<u>Cost – DESE (173.831) Workforce Diploma Program p.5</u>	\$0	\$0	(Could exceed \$2,000,000)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$57,267)</u></b>	<b><u>(\$11,740)</u></b>	<b><u>(Could exceed \$2,012,034)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Cost – School Districts (\$162.192) Maintain financial ledger p.3</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(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

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 1% 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.

#### WORKFORCE DIPLOMA PROGRAM (Section 173.831)

The act repeals the August 28, 2028, sunset on the Workforce Diploma Program.

HIGHER EDUCATION GOVERNING BODIES (Sections 174.300, 174.332, 174.450, 174.453, 174.610, 175.020, and 178.632) Under this act, no more than half of the governing body members of the following institutions of higher education shall reside in the county in which the institution's principal administrative office is located:

- Harris Stowe State University, Saint Louis City (Section 174.300);
- Northwest Missouri State University, Nodaway County (Section 174.332);
- Missouri Southern State University, Jasper County (Sections 174.450 and 174.453);
- University of Central Missouri, Johnson County (Section 174.450);
- Southeast Missouri State University, Cape Girardeau County (Section 174.453);
- Truman State University, Adair County (Section 174.610);
- Lincoln University, Cole County (Section 175.020); and
- State Technical College of Missouri, Osage County (Section 178.632).

The act repeals other geographical restrictions on the makeup of such governing bodies.

The act also modifies the governing body of Missouri State University. Currently, at least one but no more than two voting members of the governing board of Missouri State University shall be appointed from each congressional district. Under this act, no fewer than seven members shall be residents of different congressional districts, and no more than one member shall be appointed from any one congressional district. Two members shall be appointed at-large and shall not be required to reside in a congressional district not otherwise represented on the board.

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 Higher Education and Workforce Development  
Office of the Governor  
Missouri State University  
Northwest Missouri State University  
University of Central Missouri  
Missouri House of Representatives  
Missouri Senate  
Office of Attorney General  
Department of Elementary and Secondary Education  
Office of the State Courts Administrator

L.R. No. 6382S.04C  
Bill No. SCS for HB 2896  
Page 9 of 9  
May 5, 2026

Republic R-III School District  
Wellington-Napoleon R-IX School District  
Sedalia 200 School District  
Office of the State Treasurer  
Joint Committee on Administrative Rules  
Office of the Secretary of State



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