

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 7046H.02C
 Bill No.: HCS for HB 3239
 Subject: Elementary and Secondary Education; Department of Elementary and Secondary Education; Department of Higher Education and Workforce Development
 Type: Original
 Date: March 10, 2026

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	(Up to \$4,309,116)	(Up to \$4,245,835)	(Up to \$4,248,592)
Total Estimated Net Effect on General Revenue	(Up to \$4,309,116)	(Up to \$4,245,835)	(Up to \$4,248,592)

*Oversight notes costs to DESE include adult student reimbursement (Up to \$4,000,000 annually), 1 FTE and ITSD costs in order to meet the requirements of the proposal.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

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

*Additional State funding for adult students enrolled in a virtual program and cost to educate these students will net to zero.

FISCAL ANALYSIS

ASSUMPTION

§161.672 – Adult Student Virtual Programs

Officials from the **Department of Elementary and Secondary Education** assume the Adult Education section would be required to manage or maintain data on these students as well as provide technical assistance to districts and charter schools. This would require an Assistant Director with the associated salary (\$71,887) and expenses to determine eligibility of students/virtual programs, monitor/process payments, manage/maintain data on students. In addition, DESE assumes this data would be managed by a system similar to the current Adult Education and Literacy data system for an annual license cost of \$97,021.

It is unknown to DESE how many adults would participate in the program which is why the low cost for reimbursements is unknown. However, there are 305,068 adults in the state that need a high school diploma and if each decided to participate that would mean (14% of the State Adequacy Target (SAT) \$7,145 = \$1,000 per x number of students 305,068). Total possible cost of: **\$305,068,000**.

§161.672.3 states that the total paid to program providers is capped at \$4,000,000 in any school year.

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. DESE assumes this data would be managed by a system similar to the current Adult Education and Literacy data system for an annual license cost of \$97,021. The proposed bill will affect the EPEGS (Electronic Planning and Electronic Grants System) application. It's assumed EPEGS is the application/system where the modifications would be required. It's assumed no other app/systems would be affected. It's assumed EPEGS application and databases and source code can withstand the changes described. It's assumed DESE provides staffing for communicating said changes and allows those staff time to test the changes with ITSD. The estimate is based on the limited revisions in this proposal. Total Cost: FY27 **\$104,325**, FY28 **\$21,357** and **\$21,922** in FY29.

DESE noted this is a duplication of AEL, Excel Adult High School, and Workforce Diploma services.

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

In response to similar legislation, HCS for HB 1516 (2025), officials from **DESE** provided the following statistics in relation to similar current programs:

Workforce Diploma online high school diploma program participation (data provided by Graduation Alliance):

- 2022-2023=596 students (all students were new)
- 2023-2024=253 newly enrolled students (they do not have a count of carry-over enrollments from the previous FY)

Adult Education Literacy program (which includes in-person and virtual classes) participation:

- 2022-2023=13,229 students
- 2023-2024=14,776 students
- 2024-2025 YTD=14,382 students

Oversight notes the program providers will receive a monthly payment from the DESE in an amount equal to 14% of the state adequacy target for each successfully passed course, provided that the state money is in excess of the constitutionally required minimum public school funding. The bill caps the program at \$4 million. Therefore, Oversight will reflect a cost up to the \$4,000,000 for DESE with the corresponding revenue gain to school districts. In addition, Oversight will reflect an identical cost for schools to educate those additional students which will net to zero.

Officials from the **Office of the State Treasurer** and **Oversight Division** both 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 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/OA -ITSD (§161.672) EPEGS p.3</u>	(\$104,328)	(\$21,387)	(\$21,922)
<u>Cost – DESE (§161.672) Annual data license p.3</u>	(\$97,021)	(\$97,021)	(\$97,021)
<u>Cost – DESE – (§161.672) Adult student reimbursement p.4</u>	(Up to \$4,000,000)	(Up to \$4,000,000)	(Up to \$4,000,000)
<u>Cost – DESE (§161.672) p.3</u>			
Personal Service	(\$59,906)	(\$73,325)	(\$74,791)
Fringe Benefits	(\$37,707)	(\$45,827)	(\$46,417)
Expense & Equipment	(\$10,154)	(\$8,275)	(\$8,441)
<u>Total Costs – DESE</u>	<u>(\$107,767)</u>	<u>(\$127,427)</u>	<u>(\$129,649)</u>
FTE Change – DESE	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Up to \$4,309,116)	(Up to \$4,245,835)	(Up to \$4,248,592)
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</u> – School Districts (§161.672) Additional state funding for adult students enrolled p.4	Up to \$4,000,000	Up to \$4,000,000	Up to \$4,000,000
<u>Cost</u> – School Districts (§161.672) To educate the adult students enrolled p.4	(Up to \$4,000,000)	(Up to \$4,000,000)	(Up to \$4,000,000)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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 regarding adult eligibility for virtual school courses and programs. An "adult student" is defined as a Missouri resident over 21 years of age who has not yet earned a high school diploma but is within 12 academic credits or 2 school years of achieving such a diploma.

Under this act, an adult student may enroll in any state-approved virtual course or full-time virtual program offered by a school district or a public institution of higher education. Adult students are also eligible to enroll in the Missouri Course Access and Virtual School Program.

An adult virtual program shall be entitled to a monthly allocation of state aid for adult students in an amount equal to 14% of the state adequacy target per completed course. However, an adult virtual program shall not be entitled to a school district's ordinary school revenue, including local effort revenue, and any state aid allocated to an adult virtual program shall not count toward the constitutional minimum amount of state aid required for the establishment of free public schools in this state. The total amount of funding provided for an adult student enrolled in a virtual program shall not exceed the state adequacy target.

No school district with an adult student enrolled in adult virtual program shall be required to report such adult student's information for purposes of annual performance reports or as required for full-time, school-age virtual students under current law.

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
Joint Committee on Administrative Rules
Office of the State Treasurer
Oversight Division
Office of the Secretary of State



Julie Morff
Director
March 10, 2026



Jessica Harris
Assistant Director
March 10, 2026