

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4579H.05C
Bill No.: HCS for SS No. 2 for SB 997
Subject: Teachers; Employees - Employers; State Employees
Type: Original
Date: May 3, 2022

Bill Summary: This proposal modifies provisions relating to public employees.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue*	(\$1,197,196 to Could exceed \$37,186,592)	(\$1,039,988 to Could exceed \$36,899,977)	(\$983,984 to Could exceed \$36,844,703)
Total Estimated Net Effect on General Revenue	(\$1,197,196 to Could exceed \$37,186,592)	(\$1,039,988 to Could exceed \$36,899,977)	(\$983,984 to Could exceed \$36,844,703)

*The wide range in fiscal impact is mostly attributed to the new Workforce Diploma Program and how many adults participate (\$14.8 million - subject to appropriation) as well as changes to the Career Ladder program (\$18.7 million – program has not been appropriated in recent years).

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Evidence-Based Reading Instruction Program Fund*	\$0	\$0	\$0
Criminal Record System Fund	Up to (\$165,000)	\$0 or Unknown	\$0 or Unknown
Competency-Based Education Grant Program Fund*	\$0	\$0	\$0
Workforce Diploma Program Fund*	\$0	\$0	\$0
Excellence in Education Revolving Fund*	\$0	\$0	\$0
Career Ladder Forward Funding Fund*	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	Up to (\$165,000)	Minimal Impact, \$0 or Unknown	Minimal Impact, \$0 or Unknown

*Transfers and distributions net to zero. Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and expenses (of approximately \$75,000) net to zero.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	3 FTE to up to 4 FTE	3 FTE to up to 6 FTE	3 FTE to up to 6 FTE
Total Estimated Net Effect on FTE	3 FTE to up to 4 FTE	3 FTE to up to 6 FTE	3 FTE to up to 6 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 2023	FY 2024	FY 2025
Local Government	\$0 to \$20,898,952 to (Unknown, Potentially significant)	\$0 to \$20,898,952 to (Unknown, Potentially significant)	\$0 to \$20,898,952 to (Unknown, Potentially significant)

FISCAL ANALYSIS

ASSUMPTION

Section 33.100 – Bi-weekly Pay Periods

In response to a previous version, officials from the **Office of Administration** state if the bill passed, it would be difficult to implement currently in SAM II-HR due to programming of the payroll system. However, implementing a bi-weekly pay schedule in the future ERP is more feasible. It is expected to be in place in 2024-2025. If the bill was to pass with “bi-weekly” as an added possibility for frequency for State employees to be paid there would not be a cost in terms of actual payroll. The salaries would be calculated by dividing by 26 pay periods versus 24 pay periods.

In response to a previous version, from the **Office of Administration - Information Technology Services Division (ITSD)** assumed the proposed legislation would require state employees to be paid every 14 days. Currently, employees are paid on the 15th of the month and the last day of the month, with adjustment for weekend and holidays. The change would require modifications to SAM II. This effort would be a major undertaking in the SAM II system requiring changes to many projects and systems. ITSD would likely see impacts to data and reports along with other errors occur after implementation until all the changes mature because of the complex program interaction and ability to test all possible scenarios that could occur.

ITSD estimates a cost of \$143,640 to the General Revenue Fund in FY 2023. The estimate assumes work for project management coding and testing the changes. The business staff would need to be heavily involved in the analysis and requirements gathering as well as the testing. ITSD has not accounted for Business staff hours in this estimate.

Oversight notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this bill, ITSD assumes they will contract out project management coding and testing the changes needed for SAM II. ITSD estimated the project would take 1,512 hours at a contract rate of \$95 for a total cost of \$143,640. However, as the bill states, the choice between biweekly, semimonthly, or monthly installments is “as designated by the Commissioner of Administration.” Therefore, Oversight will range the cost from \$0 (OA Commissioner decides not to shift to biweekly pay installments) to a cost to include upgrading the current SAM II system.

ITSD notes that there is a current effort underway to replace the SAM II system, with two week payrolls likely to be included in the new system. If the proposed changes can be delayed until the replacement system is implemented, (estimated to be 3-5 years) there would be no fiscal impact for this fiscal note.

Officials from the **Department of Commerce and Insurance**, the **Department of Health and Senior Services** each defer to the Office of Administration for the potential fiscal impact of this proposal.

Sections 36.020, 36.030, 36.060, 36.070, 36.080, 36.090, 36.100, 36.120, 36.140, 36.250, 36.440, 36.510, 37.010, 105.950, 105.1114, 288.220 – Elimination of the Personnel Advisory Board

In response to a similar proposal from this year (SB 996), officials from the **Office of Administration (OA)** stated the non-State employee members of the Personnel Advisory Board (PAB) received per diem payments of \$6,120, \$5,040, and \$5,307.84 in FY2019, FY2020, and FY2021, respectively. The elimination of the PAB will eliminate these payments and therefore have a positive fiscal impact of \$5,489 (the average of those three figures) annually.

Additionally, while this proposal does not eliminate any FTE, this legislation would obviate the need for numerous team members to spend hours preparing for and attending monthly PAB meetings.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect an annual savings to the General Revenue Fund of \$5,489.

In response to a similar proposal from this year (SB 996), officials from the **Department of Mental Health** deferred to the Office of Administration for the potential fiscal impact of this proposal.

SEQ CHAPTER \h \r 1Section 160.560 Show Me Success Diploma Program

In response to a similar proposal, HB 624 (2021), officials from the **Office of the State Treasurer (STO)** stated they are estimating anywhere from no fiscal impact up to two FTEs. The overall impact to the State Treasurer's Office will depend on negotiation with the state's 529 program manager to implement these provisions. The STO assumed a possible need for two (2) FTE Analysts, each at \$39,708 annually plus fringe benefits and other expense and equipment.

Oversight notes that subsection 160.560.8 states the Office of the State Treasurer shall provide guidance and assist with the creation, maintenance, and use of an account that has been established under sections 166.400 to 166.455 (MOST program).

Oversight will range the fiscal impact "Up to" the 2 FTE estimated by the STO starting in FY 2024 depending upon the activity and complexity of additional accounts.

Oversight assumes this program is optional (may) for school districts. Oversight also assumes school districts would continue to receive state funding for students that utilize this educational path. Therefore, Oversight will assume this section of the proposal will not materially fiscally impact local school districts.

Oversight assumes if a student receives a show me success diploma and enrolls in a postsecondary educational institution, the state will continue to count this student in their funding calculation, and this will not result in a material difference in state aid. Therefore, Oversight will not reflect a fiscal impact for this provision.

Sections 160.2700 & 160.2705 - Adult High Schools

In response to a similar proposal, HCS for HB 1753 (2022), officials from the **Department of Elementary and Secondary Education (DESE)** and **Department of Social Services (DSS)** each assumed the provision would have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have stated the provision 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 for this provision.

Section 161.097 - Missouri Advisory Board for Educator Preparation

In response to a similar proposal, HCS for HB 1753 (2022), officials from **DESE** estimated a one-time meeting cost to align literacy and reading instruction in teacher preparation programs at \$40,140.

Section 161.214 School Innovation Waiver

In response to a similar proposal, HCS for HB 1753 (2022), officials from the **DESE** assumed the provision 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 for this provision.

Oversight notes DESE's FY 2022 Budget Book included a \$1,000,000 Governor's Recommendation from General Revenue to "support school innovation teams in implementing their waivers approved by the State Board of Education". DESE's FY 2023 Budget Book does not appear to include funding to support innovation waivers.

Oversight will show a range of impact to General Revenue of \$0 (no additional cost or not appropriated) to an unknown cost to support school innovation teams. Based on FY 2022's Governor Recommend, Oversight assumes the cost could exceed \$250,000.

Oversight assumes there could be a cost to implement this program. School districts may have costs related to improving student readiness and job training, increasing teacher compensation, or improving teacher recruitment and development. Oversight will show a range of impact of \$0 (no school districts participate or no additional cost) to an unknown cost to implement the waiver. Oversight assumes the net impact on school districts would be \$0 if distributions from General Revenue cover all costs or negative net impact if implementation costs exceed state distributions.

Section 161.241 Statewide Literacy Plan

In response to a similar proposal, HCS for HB 1753 (2022), officials from **DESE** stated Section 161.241 requires DESE to create an Office of Literacy to coordinate staff with roles relating to literacy and align staff work around supporting best practices in reading instruction. DESE assumes that one (1) FTE Coordinator of Literacy would be required as part of this new office at a cost of \$63,480.

This section also requires **DESE** to recruit and employ quality teacher trainers with expertise in reading instruction. Because this is subject to appropriation DESE estimates a cost that could exceed a cost that could greatly exceed \$100,000. This would be subject to appropriation so DESE will show the costs as \$0 – Could Exceed \$100,000. This could be funded by the proposed creation of the “Evidence-Based Reading Instruction Program Fund.”

Oversight assumes this provision creates the Evidence-Based Reading Instruction Program Fund. The fund shall consist of moneys appropriated by the General Assembly or from gifts, bequests or donations. Funds are to be distributed to school districts to reimburse school districts and charter schools for efforts to improve literacy. For simplicity, Oversight assumes on the money in the Fund will be used within the year it is received.

Section 161.380, 161.385 and 162.1255 - Competency Based Education

In response to a similar proposal, SB 660 (2022), officials from **DESE** stated this proposal requires DESE to facilitate the creation, sharing, and development of assessments and curriculum and training for teachers, and best practices for the school districts that offer competency-based education courses. Costs for development of competency-based assessments will vary depending upon the number of courses/content domains necessary. The department estimates \$1,000,000 cost* for each course/content domain. The department has projected these costs across two fiscal years along with \$25,000 annually for the Competency Task Force support until the work is complete.

*This includes: \$100,000 for test specifications/blueprint review, \$50,000 for passage review, \$100,000 for item writing, \$100,000 for item review, \$100,000 for forms creation, \$300,000 for field testing, and \$300,000 for establishing mastery standards.

DESE projects Section 162.1255.2 may have additional costs to school districts/charter schools and to the vendors they used to determine and report the appropriate attendance hours to DESE.

In response to a similar proposal, SB 660 (2022), officials from the **Office of the Governor** and the **Missouri House of Representatives** each assumed the proposal would have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies for this provision.

Oversight assumes there could be costs to implement competency based education programs in school districts and charter schools such as costs to determine and report the appropriate attendance hours to DESE.

Section 162.720 - Gifted Education

In response to a similar proposal, HCS for HB 1753 (2022), officials from the **DESE** assumed the provision would have no fiscal impact on their organization.

In response to a similar proposal, Perfected HCS HB 1750 (2022), officials from **Sikeston R-6 School District** assume the proposal will have no fiscal impact on their organization.

In response to a similar proposal, HB 306 (2021), officials from the **High Point R-III School District** assumed the proposal would not fiscally impact their schools.

In response to a similar proposal, from 2021 (SB 151), officials from the **Fordland School District** stated this would require additional funding to establish a gifted program.

In response to a similar proposal from 2020 (SB 645), officials from the **Hurley R-I School District** stated gifted programs are very expensive to run and for small school districts, the financial impact of creating sections for 3 or 4 students could be massive at varying grade levels.

In response to a similar proposal from 2020 (SB 645), officials from the **Shell Knob School District** assumed this proposal has a negative fiscal impact.

In response to a similar proposal from 2020 (SB 645), officials from the **Fayette R-III** school district said the annual cost of this proposal is \$50,000, and would increase each year. It would be the cost to hire a gifted teacher plus any required assessments.

In response to a similar proposal from 2019, (HB 112), officials from the **Wellsville-Middletown R-1** School District assumed the proposal had the potential to have a substantial negative fiscal impact.

In response to a similar proposal from 2019, (HB 112), officials from the **Lee's Summit R-7 School District** assumed the proposal would be of no cost to the district because it has a state-approved program.

In response to a similar proposal from 2019, (HB 112), **Springfield Public Schools** assumed the cost to the district would be for additional professional development for non-certificated gifted teachers. The program already exists in the district but this change would create a mandate for districts. Additional cost above current expenditure is negligible.

Oversight notes, per information from DESE's 2019 Gifted Advisory Council (GAC) Biennial Report, 239 out of 528 Missouri school districts offered gifted programs in 2018, spending \$42,968,610 for these programs. Also, per the report, the state reimburses \$24,870,140 annually,

which amount has remained static since 2006. Therefore, Oversight will assume the costs for this expansion will be borne by the school districts. DESE provided there were 37,475 identified students in Missouri, and that 5,199 identified students were unserved. However, the GAC reports and statistics from the National Center for Education Statistics show there are likely more unidentified unserved gifted students in Missouri.

Oversight estimates gifted spending is approximately \$1,325 per gifted student (\$42,968,610 / 32,276). If there are 5,199 unserved identified gifted students with a cost of \$1,325 to educate, Oversight estimates **\$6,888,675** to provide gifted education to every unserved identified gifted student.

Oversight notes that the GAC reports show that districts with gifted programs identify gifted students at higher rates than districts without gifted programs. Oversight does not have sufficient data to firmly estimate a specific number of unidentified unserved gifted students, but will create an instructive estimate based on national statistics.

Oversight notes that in 2014, The National Center for Education Statistics (NCES) found states identified 6.7% of their public school students as gifted. 6.7% of Missouri's 883,703 students is 59,208 gifted students. To match the NCES identified gifted student population average, Missouri would need to identify 11,335 $((.067 \times 883,703) - 5,199 \text{ identified gifted students})$ more students as gifted. Furthermore, to provide gifted services to every currently identified and unidentified gifted student would cost \$21,907,684 $((11,335 \text{ estimated unidentified gifted students} + 5,199 \text{ identified gifted students}) \times \$1,325 \text{ cost per student})$.

Alternately, **Oversight** will estimate the cost of each district establishing a gifted program. If the 289 districts without a gifted program each hired one \$50,000 a year teacher to establish a gifted program, this provision would have a \$14,450,000 local net direct fiscal impact. Last, DESE recommends a maximum of 90 gifted students per full time teacher, which is a \$6,000,000 direct fiscal impact for 120 teachers, but is likely low because that would likely require some districts to share a teacher.

Section 163.016 - Dollar Value Modifier

In response to a similar proposal from this year (Perfected HB 2493), officials from **Department of Elementary and Secondary Education (DESE)** stated to calculate the impact, the March 2022 formula calculation for Gasconade County R-II (037-037) was calculated using the county they are located in that has the highest Dollar Value Modifier (DVM) which is Franklin County at 1.093. If the formula is fully funded then it would be an additional cost to the state of **\$1,076,987** per year. If the formula is not fully funded then the additional money is going to be shifted from all other school districts.

To calculate the impact, the March 2022 formula calculation for Maries County R-II (063-067) was calculated using the county they are located in that has the highest Dollar Value Modifier (DVM) is Osage County at 1.0310. If the formula is fully funded then it would be an additional cost to the state of **\$150,437** per year. If the formula is not fully funded then the additional

money is going to be shifted from all other school districts.

To calculate the impact, the March 2022 formula calculation for Bismark R-V (094-076) was calculated using the county they are located in that has the highest Dollar Value Modifier (DVM) which is Washington County at 1.092. If the formula is fully funded then it would be an additional cost to the state of **\$313,513** per year. If the formula is not fully funded then the additional money is going to be shifted from all other school districts.

To calculate the impact, the March 2022 formula calculation for West St. Francois County (094-087) was calculated using the county they are located in that has the highest Dollar Value Modifier (DVM) which is Washington County at 1.092. If the formula is fully funded then it would be an additional cost to the state of **\$624,965** per year. If the formula is not fully funded then the additional money is going to be shifted from all other school districts.

In response to a similar proposal from this year (Perfected HB 2493), officials from the **Gasconade County R-II School District** stated the dollar value modifier will have no impact on other districts as the DVM is based on the funding formula for education. However, allowing Gasconade County R-II to claim the Higher Dollar Value Modifier would result in a Dollar Value Modifier of 1.093 which adds \$1,066,637.00 annually to the district budget and allows the district to compete with other Franklin County Districts. This is important as they operate a building which is located in Franklin County and all of their students who attend the Gerald Elementary School located in Franklin County must attend middle and high school in Gasconade County.

Oversight will show a range of impact of \$0 (not appropriated) to a total cost to General Revenue of **\$2,165,902** (\$1,076,987 + \$150,437 + \$313,513 + \$624,965) as estimated by the Department of Elementary and Secondary Education.

Section 167.268 - Develop Reading Guidelines

In response to a similar proposal, HCS for HB 1753 (2022), officials from **DESE** estimated a one-time meeting cost to develop DESE guidelines for the Office of Literacy at \$44,600.

Section 167.630 - Epinephrine Syringes

In response to a similar proposal, SCS for SB 958 (2022), officials from the **Department of Elementary and Secondary Education** assumed the proposal would 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 section.

Sections 167.640 and 167.645 - Reading Remediation

In response to a similar proposal, HCS HB 1556 (2022), **DESE** stated the proposal could impact the call to the foundation formula but they would have no way to estimate the impact.

Oversight assumes there could be an increased call to the foundation formula if remediation hours outside of the traditional school day may count toward the calculation of average daily attendance (Section 167.640). Oversight will show a range of impact of \$0 (no additional

remediation hours outside the traditional school day) to an unknown cost to General Revenue for an increase in average daily attendance.

One full term of attendance is 1,044 hours per student. For each full term of attendance, the average state funding per ADA is approximately at \$5,066 (per DESE) or \$4.85 per hour of full term attendance. However, Oversight notes this is an approximation of the cost as the state aid payment can vary greatly by district.

Oversight estimates to reach a revenue impact of \$250,000 would require a change in attendance hours of approximately 52,000 hours or approximately 50 ADA ($52,000 * \$4.85 = \$252,200$). Oversight notes an increase of 50 ADA is approximately a 0.01% increase in total ADA ($50/843,650$); therefore, Oversight assumes it is possible the cost could exceed \$250,000.

In response to a similar proposal, SB 54 (2021), officials from the **Springfield R-XII School District** stated the total fiscal impact to the district is \$6,562,500.

In response to a similar proposal, SB 54 (2021), officials from the **High Point R-III School District** assumed the proposal will have no fiscal impact on their organization.

In response to a similar proposal, HB 2470 (2020), officials from the **Park Hill School District** anticipated a fiscal impact to hire additional staff to implement and monitor the extended requirements. Estimated cost would exceed \$100,000 annually.

In response to a similar proposal, HB 2470 (2020), officials from the **Shell Knob School District** assumed that bill would have a negative fiscal impact.

In response to a similar proposal, HB 2470 (2020), officials from the **Wellsville -Middletown School District** estimated needing at least one possibly two additional elementary teachers, at a cost of \$92,000 per year.

Oversight assumes these provisions would require school districts and charter schools to implement remediation strategies such as:

- small group or individual instruction
- reduced teacher-student ratios
- more frequent progress monitoring
- tutoring or mentoring
- extended school day, week or year
- summer reading programs

Per the Achievement Level Report available on the Missouri Comprehensive Data System, **Oversight** notes the following number of students with scores in the below basic level and the basic level within the Springfield School District:

Springfield School District - School Year 2019

Grade	Below Basic	Basic	Total
Third Grade	470	550	1020
Fourth Grade	245	707	952
Fifth Grade	233	805	1038
Sixth Grade	317	658	975
Total	1,265	2,720	3,985

Based on the cost reported by the Springfield School District, **Oversight** estimates the cost per student reading at below basic and basic (in grades 3 through 6) at approximately \$1,647 (\$6,562,500/3,985).

Statewide - School Year 2019

Grade	Below Basic	Basic	Total
Third Grade	15,664	18,527	34,191
Fourth Grade	8,389	26,406	34,795
Fifth Grade	8,653	28,510	37,163
Sixth Grade	10,938	27,226	38,164
Total	43,644	100,669	144,313

Applying the \$1,647 to the statewide total of students reading at below basic and basic in grades 3 through 6, **Oversight** estimates a cost of \$237,683,511. Without additional information from school districts, Oversight is uncertain if other school districts would experience costs similar to those reported by the Springfield School District. Oversight assumes additional resources, namely additional teacher time, assessments and materials, will be required to implement these changes. Therefore, Oversight will show an unknown cost to school districts that could be significant.

Section 167.850 - Recovery High Schools

In response to a similar proposal, HCS for HB 1753 (2022), officials from the **DESE** and the **Department of Mental Health** each assumed the provision would have no fiscal impact on their respective organizations.

Oversight received no responses from school districts estimating the fiscal impact of this provision, and presents this fiscal note on the best current information available. 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.

According to the [National Institute on Drug Abuse \(NIDA\)](#), 8.5 percent of Americans needed treatment for a problem related to illicit drug or alcohol use in 2014.

Oversight assumes if 8.5 percent of the 4,043 students currently enrolled in the Kansas City Public School District (grades 9 through 12) needed substance use treatment, this could result in approximately 344 students being eligible to attend a recovery high school. Oversight assumes this number could be higher as non-resident students are also eligible to attend.

Based on the study, [Recovery High Schools: A Descriptive Study of Programs and Students](#), **Oversight** notes students were primarily referred to recovery high schools by treatment programs, parents and the juvenile justice system. Of the schools in the study, most had small enrollments ranging from 12 to 25 students with a median capacity of 35 students. The study indicated students reported a reduction in the use of drugs, an increase in attendance and a reduction in repeated problems with the law.

Oversight assumes this provision states the sending district of an eligible student shall pay tuition to the recovery high school. However, public schools may not see a 1:1 reduction in the costs associated with those students transferring out. Oversight also notes that such students recovering from substance use or dependency may not regularly attend school, or may require more expensive attention from school. Because there are no responses, and several factors that may save or cost school districts or recovery high schools, this note will show an impact ranging from a unknown savings to an unknown cost net direct fiscal impact to school districts and recovery high schools.

Oversight notes this provision is permissive, therefore Oversight will range the fiscal impact from \$0 (a recovery high school is not established) to the range of potential fiscal impact.

Section 167.903, 167.907 and 167.908 - FASFA/ICAP Provisions

In response to a similar proposal, HB 2171 (2022), officials from the **Department of Elementary and Secondary Education (DESE)** and the **Department of Higher Education and Workforce Development (DHEWD)** each assumed the proposal would have no fiscal impact on their respective organizations.

Upon further inquiry, **DESE** states it will need to add the requirements for school districts to the District Assurance Checklist but will not require additional funds or FTE. The requirement for ensuring FASFA and ICAP participation/completion are a responsibility of the school that the student attends.

Upon further inquiry, **DHEWD** stated this year's language lists DESE specifically at the beginning of section 169.703. Per their understanding, DESE would be in charge of ICAP and FAFSA.

In response to a similar provision in HB 101 (2021), officials from **DHEWD** stated Section 167.908 would require the department establish a procedure for providing the means and capability for high school students enrolled in career and technical education programs described under section 170.029 to complete an application for aid through the United States Department of Labor, Employment and Training Administration pursuant to the federal Workforce Innovation and Opportunity Act. The department shall work with school districts that deliver career and technical education programs to educate students on the value of the aid that is available to them through the federal Workforce Innovation and Opportunity Act. The bill also set's certain performance measures the department must meet. The application process for these

funds is part of the local work development board processes that already exist. No new state costs will be required and the federal funding is part of an annual allocation to each state from the US Department of Labor. No new increase in FTE are required at this time.

Oversight notes the agencies listed above stated they did not anticipate a fiscal impact on their respective organizations. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies for these sections.

Based on DESE's response, **Oversight** will show a range of impact to school districts and charter schools of \$0 (costs can be absorbed) to an unknown cost for ensuring FASFA and ICAP participation/completion.

Section 168.021 – Visiting Scholars' Certificate of License to Teach

In response to a similar proposal from this year (HCS for HB 1928), officials from **Department of Elementary and Secondary Education (DESE)** stated this will require DESE to create a new application for individuals applying based upon a local school board approving them as a teacher. Estimated cost to DESE is \$40,000.

This also requires changes in the current Education Certification System, estimated at \$30,000.

Oversight will show the costs as estimated by DESE.

Oversight does not anticipate a direct fiscal impact to school districts. However, Oversight did not receive any responses from school districts related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. 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.

Oversight only reflects the responses received from state agencies and political subdivisions; however, school districts were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

Section 168.036 Substitute Teacher Certificates

In response to a similar proposal, HCS for HB 1753 (2022), officials from **DESE** stated section 168.036 allows the State Board of Education to grant a certificate to any highly qualified individual with certain expertise or experience in the Armed Forces, explained further in the bill, that may not meet any other qualifications if the school board of the seeking school district votes to approve that individual to substitute teach at that district. Doing so would require a new application and process for districts to recommend these individuals at which the department estimates a cost of \$40,000.

Oversight will show the costs as estimated by DESE.

Officials from **Public Schools and Education Employee Retirement Systems (PSRS/PEERS)** state this bill allows individuals who are receiving a retirement benefit from PSRS or PEERS to substitute teach on a part-time or temporary substitute basis in a covered school district without a discontinuance of the person's retirement benefit. The provisions in this bill only apply to part-time or temporary substitute teaching. As specified in this bill if an individual chooses to work for a covered employer after retirement under this provision they will not contribute to additional retirement benefits. This bill includes an emergency clause and the provisions of this bill will expire on July 1, 2025 when the current statutory language will resume.

In response to a previous version, the PSRS/PEERS' actuaries noted that suspension of limitations on working after retirement for part time or temporary substitute teaching positions through June 30, 2025 could result in either no fiscal cost or a small fiscal cost for PSRS and PEERS, depending on the number of members who change their retirement behavior as a result. The cost could be significant if the suspension of limitations on working after retirement continues to be extended beyond June 30, 2025.

The current provisions for working after retirement in sections 169.560 and 169.660 strike a delicate balance between creating a pool of qualified individuals that can be employed to provide part-time or temporary substitute teaching or other services, but without permitting or incentivizing employers to hire multiple retired members on a part-time basis in lieu of full-time employees, or permitting or incentivizing active members to retire early, commence their retirement allowance, and then return to work on a full-time basis in order to effectively receive two incomes. Such permission and behavior could have a significant impact on the cost of the Systems. The fiscal impact to the PSRS and PEERS will be based on actual behavior experienced by the Systems.

It is noted that a temporary suspension of certain statutes and regulations related to members working after retirement was included in the state of emergency order in 2020 in response to the Coronavirus pandemic. The suspension was intended to address an anticipated shortage of qualified substitute teachers and temporary employees that would be needed by school districts during the pandemic. The temporary suspension was in place through December 31, 2021. HCS for HB 2304 suspends the same provisions in statute through June 30, 2025, but only for part time or temporary substitute teaching positions.

The Systems' actuaries emphasized the importance of the temporary nature of the proposal (only through June 30, 2025 as currently proposed in HCS for HB 2304) and its application to only part time or temporary substitute teaching. Permanent increase or removal of these limitations would likely come with a significant fiscal cost and would go against the fundamental goal of a pension system to provide income in retirement, not during active employment.

The table below summarizes the estimated impact to the liabilities and the actuarially determined contribution rate of both PSRS and PEERS associated with possible behavior changes discussed in the attached cost statement from the Systems' actuaries. While the actuaries show two scenarios with a fiscal cost, they note that it is also possible for PSRS and PEERS to experience

no fiscal cost related to these changes depending on whether or not active members and employers change their behavior as a result. To the extent there is little to no change in behavior, the results would be consistent with the baseline results shown below. It is important to review the attached cost statement in its entirety when reviewing the data noted below:

	Scenario A: No Change in Member or Employer Behavior BASELINE - June 30, 2021 Valuation	Scenario B: 10% of Members Retire 0.25 Years Earlier on Average for two years, 0.5% Decrease in Payroll <i>(approximately 30 more retirements per year)</i>	Scenario C: 25% of Members Retire 0.5 Years Earlier on Average for two years, 1% Decrease in Payroll <i>(approximately 150 more retirements per year)</i>
PSRS			
Present Value of Future Benefits	\$ 60,669,012,514	\$ 60,669,713,562	\$ 60,672,517,752
<i>Estimated Impact</i>		\$ 701,048	\$ 3,505,238
Actuarial Accrued Liability	\$ 52,834,296,831	\$ 52,836,259,740	\$ 52,844,111,376
<i>Estimated Impact</i>		\$ 1,962,909	\$ 9,814,545
Funded Percentage	85.24%	85.23%	85.22%
<i>Estimated Impact</i>		-0.01%	-0.02%
Actuarially Determined Contribution Rate	28.62%	28.76%	28.91%
<i>Estimated Impact</i>		0.14%	0.29%
PEERS			
Present Value of Future Benefits	\$ 7,829,203,953	\$ 7,829,294,361	\$ 7,829,655,994
<i>Estimated Impact</i>		\$ 90,408	\$ 452,041
Actuarial Accrued Liability	\$ 6,560,854,343	\$ 6,561,284,108	\$ 6,563,003,170
<i>Estimated Impact</i>		\$ 429,765	\$ 2,148,827
Funded Percentage	87.74%	87.73%	87.71%
<i>Estimated Impact</i>		-0.01%	-0.03%
Actuarially Determined Contribution Rate	13.64%	13.71%	13.78%
<i>Estimated Impact</i>		0.07%	0.14%

Oversight will show a range of impact for this provision of \$0 (no change in behavior) to an unknown cost that could exceed \$4,413,374 to member employers for increases in employer contributions (0.14% / 2 * \$5,039,838,429 PSRS covered payroll 2021) plus (0.07%/2 * \$1,758,535,339 PEERS covered payroll 2021).

In response to a similar proposal, HCS for HB 1753 (2022), officials from **DESE** stated, currently, substitute certificates expire at the end of four years and may be renewed. The new language in section 168.036.7 would allow substitute certificates to expire at any point in time and will have a substantial fiscal impact to the department. The substitute certification process will need to be redesigned to comply with this language as well as a new reporting database will need to be created for districts to notify the department on substitute statuses. DESE estimates this will cost around \$70,000. The department also estimates an additional FTE for an Administrative Assistant \$27,960 annual salary, will be needed as well.

Oversight will show the costs as estimated by DESE.

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** state the proposed legislation could increase the state fee from \$20 up to \$50 depending on the number of

background checks performed up to five, resulting in a net increase to the Criminal Record System (CRS) Fund. The range is calculated based on the current state fee and the proposed language that increases the state fee up to \$50.

On average, the Patrol processes approximately 11,000 criminal record checks specific to substitute teacher certification and employment, of which approximately 145 per year resulted in checks for the same individual for different school districts and completed in the same week. However, an increase for the fund could be noted for the potential increase in the state fee, depending on the number of background checks performed.

Regardless of the state fee structure, this proposal would require technical system changes to the Missouri Automated Criminal History System to be completed by the MSHP's Criminal History vendor. The estimated cost of \$165,000 is based on previous projects with a similar scope of work.

Oversight will show the cost for system modifications to the Missouri Automated Criminal History System and an unknown amount of revenue from the increased fees.

Section 168.037 - Substitute Teacher Survey and Data Collection

In response to a similar proposal, HCS for HB 1753 (2022), officials from **DESE** assumed this requires DESE to create and maintain a web-based survey for collecting anonymous information from substitute teachers in Missouri public schools. DESE estimates an initial costs that could exceed \$100,000 for the design, programming, and testing of a system that can collect real time information from substitute teachers that will be available anytime for schools and DESE to use to study. DESE also estimates annual maintenance and storage costs of \$10,000 annually.

Oversight assumes this provision requires DESE to create and maintain a web-based survey for collecting information related to substitute teachers. Oversight will show the costs as estimated by DESE.

Oversight also assumes this provision requires school districts and charter schools to provide data to DESE regarding certain information related to substitute teachers. Oversight will show a range of impact of \$0 (no additional cost or can be absorbed) to an unknown cost to collect the data for school districts and charter schools.

In response to a similar proposal, HB 608 (2021), officials from the **Affton 101 School District**, **High Point R-III School District** and the **Springfield R-XII School District** each assumed the proposal would have no fiscal impact on their respective organizations.

Section 169.560 and 169.596 - Public School Retirement System

Officials from **Public Schools and Education Employee Retirement Systems** state this legislation makes changes to the critical shortage statute, 169.596 for the Public School Retirement System of Missouri (PSRS) and the Public Education Employee Retirement System (PEERS).

SCS HB 2304 allows retirees to return to work under the Critical Shortage Exemption statute up to four years versus the current two-year restriction.

Currently in Section 169.560, RSMo, any teacher retired from the Public School Retirement System of Missouri (PSRS) can be employed in a non-certificated position covered under the Public Education Employee Retirement System (PEERS) without impacting their retirement benefit up to certain limitations. Any certificated retiree may earn up to 60% of the minimum teacher's salary (\$15,000) as established by Section 163.172, RSMo, and will not contribute to the retirement system or earn creditable service for that work. The employers would be required to contribute into the PEERS for such employment.

This legislation will allow a retired, certificated teacher, working in a non-certificated position covered under PEERS, to earn up to the annual earnings limit applicable to a Social Security limitation as set forth in 20 CFR 404.430, which will be \$19,560 for the 2022-2023 school year.

The Systems have an actuary firm, PricewaterhouseCoopers (PWC), that prepares actuarial statements on any proposed legislation as well as the annual actuarial valuation reports for the Systems. PWC estimate the combined impact of the proposed provisions to be an insignificant fiscal gain to both PSRS and PEERS.

Oversight assumes any fiscal impact resulting from this provision would be insignificant and therefore will reflect a zero fiscal impact in this fiscal note for this provision.

Section 168.500

In response a similar proposal from this year (Perfected HB 2493), officials from **Department of Elementary and Secondary Education (DESE)** stated due to the need to approve Teacher Career Plans in the proposed language, DESE estimates a need for 1.0 FTE at the Supervisor level to manage the program.

Oversight notes the need to approve Teacher Career Plans is language that exists in current law and is not a new requirement of this proposal. Therefore, Oversight will not show the cost for one additional FTE.

Section 168.515.2

In response a similar proposal from this year (Perfected HB 2493), officials from **DESE** stated, in Fiscal Year 2011, \$37,467,000 was appropriated by the General Assembly for Career Ladder. That was the last time that the program was funded and DESE will base the fiscal impact on that amount. Because the language in this section reverses the matching percentages and sets the state match at 60 percent and the local funding at 40 percent, the department estimates an impact of up to \$56,200,050. Because this amount is subject to appropriation the Department will show a range of \$0 - \$56,200,050 (plus FTE costs).

Oversight assumes current law already provides for funding at forty percent; however, this funding is not currently appropriated by the General Assembly. Oversight assumes the impact from this proposal is the difference between funding the Career Ladder program at forty percent (current law) versus funding at sixty percent (proposed law). Oversight will show a cost of \$0 (not appropriated) to a cost that could exceed \$18,733,050 (\$56,200,050 - \$37,467,000) as appropriated by the General Assembly.

In addition, **Oversight** assumes this proposal expands the career ladder criteria for admission and stage achievement and reduces the number of years needed for eligibility. Oversight assumes this provision could result in an increase in eligible teacher compensation if appropriated.

Oversight assumes these funds would transfer from General Revenue to the Excellence in Education Revolving Fund into the Career Ladder Forward Funding Fund before being distributed to qualify school districts. For simplicity, Oversight assumes all funds are utilized in the year they are received.

Oversight did not receive any responses from school districts related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. 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.

Oversight only reflects the responses received from state agencies and political subdivisions; however, school districts were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System database is available upon request.

Section 170.014 - Reading Instruction Act

Oversight assumes there could be costs to school districts to expand reading programs through grade five. Currently, the reading programs are established for kindergarten through grade three.

Section 170.018 - Computer Science Course

In response to a similar proposal, SB 659 (2022), officials from the **Department of Elementary and Secondary Education** assumed the legislation would require updates to the June Core Data/MOSIS cycle to accommodate the bill's requirements:

- Adding a field to the MOSIS collection for Computer Science course description: \$10,000 (one-time); \$3,000 maintenance (annual)
- Adding a field to the MOSIS collection for Computer Science applicable standards: \$10,000 (one-time); \$3,000 maintenance (annual).
- DESE projects programming for the annual report to be published to cost \$25,000 (one time cost).

The legislation also requires the department to add 1.0 FTE for a Computer Science Supervisor/Director salary (\$51,288).

In response to a similar proposal, SB 659 (2022), officials from the **Department of Higher Education and Workforce Development** assumed the proposal would have no fiscal impact on their organization.

In response to a similar proposal, SB 659 (2022), officials from the **University of Missouri System** stated they could not estimate a fiscal impact due to offsetting cost and revenue factors associated with student preparedness.

In response to a similar proposal, SB 659 (2022), officials from the **University of Central Missouri** assumed the proposal will have no fiscal impact on their organization.

Oversight does not anticipate a direct material impact to colleges and universities.

Oversight assumes this proposal requires each public high school and charter high school to offer at least one computer science course. Oversight is uncertain how many schools currently offer computer science courses. Oversight assumes there could be costs for those school districts that are not currently offering a computer science course; therefore, Oversight will show an unknown cost to school districts beginning in FY 2024.

Section 170.036 - Computer Science Task Force

In response to a similar proposal in Perfected HB 2202 (4721-01P), Officials from **DESE** stated the proposed legislation does not indicate who is responsible for any costs associated with the Computer Science Education Task Force. If DESE is financially responsible, the Department estimates a total of four meetings per year for the 13 member task force. This cost would cover a two year time span, for a total meeting cost of \$84,740.

Oversight will show the costs for two Task Force meetings at \$42,370 each as estimated by DESE beginning in FY 2023. Oversight assumes the Task Force is dissolved at the end of FY 2024.

In addition, **Oversight** will show a potential unknown cost for on-going evaluation and implementation of task force findings. Oversight assumes this cost would be dependent on the findings and recommendations of the task force.

Oversight notes, per the [Tennessee Computer Science State Education Plan](#), task force recommendations included regional trainings (\$30,713), grants to educators (\$300,000) and K-8 computer science standards and trainings (\$84,000). Based on these estimates, Oversight will show a range of impact of \$0 (cost of implementing task force finding can be absorbed with existing appropriations) to an unknown cost that could exceed \$250,000.

Officials from the **Missouri House of Representatives** and the **Department of Higher Education and Workforce Development** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary.

Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies for this section.

In response to a similar proposal, officials from the **Office of the Governor** assumed the proposal would 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 for this section.

In response to a similar proposal, officials from the **Missouri State Senate** anticipated a negative fiscal impact to reimburse 2 senators for travel to task force meetings. It will cost approximately \$255.78 per meeting.

Oversight assumes the General Assembly could absorb the cost of the Task Force meetings within the current appropriation levels and will not reflect a fiscal impact.

Section 173.831 - Workforce Diploma Program

In response to a similar proposal, HB 2325 (2022), officials from **Department of Elementary and Secondary Education (DESE)** assumed they may require 1.0 FTE at a minimum at the supervisor level in order to publish the request for qualifications, review the applicants against the statutory requirements, collect data, run reports, and make payments.

As of 2017, there are 453,226 Missourians 21 years of age or older who have not received a high school diploma. It is estimated that approximately 1 percent (4,532) to 3 percent (13,597) of these individuals may participate in this program. Because payments made to providers are to be made in accordance with a schedule set with the Department, DESE will make several assumptions for payment amounts based on previous versions of the bill.

Completion of each half unit of high school credit - \$250

Attaining an employability certificate - \$250

Attaining an industry recognized credential (50 hours) - \$250

Attaining an industry recognized credential (75 hours) - \$500

Attaining an industry recognized credential (100 hours) - \$250

Attaining a high school diploma - \$1,000

The Department estimates that approximately half of the individuals that would participate in the program may earn their high school diploma each year which would result in a cost between \$2,266,000 (2,266 students earn a diploma) and \$6,799,000 (6,799 students earn a diploma) per year.

The Department also estimates that each student participating in the program would earn at least one full unit of high school credit each year resulting in an additional amount of \$2,266,000 (4,532 students earn at least one full unit of high school credit) and \$6,799,000 (13,597 students earn at least one full unit of high school credit) per year.

If 10 percent of graduates also earned an industry recognized credential at an average of \$500 the Department estimates an additional cost of \$113,300 ($2,266 \times 10\% \times \500) to \$339,950 ($6,799 \times 10\% \times \500).

If 50 percent of graduates also earned an employability skills certificate, the Department estimates an additional cost of \$283,250 ($2,266 \times 50\% \times \200) to \$849,875 ($6,799 \times 50\% \times \250).

\$2,266,000 - \$6,799,000 for high school diploma achievements
\$283,250 - \$849,875 for employability skills certificate achievements
\$113,300 - \$339,950 for industry recognized credential achievements
\$2,266,000 - \$6,799,000 for $\frac{1}{2}$ unit of high school credit achievements
\$4,928,550 - \$14,787,825

Because this provision is subject to appropriation, the Department will show a range of \$0 (no money appropriated for the program) to \$14,857,084 starting in FY23.

At the time this fiscal note was presented, DESE had not yet provided salary, fringe and equipment costs for the necessary FTE. **Oversight** estimated the cost based on a similar proposal from the previous year, HB 733 (2021).

Oversight will show a range of impact of \$0 (not appropriated) to the costs as estimated by DESE as a transfer from General Revenue to the Workforce Diploma Program Fund.

Oversight will show the costs as estimated by DESE to the Workforce Diploma Program Fund for reimbursements to program providers. Oversight assumes funds will be used within the year they were received.

In response to a similar proposal, HB 2325 (2022), officials from the **Office of the State Treasurer** assumed the proposal would 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 for this section.

Oversight assumes DESE is required to issue a request for interested program providers before September 1, 2022. Program providers must be approved by October annually and students may start enrolling in November annually. Oversight assumes DESE could request and approve program providers any time before September 2022 and after the effective date of this proposal August 28, 2022. Therefore, Oversight will show cost beginning in FY 2023.

Section 186.080 - Literacy Advisory Council

In response to a similar proposal, HCS for HB 1753 (2022), officials from **DESE** estimated ongoing annual meeting costs to maintain the Literacy Advisory Council at \$44,600.

Sections 302.010 and 304.060 - Other Vehicles for Transportation of Students

In response to a similar proposal, HCS for HB 1753 (2022), officials from the **DESE** assumed the provision would have no fiscal impact on their organization.

Officials from **Department of Revenue (DOR)** state section 302.010.21 changes the definition of school bus to mean any vehicle designed for carrying more than ten passengers used to transport students for educational purposes.

Section 304.060.1 gives school districts the authority to use vehicles other than school buses for the purpose of transporting school children. The state board of education may adopt rules and regulations governing the use of other vehicles used to transport school children, except vehicles operating under sections §387.400 to §387.440. The draft language further removes the requirement for drivers of such vehicles to meet the provisions of §302.272, thus removing the requirement to meet school bus endorsement testing, issuance, driver history and background check requirements. It also requires vehicles other than school buses to transport no more children than the manufacturer suggests appropriate, and meet any additional requirements of the school district.

The proposed change to remove the requirements of §302.272, may have an impact on the safety of students being transported in vehicles other than a commercial class school bus. Under current requirements drivers applying for a non-commercial Class E with a school bus endorsement are required to complete additional driver history and background checks and regular drug testing. This also includes the current mandatory annual skills provisions to ensure driving proficiency for those school bus endorsed drivers age 70 and over. School districts are required to report failed drug tests to the Department for suspension of school bus endorsements. Drivers without school bus endorsements may not be held to the same requirements.

Administrative Impact

To implement the proposed legislation, the DOR will be required to:

- Work with Missouri State Highway Patrol (MSHP) to update the Missouri Driver Guide to include the new information (online and printed versions).

FY23-Driver License Bureau

Research/Data Analyst 15 hrs. @ \$24.29 per hr. =\$364
Administrative Manager 10 hrs. @ \$26.37 per hr. =\$264
Total \$628

FY23-Personnel Services Bureau

Associate Research/Data Analyst 15 hrs. @ \$19.46 per hr. =\$292
Associate Research/Data Analyst 15 hrs. @ \$19.46 per hr. =\$292
Total \$584

The DOR anticipates being able to absorb these costs. However, until the FY23 budget is final, the Department cannot identify specific funding sources. If multiple bills pass that require Department resources, FTE/funding will be requested through the appropriations process. The proposed legislation would require updates to the Missouri Driver Guide that could be absorbed. Decisions made during implementation could result in a requirement for destruction and replacement of current driver guide supplies and printing costs outside of normal reordering. The printing costs of the driver guide are currently covered by the Missouri State Highway Patrol (MSHP).

Oversight assumes these costs are minimal and can be absorbed by the DOR and MSHP.

Oversight does not anticipate an impact to school districts for these sections.

Section 513.430 - MOST 529 Accounts Bankruptcy Protection - House Amendment 3

In response to a similar proposal from this year (Perfected HB 2493), officials from the **Department of Revenue**, the **Department of Commerce and Insurance**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education and Workforce Development**, the **Department of Health and Senior Services**, the **Department of Social Services** and the **Missouri Consolidated Health Care Plan** each assume the proposal will have no fiscal impact on their respective organizations.

In response to a similar proposal, HB 1940 (2022), officials from the **Office of the State Courts Administrator** assumed the proposal would 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 for this provision.

Responses regarding the proposed legislation as a whole

In response to a previous version, officials from the **Joint Committee on Public Employee Retirement (JCPER)** state the JCPER has reviewed this proposal. The proposal has no fiscal impact to the Joint Committee on Public Employee Retirement. The JCPER's review of the proposal indicates that its provisions may constitute a "substantial proposed change" in future plan benefits as defined in section 105.660(10). It is impossible to accurately determine the fiscal impact of this legislation without an actuarial cost statement prepared in accordance with section 105.665. Pursuant to section 105.670, an actuarial cost statement must be filed with the Chief Clerk of the House of Representatives, the Secretary of the Senate, and the Joint Committee on Public Employee Retirement as public information for at least five legislative days prior to final passage.

Officials from the **Missouri House of Representatives**, **Department of Higher Education and Workforce Development**, **Department of Health and Senior Services** and the **Department of Revenue** each assume the proposal will have no fiscal impact on their respective organizations.

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 **Missouri Senate** state they anticipate a negative fiscal impact to reimburse senators for travel to Competency-Based Education Task Force and Computer Science Education Task Force meetings. In summary, it will cost approximately \$511.56 each time both committees meet.

Oversight assumes the General Assembly could absorb the cost of the Task Force meetings within the current appropriation levels and will not reflect a fiscal impact.

Oversight received a limited number of responses from school districts related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. 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.

Oversight only reflects the responses received from state agencies and political subdivisions; however, school districts were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

Bill as a whole:

Officials from the **Department of Economic Development**, the **Department of Natural Resources**, the **Department of Corrections, Relations**, the **Department of Public Safety (Office of the Director, Capitol Police, Alcohol & Tobacco Control, Fire Safety, Gaming Commission, Missouri National Guard, State Emergency Management Agency)**, the **Department of Social Services**, the **Office of the Governor**, the **Joint Committee on Administrative Rules**, the **Joint Committee on Public Employee Retirement**, the **Missouri Lottery Commission**, the **Missouri Consolidated Health Care Plan**, the **Department of Agriculture**, the **Missouri Department of Conservation**, the **Missouri Ethics Commission**, the **Missouri House of Representatives**, the **Department of Transportation**, the **Office of Prosecution Services**, the **Office of Administration (Administrative Hearing Commission)**, the **Office of the State Public Defender**, the **Office of the State Treasurer** and the **State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations for this proposal.

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.

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 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE FUND			
<u>Cost - OA – ITSD §33.100 p. 3 Coding and Testing Changes</u>	\$0 or (\$143,640)	\$0	\$0
<u>Costs - STO - §160.560.8 - p.4</u>		Up to....	Up to....
Personnel Service	\$0	(\$80,210)	(\$81,012)
Fringe Benefits	\$0	(\$49,664)	(\$49,908)
Expense & Equipment	\$0	(\$28,500)	(\$11,236)
<u>Total Costs - STO</u>	\$0	(\$158,374)	(\$142,156)
FTE Change	0	Up to 2 FTE	Up to 2 FTE
<u>Costs - meeting costs to align literacy instruction - §161.097 - p.5</u>	(\$40,140)	\$0	\$0
<u>Costs - DESE - support for school districts implementing School Innovation Waivers - §161.214 - p.5</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs - DESE - §161.241 - p.6</u>			
Personnel Service	(\$52,900)	(\$64,115)	(\$64,756)
Fringe Benefits	(\$29,704)	(\$35,875)	(\$36,108)
Expense & Equipment	(\$15,858)	(\$8,288)	(\$8,494)
<u>Total Costs - DESE</u>	(\$98,462)	(\$108,278)	(\$109,358)
FTE Change	1 FTE	1 FTE	1 FTE
<u>Costs - to recruit and employ quality teacher trainers - §161.241 - p.6</u>	\$0 to (Could exceed \$100,000)	\$0 to (Could exceed \$100,000)	\$0 to (Could exceed \$100,000)
<u>Transfer Out - to the Evidence-Based Reading Instruction Program Fund - §161.241.9 - p.6</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs – DESE – Competency-Based Education Task Force - 161.385 - p.6</u>	(\$25,000)	(\$25,000)	(\$25,000)
<u>Costs – DESE – §191.385 development of competency-based</u>	(\$500,000 to Unknown)	(\$500,000 to Unknown)	\$0

assessments (PER COURSE/CONTENT DOMAIN)			
<u>Transfer Out</u> – to the Competency-Based Education Grant Program Fund – unknown number and amount of grants §161.380.3 - p.6	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Cost</u> – DESE – potential cost to foundation formula associated with students taking competency-based courses 162.1255.2 & 3 - p.6	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Costs</u> - meeting costs to develop guidelines for the Office of Literacy - §167.268 - p.9	(\$44,600)	\$0	\$0
<u>Costs</u> - increased ADA for remediation hours - §167.640 & §167.645 - p.9	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - to create a new application and make changes in the Education Certification System - §168.021 p. 13	(\$70,000)	\$0	\$0
<u>Costs</u> - DESE - new application and process - §168.036.5 - p. 13	(\$40,000)	\$0	\$0
<u>Costs</u> - DESE - new certification process and reporting database - §168.036.7 - p. 15	(\$70,000)	\$0	\$0
<u>Costs</u> - DESE - §168.036.7 - p.15			
Personnel Service	(\$27,960)	(\$28,240)	(\$28,522)
Fringe Benefits	(\$22,737)	(\$22,838)	(\$22,941)
Expense & Equipment	(\$17,206)	(\$8,288)	(\$8,494)
<u>Total Costs</u> -	(\$67,903)	(\$59,366)	(\$59,957)
FTE Change	1 FTE	1 FTE	1 FTE
<u>Costs</u> - DESE - to create and maintain a web based survey - §168.037 - p.16	(Could exceed \$100,000)	(\$10,000)	(\$10,000)

<u>Costs</u> - DESE - updates to MOSIS - §170.018 - p.18	(\$45,000)	(\$6,000)	(\$6,000)
<u>Costs</u> - DESE - §170.018 - p.18			
Personnel Service	(\$42,740)	(\$51,801)	(\$52,319)
Fringe Benefits	(\$26,012)	(\$31,400)	(\$31,589)
Expense & Equipment	(\$15,858)	(\$8,288)	(\$8,494)
<u>Total Costs</u> -	(\$84,610)	(\$91,489)	(\$92,402)
FTE Change	1 FTE	1 FTE	1 FTE
<u>Costs</u> - DESE - task force meetings - §170.036 p. 19	(\$42,370)	(\$42,370)	\$0
<u>Costs</u> - DESE- on-going evaluation and implementation of task force findings - §170.036 p. 19	\$0	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - DESE - establish and administer the Workforce Diploma Program - §173.831 - p. 20-21	\$0 or ...	\$0 or ...	\$0 or ...
Personal Service	(\$33,540)	(\$40,650)	(\$41,027)
Fringe Benefits	(\$21,270)	(\$25,659)	(\$25,797)
Equipment and Expense	(\$14,949)	(\$7,403)	(\$7,588)
<u>Total Costs</u>	(\$69,759)	(\$73,712)	(\$74,442)
FTE Change - DESE	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
<u>Costs</u> - DESE - expansion of career ladder criteria for admission and stage achievement - §168.515.2 p. 18	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - increased funding for Career Ladders program from forty percent to sixty percent - §168.515.2 p. 18	\$0 to (Could exceed \$18,733,050)	\$0 to (Could exceed \$18,733,050)	\$0 to (Could exceed \$18,733,050)
<u>Transfer Out</u> - DESE - to the Workforce Diploma Program Fund - §173.831 - p. 20-21	\$0 to (Unknown Could exceed \$4,928,550 to \$14,787,325)	\$0 to (Unknown Could exceed \$4,928,550 to \$14,787,325)	\$0 to (Unknown Could exceed \$4,928,550 to \$14,787,325)
<u>Transfer Out</u> - Increased formula funding to Gasconade County R-II, Maries County R-II, Bismarck R-V	\$0 to (\$2,165,902)	\$0 to (\$2,165,902)	\$0 to (\$2,165,902)

and the West St. Francois County R-IV school districts - §163.016 – p. 8-9			
<u>Costs</u> - annual meetings for literacy advisory council - §186.080 - p.21	(\$44,600)	(\$44,600)	(\$44,600)
<u>Cost Avoidance</u> – OA Elimination of the PAB p. 4 §§36.020 - 288.220	<u>\$5,489</u>	<u>\$5,489</u>	<u>\$5,489</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	(\$1,197,196 to Could exceed \$37,186,592)	(\$1,039,988 to Could exceed \$36,899,977)	(\$983,984 to Could exceed \$36,844,703)
Estimated Net FTE Change to the General Revenue Fund	3 FTE up to 4 FTE	3 FTE up to 6 FTE	3 FTE up to 6 FTE
EXCELLENCE IN EDUCATION REVOLVING FUND			
<u>Transfer In</u> - from General Revenue - for expansion of career ladder eligibility criteria - §168.515.2 p. 18	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer In</u> - from General Revenue - increased funding for Career Ladders program at sixty percent - §168.515.2 p. 18	\$0 to Could exceed \$18,733,050	\$0 to Could exceed \$18,733,050	\$0 to Could exceed \$18,733,050
<u>Transfer Out</u> - to the Career Ladder Forward Funding Fund - increased funding for Career Ladders program from forty percent to sixty percent - §168.515.2 p. 18	\$0 to (Unknown, Could exceed \$18,733,050)	\$0 to (Unknown, Could exceed \$18,733,050)	\$0 to (Unknown, Could exceed \$18,733,050)
ESTIMATED NET EFFECT ON THE EXCELLENCE IN EDUCATION REVOLVING FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
CAREER LADDER FORWARD FUNDING FUND			

<u>Transfer In</u> - from Revolving Fund - for expansion of career ladder eligibility criteria - §168.515.2 p. 18	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer In</u> - from Revolving Fund - increased funding for Career Ladders program at sixty percent - §168.515.2 p. 18	\$0 to Could exceed \$18,733,050	\$0 to Could exceed \$18,733,050	\$0 to Could exceed \$18,733,050
<u>Transfer Out</u> - to School Districts - increased funding for Career Ladders program from forty percent to sixty percent - §168.515.2 p. 18	\$0 to (Unknown, Could exceed \$18,733,050)	\$0 to (Unknown, Could exceed \$18,733,050)	\$0 to (Unknown, Could exceed \$18,733,050)
ESTIMATED NET EFFECT ON THE CAREER LADDER FORWARD FUNDING FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
EVIDENCE-BASED READING INSTRUCTION PROGRAM FUND			
<u>Transfer In</u> - from General Revenue - §161.241.9 - p. 6	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Income</u> - from gifts, bequests or donations - §161.241.9 - p. 6	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer Out</u> - to School Districts and Charter Schools - for efforts to improve literacy - §161.241.9 - p. 6	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON THE EVIDENCE-BASED READING INSTRUCTION PROGRAM FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
CRIMINAL RECORD SYSTEM FUND (0671)			

<u>Income</u> – MHP – potential increase in fees for multiple school designations - §168.036 - p. 15-16	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - DPS-MHP - Missouri Automated Criminal History System modifications - §168.036 - p.15-16	(\$165,000)	\$0	\$0
ESTIMATED NET EFFECT ON CRIMINAL RECORD SYSTEM FUND	Up to (\$165,000)	\$0 or Unknown	\$0 or Unknown
COMPETENCY-BASED EDUCATION GRANT PROGRAM FUND			
<u>Transfer In</u> – from General Revenue - §161.380 - p.6	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Income</u> – gifts, contributions, grants and/or bequests - §161.380 - p.6	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfers Out</u> – to School Districts - §161.380 – p.6	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT TO THE COMPETENCY-BASED EDUCATION GRANT PROGRAM FUND	\$0	\$0	\$0
WORKFORCE DIPLOMA PROGRAM FUND			
<u>Transfer In</u> - from General Revenue - §173.831 - p.20-21	\$0 to Unknown Could exceed \$4,928,550 to \$14,787,325	\$0 to Unknown Could exceed \$4,928,550 to \$14,787,325	\$0 to Unknown Could exceed \$4,928,550 to \$14,787,325
<u>Income</u> - from gifts and bequests - §173.831 - p.120-21	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

<u>Costs</u> - DESE - reimbursements to program providers for qualifying student milestones - §173.831 - p.20-21	\$0 to (Unknown Could exceed \$4,928,550 to \$14,787,325)	\$0 to (Unknown Could exceed \$4,928,550 to \$14,787,325)	\$0 to (Unknown Could exceed \$4,928,550 to \$14,787,325)
ESTIMATED NET EFFECT ON THE WORKFORCE DIPLOMA PROGRAM FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
LOCAL POLITICAL SUBDIVISIONS			
<u>Transfer In</u> – School Districts Increased formula funding to Gasconade County R-II, Maries County R-II, Bismarck R-V and the West St. Francois County R-IV school district from other school districts or GR - §163.016 p. 8	\$0 to \$2,165,902	\$0 to \$2,165,902	\$0 to \$2,165,902
<u>Revenue Gain</u> - School Districts for expansion of career ladder eligibility criteria - §168.515.2 p. 19	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Revenue Gain</u> - School Districts increased funding for Career Ladders program from forty percent to sixty percent - §168.515.2 p. 19	\$0 to Could exceed \$18,733,050	\$0 to Could exceed \$18,733,050	\$0 to Could exceed \$18,733,050
<u>Costs</u> - §161.214 - to implement School Innovation Waivers (improve student readiness and job training, increase teacher compensation, improve teacher recruitment and development) - p.5	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue</u> - §161.214 - distributions to support school districts implementing School Innovation Waivers - p.5	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

<u>Transfer In</u> - from the Evidence-Based Reading Instruction Program Fund - §161.241.9 - p.6	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Income</u> - grants from DESE - 161.380 - p.6	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - implementing competency-based education program - §§161.380, 161.385 & 162.1255 - p.6	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Cost</u> - to School Districts - requirement to establish gifted programs - §162.720 - p.7	\$0	\$0	\$0 to could exceed (\$6,888,675)
<u>Revenue Gain</u> - increased call to the foundation formula for remediation hours outside of the traditional school day - §167.640 - p.9	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - reading success plans and reading intervention for students - §167.640 & §167.645 - p.9	(Unknown, Potentially significant)	(Unknown, Potentially significant)	(Unknown, Potentially significant)
<u>Cost avoidance</u> - School Districts - savings from transferring students now to attend recovery high schools - §167.850 - p.11	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - School Districts - payments to recovery high schools - §167.850 - p.11	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - Recovery High Schools - cost to educate students - §167.850 - p.11	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue</u> - Recovery High School - payments from public schools and/or other state(s) - §167.850 - p.11	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - for ensuring FASFA and ICAP participation/completion - §167.907 - p.12	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

<u>Costs</u> - from an increase in employer contribution rates - §168.036.6 - p.14	\$0	\$0 or (Unknown, could exceed \$4,143,374)	\$0 or (Unknown, could exceed \$4,143,374)
<u>Costs</u> - School Districts & Charter Schools - substitute teacher data collection - §168.037 - p.16	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - to expand reading programs to grade five - §170.014 - p.15	(Unknown)	(Unknown)	(Unknown)
<u>Costs</u> - to offer computer science course - §170.018 - p.19	\$0	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 to \$20,898,952 to (Unknown, Potentially significant)	\$0 to \$20,898,952 to (Unknown, Potentially significant)	\$0 to \$20,898,952 to (Unknown, Potentially significant)

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This proposal modifies provisions relating to public employees.

Section 168.036 contains an emergency.

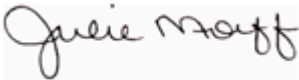
The repeal and reenactment of section 167.645 has an effective date of January 1, 2023.

SOURCES OF INFORMATION

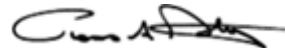
Attorney General's Office
 Department of Commerce and Insurance
 Department of Economic Development
 Department of Elementary and Secondary Education
 Department of Higher Education and Workforce Development
 Department of Health and Senior Services
 Department of Mental Health
 Department of Natural Resources

Department of Corrections
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety
 Office of the Director
 Division of Alcohol and Tobacco Control
 Capitol Police
 Fire Safety
 Missouri Gaming Commission
 Missouri Highway Patrol
 Missouri National Guard
 State Emergency Management Agency
 Missouri Veterans Commission
Department of Social Services
Office of the Governor
Joint Committee on Public Employee Retirement
Joint Committee on Administrative Rules
Missouri Lottery Commission
Legislative Research
Oversight Division
Local Government Employees Retirement System
Missouri Consolidated Health Care Plan
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Ethics Commission
Missouri House of Representatives
Office of the Lieutenant Governor
Missouri Department of Transportation
Missouri State Employee's Retirement System
MoDOT & Patrol Employees' Retirement System
Missouri Office of Prosecution Services
Office of Administration
 Administrative Hearing Commission
 Budget and Planning
Facilities Management, Design and Construction
Office of the State Courts Administrator
Office of the State Auditor
Missouri Senate
Office of the Secretary of State
Office of the State Public Defender
Office of the State Treasurer
Public Schools and Education Employee Retirement Systems
State Tax Commission
Public Schools and Education Employee Retirement Systems

Sikeston R-6 School District
Fordland School District
High Point R-III School District
Springfield Public Schools
Lee's Summit R-7 School District
Wellsville-Middletown R-I School District
Fayette R-III School District
Shell Knob School District
Hurley R-I School District
Affton 101 School District
Park Hill School District



Julie Morff
Director
May 3, 2022



Ross Strobe
Assistant Director
May 3, 2022