

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5125S.07P  
 Bill No.: Perfected SS#2 for SB 863  
 Subject: Athletics; Boards, Commissions, Committees, and Councils; Children and Minors; Elementary and Secondary Education; Department of Elementary and Secondary Education; General Assembly; Governor and Lt. Governor  
 Type: Original  
 Date: April 8, 2026

Bill Summary: This proposal requires the Governor to appoint a Board of Directors to oversee any statewide activities association that facilitates interscholastic activities for secondary school students.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	Could exceed (\$557,997)	Could exceed (\$567,330)	Could exceed (\$571,045)
<b>Total Estimated Net Effect on General Revenue</b>	<b>Could exceed (\$557,997)</b>	<b>Could exceed (\$567,330)</b>	<b>Could exceed (\$571,045)</b>

\***Oversight** notes this proposal creates the Interscholastic Athletic Oversight Commission. DESE will have additional costs for appeals hearings. The state is responsible for all attorney fees, costs, and damages incurred by the Commission.

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Legal Expense Fund (1692)**	\$0	\$0	\$0
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Distributions and transfers net to zero.  
 Numbers within parentheses: () indicate costs or losses.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	2 FTE	2 FTE	2 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>2 FTE</b>	<b>2 FTE</b>	<b>2 FTE</b>

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

**ESTIMATED NET EFFECT ON LOCAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §167.795 - Interscholastic Athletic Oversight Commission

Officials from the **Attorney General's Office (AGO)** assume this proposal will increase personnel costs. One AAG and one Paralegal will be necessary to handle the increased caseload. In addition, the Office estimates an impact to the Legal Expense Fund, potentially \$250,000.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the impact for FTE in the fiscal note for this agency.

Oversight notes if the oversight commission is named as a defendant in any court action arising from or relating to a decision of the oversight commission, the attorney general shall represent the oversight commission and the state shall be responsible for all attorney's fees, costs, and damages incurred. Oversight is uncertain how many cases would be brought against the commission. Therefore, Oversight will reflect a cost to the Legal Expense Fund (LEF) that could exceed \$250,000 as estimated by AGO. Oversight will reflect a transfer out of General Revenue into the LEF and show cost and transfers netting to \$0.

Officials from **Department of Elementary and Secondary Education (DESE)** assume this proposal creates an oversight commission to be appointed by the Governor to hear appeals related to decisions made by an activities association and to present an annual report to a house and senate committee. The legislation requires DESE to provide sufficient administrative and financial personnel to support the work of the appeals board. Based on this proposed language, DESE assumes it will need a .5 coordinator FTE with the associated salary to fulfill the obligations of the legislation and to assist in preparing the annual report to be presented to the committees. DESE also estimates costs of less than \$100,000 for appeals hearings. These costs will be dependent on the number of appeals hearings the appeals board receives to include but are not limited to:

- Hearing officer time for hearing and drafting recommendations for the appeals board
- Administrative assistant time to schedule hearings, provide notice to parties and any settlement negotiations;
- Court reporter costs;

For cost explanation purposes, the average cost for an appeals hearing is \$566.55/hearing:

- Average of 3 hours of hearing officer time x average of \$58.08/hour
- Average of 7 hours administrative assistant time x \$31.08/hour
- Average of \$174.75 in court reporter costs/hearing.

**Oversight** assumes DESE is provided with core funding to handle a certain amount of activity each year. Oversight assumes DESE could absorb the costs related to FTE for this proposal. If

multiple bills pass which require additional staffing and duties at substantial costs, DESE could request funding through the appropriation process. Officials from the Oversight Division assume the proposal will have no fiscal impact on their organization regarding FTE.

Oversight has no information to the contrary regarding DESE's estimated hearing cost. Therefore, Oversight will reflect a cost as estimated by their organization.

Officials from the **Office of the State Treasurer, Missouri Senate and Missouri House of Representatives** each assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for their agencies.

In response to a previous version, officials from the **Office of the Governor** stated this bill adds to the Governor's current load of appointment duties. Individually, additional requirements should not fiscally impact the Office of the Governor. However, the cumulative impact of additional appointment duties across all enacted legislation may require additional resources for the Office of the Governor.

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.

In response to a previous version, officials from the **Office of the Secretary of State (SOS)** noted many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<b>GENERAL REVENUE</b>			
<u>Transfer Out</u> – (\$167.795) To the State Legal Expense Fund for potential increase in litigation p. 3	Could exceed (\$250,000)	Could exceed (\$250,000)	Could exceed (\$250,000)
<u>Cost</u> – DESE (\$167.795) Additional Hearings p.3	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
<u>Cost</u> – AGO (\$167.795) p.3			
Personal Service	(\$108,333)	(\$132,600)	(\$135,252)
Fringe Benefits	(\$69,740)	(\$84,730)	(\$85,793)
Expense & Equipment	(\$29,924)	(\$0)	(\$0)
<u>Total Costs</u> – AGO	<u>(\$207,997)</u>	<u>(\$217,330)</u>	<u>(\$221,045)</u>
FTE Change – AGO	2 FTE	2 FTE	2 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>Could exceed <u>(\$557,997)</u></b>	<b>Could exceed <u>(\$567,330)</u></b>	<b>Could exceed <u>(\$571,045)</u></b>
Estimated Net FTE Change on General Revenue	2 FTE	2 FTE	2 FTE
<b>LEGAL EXPENSE FUND (1692)</b>			
<u>Transfer In</u> - From GR, Federal, and Other State Funds (Potential increase in claims) p.3	Could exceed \$250,000	Could exceed \$250,000	Could exceed \$250,000
<u>Transfer Out</u> – Payment of court fees and damages incurred p.3	Could exceed (\$250,000)	Could exceed (\$250,000)	Could exceed (\$250,000)
<b>ESTIMATED NET EFFECT TO THE LEGAL EXPENSE FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<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 creates provisions governing organizations that facilitate interscholastic athletic activities for public secondary school students. The act defines an "activities association" as a statewide nonprofit organization that includes at least one public school, charter school, or school district as a fee-paying member and that facilitates interscholastic activities, more than 50% of which are athletic activities, for secondary school students. The term "activities association" does not include organizations that do not facilitate interscholastic athletic activities, such as career and technical student organizations and other organizations specified in the act. A "public school" is defined as including both public schools and charter schools.

Under this act, appeals of decisions made by an activities association may be heard by the newly created "Interscholastic Athletic Oversight Commission", a board of directors appointed by the Governor, by and with the advice and consent of the Senate. The term of office of each member shall be four years.

The oversight commission shall hear appeals after the activities association's appeals process has been exhausted or appeals that are made directly to the oversight commission. The oversight commission shall hear only appeals of decisions relating to eligibility due to transfers of students deemed to be for athletic purposes and appeals relating to contests and contest procedures. The oversight commission may recommend rule changes to the activities association to be considered through the activities association's rulemaking procedures.

An activities association shall prepare an annual report and present to House and Senate committees to be chosen by the Speaker of the House of Representatives and the President Pro Tem of the Senate within the first 30 days of the legislative session.

The oversight commission shall be established within the Department of Elementary and Secondary Education (DESE) for purposes of hearing appeals. DESE shall provide sufficient administrative and financial personnel to support the work of the oversight commission, and shall promulgate rules as necessary to implement a fair and timely appeals process, including timelines and procedural rules for the appeals process.

If the oversight commission is named as a defendant in any action arising from or relating to a decision of the oversight commission, the Attorney General shall represent the oversight commission, and the state shall be responsible for all attorney's fees, costs, and damages incurred.

The oversight commission may meet in person or hold virtual meetings. All decisions of the oversight commission are final, not subject to further appeal, and shall be adhered to and implemented by the activities association.

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  
Office of the State Treasurer  
Missouri Senate  
Missouri House of Representatives  
Office of the Secretary of State  
Office of the Governor  
Joint Committee on Administrative Rules



Julie Morff  
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April 8, 2026