

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1064S.02I
 Bill No.: SB 4
 Subject: Department of Elementary and Secondary Education; Education, Elementary and Secondary; Teachers; Office of Administration
 Type: Original
 Date: January 17, 2023

Bill Summary: This proposal modifies provisions regarding transparency in public schools and creates the Parents' Bill of Rights Act of 2023.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue*/**	(Unknown, Less than \$40,177,331 to Could exceed \$216,522,181)	(Unknown, Less than \$11,808,450 to Could exceed \$12,183,114)	(Unknown, Less than \$11,835,904 to Could exceed \$12,215,475)
Total Estimated Net Effect on General Revenue	(Unknown, Less than \$40,177,331 to Could exceed \$216,522,181)	(Unknown, Less than \$11,808,450 to Could exceed \$12,183,114)	(Unknown, Less than \$11,835,904 to Could exceed \$12,215,475)

*Oversight notes, if a school district fails to comply with this proposal, DESE is to withhold a proportion of the state aid payments to the district. Oversight is uncertain how many school districts would be non-compliant; therefore, Oversight assumes the net impact to General Revenue could be less than the costs estimated for other provisions in this proposal.

**The large potential fiscal impact in FY 2024 stems mostly from a possible large percentage of ALL teachers earning the \$3,000 bonus for completing the patriotic and civics training program

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue	6 FTE up to 10 FTE	6 FTE up to 10 FTE	6 FTE up to 10 FTE
Total Estimated Net Effect on FTE	6 FTE up to 10 FTE	6 FTE up to 10 FTE	6 FTE up to 10 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 2024	FY 2025	FY 2026
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 37.850 - Missouri Accountability Portal

Officials from the **Office of Administration – Division of Accounting (OA)** state due to the scope of the added reporting requirements it is estimated that an additional 1 to 3 staff would be needed. The salary and fringes for one intermediate accountant would be \$68,260 for FY 2024. For 3 staff, the salary and fringe amount would be \$204,780 for FY 2024. This would increase to \$82,576 for 1 staff for FY 2025 and \$247,726 for 3 staff for FY2025. Increasing by 1% every year after.

Officials from the **Office of Administration – Information Technology (ITSD)** state it is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity. This project would have to be prioritized by OA to be worked among OA's other projects. ITSD assumes this will require updates to MAP application layout to incorporate searching and displaying public school information on expenditures and employee salary data. Bonds issued by public schools can be incorporated into existing MAP bonds section for political subdivisions. Benefits paid in addition to salary in MAP would eliminate programming to remove that, so minor effort. Public school expenditures will be incorporated into existing MAP section being developed now for local government expenditures. ITSD estimates the project would take 172.80 hours at a contract rate of \$95 for a total cost of \$16,416 in FY 2024.

In response to a similar proposal, HB 2359 (2022), officials from the **Gordon Parks Elementary Charter School** stated the proposal would have a negative fiscal impact to the district.

Officials from the **City of Kansas City, City of O’Fallon** and the **City of Springfield** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **University of Central Missouri** state there is an indeterminate fiscal impact from this proposal.

Officials from the **University of Missouri System, Missouri Western State University** and **St. Charles Community College** 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.

Oversight assumes this provision will now require public school districts, institutions of higher education and other local political subdivisions to provide information to the Office of

Administration. Oversight assumes the collecting and reporting of this information to OA can be absorbed within current resources of local political subdivisions.

Section 160.516 - Curriculum Review

Oversight assumes there could be costs for school districts to collect and display five years of proficiency data on the district's website.

Oversight will show an unknown cost to school districts/school boards to implement this provision.

Section 161.841 - Parents' Bill of Rights Act

Oversight did not receive any responses from school districts related to the fiscal impact of this proposal.

Oversight assumes there could be costs for staff time to meet requests for information on curriculum, instructional material, contracts and funding. Additionally, Oversight assumes there could be training costs and administrative costs related to notifications and printing. Oversight is uncertain if these costs could be absorbed by school districts. Therefore, Oversight will show a range of impact of \$0 (no additional costs or costs can be absorbed) to unknown costs.

Section 161.852 - Transparency and Accountability Portal

Officials from **Department of Elementary and Secondary Education (DESE)** state this section requires the DESE to create the "Missouri Education Transparency and Accountability Portal", an internet-based tool to be a searchable database of every public-school district's curriculum, source materials, and professional development materials.

DESE assumes that curriculum and source materials would include, but not be limited to, textbooks, lectures, readings, textbooks, multimedia components, and other resources in a class. The collection, categorization, organization, and display of this information would require significant investment in the programming, storage, and maintenance of the portal. DESE will need to stand up an entirely new platform and dedicate full time employee support for the day-to-day operations of the portal. An entirely new section, as described below, would be responsible for a majority of these duties. For the purposes of this fiscal note the Department will use the Food and Nutrition Services section as a model for the new section as DESE believes it would be similarly constructed.

Department of Elementary and Secondary Education Transparency and Accountability

One (1) Coordinator of Transparency and Accountability - \$62,232

One (1) Data Systems Administrator - \$62,232

One (1) up to Two (2) Directors of Transparency and Accountability - up to \$85,480

One (1) up to two (2) Transparency and Accountability Analyst - up to \$67,080

One (1) Administrative Assistant - \$27,960

This section also requires DESE to maintain a database of all administrator, teacher, and staff professional development and instructional programs offered to schools that are paid for with state funds, whether offered directly by DESE, another state agency, or by a third-party contractor. All programs must also be open to the public and recorded and accessible to the public free of charge. Adult Education Providers at the local level: “collection and publish of all PD materials, bios of speakers, assessment results, biometric data, instructional materials will cause a burden to service providers, these materials change frequently; programs may request more grant funding to cover staff costs required to maintain this information.”

OA-ITSD costs are included to develop, program, and maintain a statewide database that would house the information required to be included in this database. DESE has budgeted the full amount in year one, however costs may carry over into FY 2025 depending upon scheduling of the project.

Officials from the **Office of Administration – Information Technology** state it is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity. This project would have to be prioritized by DESE to be worked among DESE's other projects. ITSD assumes this would require a new application/portal, Missouri Education Transparency and Accountability Portal. The data fed into this system would be from districts, and must have processes in place for collection/reporting. While the proposal does state a few interfaces in this new portal, there's potentially a lot of data needed to be in the portal for viewing that is not gathered today in Annual Performance Reports (APRs) and such existing data collection processes. ITSD estimates the project would take 27,000 hours at a contract rate of \$95 for a total cost of \$2,565,000 in FY 2024 with on-going support costs of \$525,825 in FY 2025 and \$538,971 in FY 2026.

Modifications to MOSIS would also be required. ITSD estimates the project would take 10,800 hours at a contract rate of \$95 for a total cost of \$1,026,000 in FY 2024 with on-going support costs of \$210,330 in FY 2025 and \$215,588 in FY 2026.

Oversight notes the combined IT costs for one new application development and modifications to MOSIS are estimated at \$3,591,000 in FY 2024 with on-going support costs of \$736,155 in FY 2025 and \$754,559 in FY 2026.

Section 170.355 - Discussion of Certain Concepts and Beliefs in Public School

Officials from **DESE** state subsections 11 and 12 of section 170.355 require the State Board of Education to conduct an adversarial hearing.

Based on this proposed language, the Office of Governmental Affairs estimates costs of less than \$100,000. These costs which will be dependent on the number of hearings and appeals the State Board receives. DESE has estimated 10 hearings per year. Costs are including but are not limited

to hearing officer time for hearing and drafting recommendations for the State Board; administrative assistant time to schedule hearings, provide notice to parties and any settlement negotiations; and court reporter costs.

- For cost explanation purposes, the average cost for a teacher discipline 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.

For a total cost of \$5,666 per year.

Officials from the **Office of the State Treasurer** and the **Office of Administration - Administrative Hearing Commission** 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.

Oversight notes, if a school is in violation of this section, DESE is to withhold a percentage of the school district's state aid. Oversight will show a potential loss to school districts who fail to comply and a gain in revenue for General Revenue. Oversight is uncertain how many school districts would be non-compliant but notes a proportion of many school districts' state aid could exceed the \$250,000 threshold. Therefore, Oversight assumes this impact could exceed a gain of \$250,000.

In addition, **Oversight** assumes, if the state board of education agrees that a violation of this section has occurred, the parent shall have an amount equal to the state adequacy target (\$6,375) deposited into an account established under section 166.400 to 166.456 (MOST 529) to be paid by the school district in which the teacher is employed. Oversight will show a potential loss to school districts that are required to pay into a MOST 529 account.

Section 170.370 - Patriotic and Civics Training Program for Teachers

Officials from **DESE** state providing teachers who participate in the Patriotic and Civics Training Program a payment at \$3,000 per teacher would cost a minimum of \$210,000,000 (70,000 teachers x \$3,000). The bill language does not specify what grades/teachers would be included in this training. DESE assumes that all teachers grade K-12 would be eligible with a total of approximately 70,000 teachers. DESE assumes that not all teachers would participate in year one and new teachers would be eligible as well, so have broken the cost down to 23,334 teachers per year for an annual cost of \$70,002,000.

Oversight assumes this proposal offers a one-time bonus of \$3,000 for teachers to participate in the program. Oversight notes the following costs based on differing levels of participation:

Percentage of Participation	Number of Participants	Costs
1% of Teacher's Participation	720	\$2,160,000
5% of Teacher's Participation	3,599	\$10,797,000
10% of Teacher's Participation	7,198	\$21,594,000

Oversight notes there are 2,393 school buildings in Missouri. Oversight assumes if there were 5 teachers per building that may teach civics or be allowed to apply for the training, the estimated cost would be \$35,895,000 ($2,393 * 5 = 11,965$; $11,965 * \$3,000 = \$35,895,000$).

Oversight is uncertain how many teachers would participate on an annual on-going basis but assumes the participation level could be high given the financial incentive (not restricted to teachers of certain topics). Oversight will show a range of impact of \$35,895,000 (5 teachers per school building) to the estimate provided by DESE of \$215,943,000 (total teacher population) in the first year and a cost that could exceed \$10,500,000 for new teachers entering the field in future years. Oversight assumes the cost could exceed the estimate provided by DESE if the bonus is available to private school teachers.

In response to a similar proposal, SB 137 (2023), officials from the **Office of Administration – Information Technology** assumed a new application or existing application modification will be required, as something will be needed to track the data the bill requires - training, payments, etc. ITSD estimates the project would take 2,646.00 hours at a contract rate of \$95 for a total cost of \$251,370 with on-going support costs.

Oversight will show the IT costs as estimated by DESE-ITSD.

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 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE FUND			
<u>Cost – OA - §37.850</u> Added Reporting Requirements to the Missouri Accountability Portal p. 3			
Personnel	(\$40,224 up to \$120,671)	(\$48,751 up to \$146,253)	(\$49,239 up to \$147,716)
Fringe	(\$28,037 up to \$84,110)	(\$33,825 up to \$101,474)	(\$34,007 up to \$102,022)
<u>Total Cost – OA</u>	(\$68,261 up to \$204,781)	(\$82,576 up to \$247,727)	(\$83,246 up to \$249,738)
FTE Change – OA	1 FTE up to 3 FTE	1 FTE up to 3 FTE	1 FTE up to 3 FTE
<u>Costs - DESE - §161.852 - Transparency and Accountability Portal p. 4-5</u>			
Personnel Service	(\$203,300 or up to \$279,580)	(\$248,839 or up to \$342,206)	(\$253,816 or up to \$349,050)
Fringe Benefits	(\$140,996 or up to \$195,509)	(\$171,021 or up to \$237,121)	(\$172,883 or up to \$239,682)
Expense & Equipment	(\$21,738 or up to \$101,275)	(\$12,662 or up to \$62,708)	(\$12,916 or up to \$63,962)
<u>Total Costs – DESE</u>	(\$366,034 or up to \$576,364)	(\$432,522 or up to \$642,035)	(\$439,614 or up to \$652,693)
FTE Change	5 FTE up to 7 FTE	5 FTE up to 7 FTE	5 FTE up to 7 FTE
<u>Costs - DESE/ITSD - transparency and accountability portal - §161.852 p. 5</u>	(\$3,591,000)	(\$736,155)	(\$754,559)
<u>Costs - DESE - to track complaints and hold contested case hearings - §170.355 p. 6</u>	(\$5,666)	(\$5,666)	(\$5,666)
<u>Revenue Gain - DESE - from funding withheld from school districts and charter schools for non-compliance - §170.355 p. 8</u>	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

<u>FISCAL IMPACT – State Government</u> Continued	FY 2024 (10 Mo.)	FY 2025	FY 2026
<u>Costs</u> - DESE - one-time bonus paid to teachers for completing the training §170.370 p. 9	(Unknown, \$35,895,000 to Could exceed \$211,893,000)	(Unknown, Could exceed \$10,500,000)	(Unknown, Could exceed \$10,500,000)
<u>Costs</u> - DESE/ITSD costs to develop and maintain a tracking system for the training program - §170.370 p. 9	<u>(\$251,370)</u>	<u>(\$51,531)</u>	<u>(\$52,819)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	(Unknown, Less than \$40,177,331 to Could exceed \$216,522,181)	(Unknown, Less than \$11,808,450 to Could exceed \$12,183,114)	(Unknown, Less than \$11,835,904 to Could exceed \$12,215,475)
Estimated Net FTE Change to the General Revenue Fund	6 FTE up to 10 FTE	6 FTE up to 10 FTE	6 FTE up to 10 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
LOCAL POLITICAL SUBDIVISIONS			
<u>Costs</u> - School Districts - for the collection and display of proficiency data - §160.516	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - to adopt policies/administrative costs related to parents’ rights - §161.841	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Loss</u> - School Districts & Charter Schools - funding withheld for non-compliance §170.355	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - School Districts - payments to MOST 529 accounts for violations §170.355	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This act creates and modifies provisions regarding transparency in elementary and secondary education.

ACCOUNTABILITY PORTAL (Section 37.850)

This act expands the information to be made accessible on the Missouri Accountability Portal to include all forms of compensation and benefits paid to or on behalf of public employees, including employees of political subdivisions, and bonds issued by any public school districts and charter schools, and requires public schools to supply all such information to be made

accessible on the Portal to the Office of Administration within the number of days and in a manner to be determined by the Office of Administration.

CURRICULUM (Section 160.516)

This act provides that each local school board and charter school governing board shall be required to approve and adopt the curriculum at least two months prior to implementation. Each school board and charter school governing board shall adopt policies to ensure that the approved and adopted curricula are properly implemented in the classroom.

At least five years of data showing percentages of students by grade level and proficiency based on state assessment scores shall be posted in the same section as the curricula on the district's or charter school's website and the newly created Missouri Education Transparency and Accountability Portal.

PARENTS' BILL OF RIGHTS ACT OF 2023 (Section 161.841)

This act creates the "Parents' Bill of Rights Act of 2023", which shall be construed to empower parents to enforce rights, as delineated in the act, to access records maintained by schools in which their children are enrolled. No school shall require nondisclosure agreements for a parent's review of curricula and each school shall provide, upon request, a parent with an electronic or paper copy of the curriculum documents. No school shall collect any biometric data of a minor child without obtaining parental consent. Finally, each school shall notify parents of all reported incidents directly pertaining to their student's safety that result in any criminal charge against a teacher or school employee.

MISSOURI EDUCATION TRANSPARENCY AND ACCOUNTABILITY PORTAL (Section 161.852)

The Commissioner of Education shall establish the Missouri Education Transparency and Accountability Portal to provide citizens with access to every school district's curriculum, textbooks, and syllabi as provided in the act. The portal shall include the cost associated with speakers and guests used by a school in their professional development activities. All administrator, teacher, and staff professional development and instructional programs offered to schools shall be fully transparent and available to parents of students enrolled at the school. For programs offered to schools by third-party contractors, the Department of Elementary and Secondary Education shall maintain data on such programs as described in the act.

DISCUSSION OF CERTAIN CONCEPT AND BELIEFS IN PUBLIC SCHOOLS (Section 170.355)

No school or school employee shall compel teachers to teach, or a student or teacher to personally adopt, adhere to, or profess a position or viewpoint a reasonable person would conclude violates certain public policy expressed in the act including but not limited to: that

individuals of any race, ethnicity, color, or national origin are inherently superior or inferior and that individuals, by virtue of their race, ethnicity, color, or national origin, bear collective guilt and are inherently responsible for actions committed in the past by others.

No school shall offer a course on critical race theory in kindergarten through 12th grade.

No school district, public school, or charter school may require a student or employee to attend or participate in a certain training, instruction, or therapy that a reasonable person believes promotes such beliefs or concepts.

This act shall not be construed to prohibit constitutionally-protected speech, access to research or study materials, or the discussion or assignment of materials for educational purposes.

Any employee of a school district that discloses a violation of this provision shall be protected from any manner of retaliation as provided by current law.

If a parent learns that a teacher is in violation of this provision and is acting independently, the parent may file a complaint with the Department, which shall send the complaint to the State Board of Education. The Board shall hold a contested case hearing between the parent and the school district within 30 days of receiving such complaint, and upon a determination by the Board that a violation is occurring, the parent shall have an amount as stated in the act deposited into Missouri savings program (MOST) accounts for children of the parent who instituted the complaint.

If a parent learns that a teacher is in violation of the act, and such violation is occurring throughout the school district, the parent may file a complaint with the Department, which shall send the complaint to the State Board of Education. The Board shall hold a contested case hearing between the parent and the school district within 30 days of receiving such complaint. Upon a determination by the Board that a violation is occurring, a penalty as stated in the act shall apply.

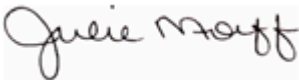
PATRIOTIC AND CIVICS TRAINING PROGRAM (Section 170.370)

The Department of Elementary and Secondary Education shall develop a patriotic and civics training program to prepare teachers to teach the principles of American civics and patriotism. Subject to appropriation, each teacher that completes the training shall receive a one-time bonus of three thousand dollars to be paid by the Department.

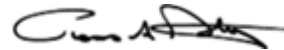
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Office of Administration
 Division of Accounting
 Information Technology
 Administrative Hearing Commission
Office of the State Treasurer
Office of the Secretary of State
Joint Committee on Administrative Rules
University of Missouri System
University of Central Missouri
Missouri Western State University
City of Kansas City
City of O'Fallon
City of Springfield
St. Charles Community College
Gordon Parks Elementary Charter School



Julie Morff
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Ross Strobe
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January 17, 2023