

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3662S.01I
 Bill No.: SB 918
 Subject: Education, Elementary and Secondary; Department of Elementary and Secondary Education; Teachers; Minorities; Attorney General
 Type: Original
 Date: February 2, 2024

Bill Summary: This proposal establishes provisions relating to public school curriculum and instruction.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	\$0 or Unknown to (Less than \$100,000)	\$0 or Unknown to (Less than \$100,000)	\$0 or Unknown to (Less than \$100,000)
Total Estimated Net Effect on General Revenue	\$0 or Unknown to (Less than \$100,000)	\$0 or Unknown to (Less than \$100,000)	\$0 or Unknown to (Less than \$100,000)

*The fiscal note reflects the potential withholding of funds from public schools if the financial penalty provisions of the bill are enacted. Oversight is uncertain how many school districts would be non-compliant; therefore, Oversight assumes this savings to General Revenue could exceed \$250,000.

* The fiscal note reflects a range of impact of \$0 (no hearings) to costs of less than \$100,000 (hearings by the State Board) as estimated by DESE in the fiscal note.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	0	0	0

- 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 2025	FY 2026	FY 2027
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 160.2550 - Divisive Concepts

Officials from **Department of Elementary and Secondary Education (DESE)** assume section 160.2550.5 requires that state aid to school districts be withheld until the district presents evidence of compliance to DESE. While the presentation of evidence is not set forth as required an on-the-record hearing, it would require administrative review and a decision which would likely be subject to circuit court appeal. Based on this proposed language, the Office of Governmental Affairs estimates costs of less than \$100,000. These costs will be dependent on the number of hearings the State Board receives from the district, which would include hearing officer time.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a range of impact of \$0 (no hearings) to Less than \$100,000 in costs (hearings by the State Board) as estimated by DESE in the fiscal note.

Oversight assumes this proposal limits the use of certain curriculums (including the 1619 Project) in school districts. If a school district fails to comply with this proposal, DESE is to withhold fifty percent of the monthly distribution of state formula funding.

Oversight notes, per an [article](#) in the St. Louis Post-Dispatch, the University City School District utilized the 1619 Project in an Advanced Placement language arts class curriculum. Oversight notes the following monthly payment of state monies to the University City School District in the table below.

Month	Monthly Payment	50% of Monthly Payment
July 2020	\$199,257	\$99,629
August 2020	\$426,874	\$213,437
September 2020	\$422,551	\$211,276
October 2020	\$377,927	\$188,964
November 2020	\$398,805	\$199,403
December 2020	\$428,030	\$214,015
January 2021	\$423,515	\$211,758
February 2021	\$417,779	\$208,890
March 2021	\$546,821	\$273,411
April 2021	\$541,073	\$270,537
May 2021	\$412,021	\$206,011
June 2021	\$387,105	\$193,553
Total	\$4,782,501	\$2,391,251

*Source: Department of Elementary and Secondary Education payment transmittal.

Additionally, an [article](#) in the Missouri Independent, identified two other schools districts (the Kansas City School District and the Hazelwood School District) that utilized either the 1619 Project or critical race theory in their curriculum based on a survey conducted by the Department of Elementary and Secondary Education.

Oversight notes the total foundation formula payments for school districts is estimated at \$3,664,831,194 for FY 2025 per the DESE Budget Request for FY 2025.

Oversight is uncertain how many school districts might violate the provisions of this proposal. Therefore, Oversight will show a range of impact of \$0 (no violations) to an unknown gain (savings) to General Revenue and an unknown loss to school districts. Oversight assumes this gain to General Revenue could exceed \$250,000.

In addition, **Oversight** assumes there could be costs for school districts for staff training or curriculum and compliance with the other requirements of this proposal.

Officials from the **Joint Committee on Education** assume the proposal will have no fiscal impact on their organization.

In response to a similar proposal, SB 770 (2024), officials from the **Attorney General's Office (AGO)** assumed any potential litigation costs arising from this proposal can be absorbed with existing resources. The AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation.

Oversight received zero 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 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.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE			
<u>Costs</u> – DESE – hearings held by the State Board - §160.2550	\$0 to (Less than \$100,000)	\$0 to (Less than \$100,000)	\$0 to (Less than \$100,000)
<u>Revenue Gain</u> - from funding withheld from school districts and charter schools for violating sections §160.2550	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 or Unknown to (Less than \$100,000)</u>	<u>\$0 or Unknown to (Less than \$100,000)</u>	<u>\$0 or Unknown to (Less than \$100,000)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
SCHOOL DISTRICTS			
<u>Costs</u> - for staff training and curriculum related to divisive concepts - §160.2550	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - for attorney’s fees and other legal costs - §160.2550	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Loss</u> - funding withheld for violating sections §160.2550	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This act prohibits school districts from teaching about The 1619 Project, critical race theory, or any divisive concepts, as such term is defined in the act. Districts are also prohibited from certain actions listed in the act relating to curriculum and instruction.

In adopting the essential knowledge and skills for the social studies curriculum for each grade level from kindergarten through 12th grade, each school district shall develop each student's civic knowledge as set forth in the act.

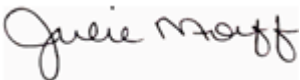
School districts shall not accept private funding for the purposes of teaching any curriculum substantially similar to critical race theory or The 1619 Project.

The Attorney General may investigate school districts for compliance with the act. Any school district that violates the provisions of the act shall have 50% of the district's state aid withheld until the district presents evidence to the Department of Elementary and Secondary Education that the district is no longer in violation of the act.

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
Attorney General's Office
Joint Committee on Education



Julie Morff
Director
February 2, 2024



Ross Strobe
Assistant Director
February 2, 2024