

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4070H.03P
Bill No.: Perfected HCS for HB 1858
Subject: Education, Elementary and Secondary
Type: Original
Date: April 13, 2022

Bill Summary: This proposal modifies provisions concerning transparency in public education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	More or less than (\$3,663,117 to \$4,283,709)	More or less than (\$672,548 to \$1,314,114)	More or less than (\$678,701 to \$1,326,667)
Total Estimated Net Effect on General Revenue	More or less than (\$3,663,117 to \$4,283,709)	More or less than (\$672,548 to \$1,314,114)	More or less than (\$678,701 to \$1,326,667)

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	Up to 18 FTE	Up to 18 FTE	Up to 18 FTE
Total Estimated Net Effect on FTE	Up to 18 FTE	Up to 18 FTE	Up to 18 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	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Due to time constraints, **Oversight** was unable to receive some agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note.

Section 37.850 with House Amendment 2 – Missouri Accountability Portal

In response to a similar proposal, HCS HB 1753 (2022), officials from the **Office of Administration – Division of Accounting (OA)** stated 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 annually would be \$61,155. For 3 staff, the salary and fringe amount would be \$183,465.

Oversight assumes OA is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA could absorb some of the costs related to this provision, therefore, Oversight will reflect 1 FTE as estimated by OA.

In addition, officials from the **Office of Administration – Information Technology (ITSD)** stated this legislation would require 172.80 hours of programming changes at \$95 per hour for a total of \$16,416 in FY 2023 and on-going support of \$3,365 in FY 2024 and \$3,449 in FY 2025 to implement the changes in this provision.

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 the programming changes needed for the Missouri Accountability Portal. ITSD estimates the project would take 172.80 hours at a contract rate of \$95 for a total cost of \$16,416 in FY 2023. Oversight notes that an average salary for a current IT Specialist within ITSD is approximately \$54,641, which totals roughly \$85,000 per year when fringe benefits are added. Assuming that all ITSD resources are at full capacity, Oversight assumes ITSD may (instead of contracting out the programming) hire an additional IT Specialist to perform the work required from this bill; however, for fiscal note purposes, Oversight will reflect the ITSD estimated cost of \$16,416 in FY 2023 and on-going support of \$3,365 in FY 2024 and \$3,449 in FY 2025.

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

Oversight assumes this provision expands the information already made accessible on the Missouri Accountability Portal and will now require public school districts to provide that information to the Office of Administration.

Oversight assumes this provision could create a fiscal impact to local school districts as it could increase staff and resources to prepare and enter data into the Missouri Accountability Portal and therefore, Oversight will reflect a \$0 to an unknown cost to local school districts.

In response to a similar proposal, HB 2359 (2022), officials from the **City of O'Fallon** estimated the proposal to have a fiscal impact of under \$100,000. There would be a fiscal impact if an employee has to compile information and upload it into the accountability portal. The exact impact cannot be estimated unless it is known how often and what information is requested.

In response to a similar proposal, HB 2359 (2022), officials from the **City of St. Louis** assumed the proposal would have no fiscal impact on their organizations.

Oversight assumes municipalities and/or counties are currently required to make expenditures publically accessible through the Missouri Local Government Expenditure Database. Oversight assumes this provision expands the information currently made available to include any form of compensation or benefit made to municipal or county employees. Oversight assumes the additional information required to report exists and collecting it can be absorbed within municipality and/or county current resources

Section 161.841 with HA3, HA4, HA5 and HA7 - Parents' Bill of Rights Act

In response to a previous version, officials from the **Department of Elementary and Secondary Education (DESE)** stated this section requires the development of a set of model policies for school districts to adopt regarding the parental bill of rights. DESE estimates a cost of \$20,000 for the development of such policies, holding meetings for parent feedback, and monitoring to make sure the appropriate policies are adopted by all local boards of education.

Officials from the **Missouri Office of Prosecution Services** and **Office of the State Courts Administrator** 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 did not receive any responses from school districts related to the fiscal impact of this proposal.

Oversight assumes there could be costs to school districts to adopt model policies related to parental rights depending on the requirements of the policies.

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, administrative costs related to notifications and printing, costs to hold additional public hearings as well as legal costs.

Oversight assumes there could be costs for school boards to ensure effective accountability and transparency by assisting, collaborating and communicating with parents.

Oversight is uncertain if these costs could be absorbed by school districts. Therefore, Oversight will show these costs as a range of \$0 (no additional costs or can be absorbed) to unknown costs.

Oversight notes, if a school district fails to comply with this proposal, DESE is to withhold all moneys provided by the monthly distribution of state formula funding to the district. 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 the monthly distribution for many school districts exceed the \$250,000 threshold. Therefore, Oversight assumes this impact could exceed a gain of \$250,000.

Oversight assumes any funding withheld for non-compliance shall be released to the school district in the same school year if the school district establishes compliance. Oversight assumes the combined effect would range from \$0 (no funding withheld or funding returned) to an unknown gain to General Revenue and an unknown loss to school districts if a school district does not establish compliance.

Section 170.355 - House Amendment 8

In response to a similar proposal, HCS HB 2428 (2022), officials from the **Department of Elementary and Secondary Education, Attorney General's Office** and the **Office of Administration - Administrative Hearing Commission** 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.

Section 161.852 - House Amendment 1 to House Amendment 8

In response to a similar proposal, HCS HB 1995 (2022), officials from **Department of Elementary and Secondary Education (DESE)** assumed this section required 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 assumed 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 set 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 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

Two (2) Directors of Transparency and Accountability - \$102,576

Two (2) Transparency and Accountability Analysts - \$80,496

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

Ten (10) Regional Program Specialists - \$314,400

Upon further inquiry, **DESE** stated the 10 regional programs specialists would work with school districts to make sure they are uploading all the required information.

Oversight is uncertain if this proposal requires to DESE to ensure compliance by school districts. Therefore, Oversight will show a range of \$0 (ensuring compliance not required) up to the cost estimated by DESE for the 10 Regional Program Specialists FTE depending on the level DESE is engaged in ensuring compliance.

In response to a similar proposal, HCS HB 1995 (2022), officials from **DESE** stated, OA-ITSD costs could be up to \$3,000,000 to develop, program, and maintain a statewide database that would house the information required to be included in this database.

Oversight will show the costs to develop a statewide database as a one-time cost and will show the annual maintenance costs as unknown.

Section 170.231 House Amendment 9 - Display Learning Material

In response to a similar proposal, HCS HB 2008, officials from the **Department of Elementary and Secondary Education** and the **Office of the State Courts Administrator** 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.

In response to a similar proposal, HCS HB 2008, officials from **Gordon Parks Elementary** stated there would be an impact but did not provide any additional information.

In response to a similar proposal, HB 2008, officials from **Hazelwood School District** stated it is difficult to assess the additional amount of time that would be required, and the resulting labor costs, to organize all materials in the manner being proposed. The district has approximately 1,200 teachers. Gathering individual lesson plans and then posting them in the manner described

would be an enormous task. Additional staff would have to be hired just to coordinate such a requirement.

Oversight assumes there would be costs to school districts to collect and display all learning materials and education activities. Oversight assumes there would be costs for staff time and training as well.

Additionally, **Oversight** assumes there could be costs for legal services and attorney's fees if a district violates the provisions of this section.

Section 162.005 House Amendment 1 to House Amendment 9 - School Board Meetings

In response to a similar proposal, HCS HB 2575 (2022), officials from **Department of Elementary and Secondary Education (DESE)** state this legislation requires the Department to withhold funds from school districts that are found in violation of the requirements of this section. If the violation is not corrected during the school year in which the withhold occurred, the withheld amounts are not allowed to be returned to the school district. This could result in a cost avoidance for the state as those funds appropriated for schools in violation may not be expended. DESE has no way to determine what districts may violate the section and not come in compliance with the section in the same school year.

In response to a similar proposal, HB 2575 (2022), officials from the **Sikeston R-6 School District** assumed the proposal would have no fiscal impact on their organization.

In response to a similar proposal, HCS HB 2575 (2022), officials from the **Gordon Parks Elementary Charter School** stated there would be an impact to their organization but did not provide any further information.

Oversight notes, if a court finds that a school district fails to comply with this proposal, DESE is to withhold all moneys provided by the monthly distribution of state formula funding to the district. 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 assumes the funding withheld from school districts could possibly exceed \$250,000 depending on the number of districts that are not in compliance.

Oversight assumes any funding withheld for non-compliance shall be released to the school district if the school district establishes compliance within the school year during which DESE withheld monies. Oversight assumes the combined effect would range from \$0 (no funding withheld or funding returned) to an unknown gain to General Revenue.

Oversight assumes the combined impact for school districts would be \$0 (no funding withheld or funding returned) to an unknown loss to school districts if a school district does not establish compliance.

Oversight notes the foundation formula payments for school districts is estimated at \$3,561,737,794 for FY 2023 per the DESE Budget Request for FY 2023.

In addition **Oversight** assumes there could be legal costs for districts if parents bring a civil action for injunctive relief against the district.

Responses regarding the proposed legislation as a whole

Oversight has presented this fiscal note on the best current information available. If school districts respond with additional information, 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, over 200 school districts were requested to respond to this proposed legislation but did not. A general listing of political subdivisions opting to participate in the Missouri Legislative Information System (MOLIS) is available upon request.

Rule Promulgation

In response to similar proposals, officials from the **Joint Committee on Administrative Rules** assumed this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to similar proposals, 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 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE			
<u>Cost – OA</u> Added Reporting Requirements to the Missouri Accountability Portal §37.850 & HA2 - p. 3-4			
FTE Cost	(\$61,155)	(\$61,155)	(\$61,155)
ITSD Cost	(\$16,416)	(\$3,365)	(\$3,449)
<u>Total Cost – OA</u>	(\$77,571)	(\$64,520)	(\$64,604)
FTE Change – OA	1 FTE	1 FTE	1 FTE
<u>Costs - to develop a model policies for school districts - §161.841.4 - p.4</u>	(\$20,000)	\$0	\$0
<u>Revenue Gain - from funding withheld from school districts and charter schools for non-compliance</u> §161.841.14 - p.5	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Revenue Loss - from funding returned to school districts and charter schools for establishing compliance -</u> §161.841.14 - p.5	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs - DESE - §161.852 - HA1 to HA8 - p.5-6</u>			
Personnel Service	(\$279,580)	(\$338,851)	(\$342,239)
Fringe Benefits	(\$174,959)	(\$211,170)	(\$212,402)
Expense & Equipment	(\$111,007)	(\$58,007)	(\$59,456)
<u>Total Costs</u>	(\$565,546)	(\$608,028)	(\$614,097)
FTE Change	7 FTE	7 FTE	7 FTE
<u>Costs - DESE - §161.852 - HA1 to HA8 - p.5-6</u>	0 or...	0 or...	0 or...
Personnel Service	(\$262,000)	(\$317,544)	(\$320,719)
Fringe Benefits	(\$200,011)	(\$241,155)	(\$242,309)
Expense & Equipment	(\$158,581)	(\$82,867)	(\$84,938)
<u>Total Costs - 10 Regional Specialists</u>	(\$620,592)	(\$641,566)	(\$647,966)
FTE Change	0 or 10 FTE	0 or 10 FTE	0 or 10 FTE

<u>FISCAL IMPACT – State Government</u> Continued	FY 2023 (10 Mo.)	FY 2024	FY 2025
<u>Costs</u> - DESE/ITSD - transparency and accountability portal - §161.852 - HA1 to HA8 - p.6	(\$3,000,000)	(Unknown)	(Unknown)
<u>Revenue Gain</u> - from funding <u>withheld</u> from school districts and charter schools for violating section - §162.005.4 - HA1 to HA9 - p.7	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Revenue Loss</u> - from funding <u>returned</u> to school districts and charter schools for reestablishing compliance - §162.005.4 - HA1 to HA9 - p.7	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	More or less than (\$3,663,117 to <u>\$4,283,709</u>)	More or less than (\$672,548 to <u>\$1,314,114</u>)	More or less than (\$678,701 to <u>\$1,326,667</u>)
Estimated Net FTE Change on General Revenue	Up to 18 FTE	Up to 18 FTE	Up to 18 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
SCHOOL DISTRICTS & CHARTER SCHOOLS			
<u>Cost</u> – Local School Districts Reporting to the Missouri Accountability Portal §37.850 - HA2 - p.3-4	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - to adopt policies related to parents’ rights - §161.841.4 - p.4-5	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - for school board to assist, collaborate and communicate with parents - §161.841.13 - p.4-5	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Loss</u> - School Districts & Charter Schools - funding withheld for non- compliance §161.841.14 - p.4-5	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Gain</u> - School Districts & Charter Schools - funding returned for establishing compliance - §161.841.14 - p.4-5	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - staff time, training, notification, printing, and legal costs - §161.841 - p.4-5	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> - costs for collection and display of learning material as well as staff time and training - §170.231 - HA9 - p.6-7	\$0	(Unknown)	(Unknown)
<u>Costs</u> - for legal costs and attorney’s fees - §170.231 - HA9 - p.7	\$0	\$0 or (Unknown)	\$0 or (Unknown)
Costs - for legal costs if parents bring a civil action for injunctive relief - HA1 to HA9 - p.8	<u>\$0</u>	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue Loss</u> - from funding withheld from school districts and charter	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

schools for violating section - §162.005.4 - HA1 to HA9 - p.7			
<u>Revenue Gain</u> - from funding <u>returned</u> to school districts and charter schools for reestablishing compliance - §162.005.4 - HA1 to HA9 - p.7	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS & CHARTER SCHOOLS	(Unknown)	(Unknown)	(Unknown)

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 related to the Missouri Accountability Portal. (Section 37.850 and House Amendment 2)

This bill creates the "Parents' Bill of Rights Act of 2022" and provides a list of rights that parents may require school districts that receive federal or state money to follow. Rights listed in the bill include but are not limited to:

- (1) The right to review curricula, books, and instructional materials;
- (2) The right to visit school during school hours; and
- (3) The right to have sufficient accountability and transparency regarding school boards.

School district restrictions are also outlined in the bill and include:

- (1) Limits on nondisclosure agreements;
- (2) Allowing a student involvement in school assemblies, field trips, or other extracurricular activities without written authorization from the parent;
- (3) Biometric data collection; and
- (4) Public meeting requirements that allow public comment.

Each school district and public school must notify parents of all reported incidents pertaining to student safety including, but not limited to, any felony or misdemeanor committed by teachers or other school employees.

The bill provides details on civil actions that may be taken against a school district and provides that withholdings from state funding may occur for noncompliance. (Section 161.841)

House Amendment 3

This provision limits parents' access to schools during emergency situations.

House Amendment 4

This amendment codifies a parents' right enroll a student in public school or an alternative to public education.

House Amendment 5

This amendment prohibits a public school employee from coercing a minor child to withhold information their parents.

House Amendment 7

This amendment states that this section shall not be construed to limit the inalienable rights of a parent or taxpayer, regardless of whether such rights are enumerated in the provisions of this section.

House Amendment 8

This bill provides that no school or school employee shall compel teachers or students to discuss public policy issues without consent. The bill outlines additional ideas related to Title IV and VI of the Civil Rights Act of 1964 that teachers and students cannot be compelled to adopt, affirm, or profess 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 other members of the same race, ethnicity, color, or national origin. Students, parents, or teachers may file a complaint with the Department of Elementary and Secondary Education or the state Attorney General for violations. (Section 170.355)

House Amendment 1 to House Amendment 8

The bill establishes an internet-based tool to give access to every school district's curriculum, source materials, and professional development materials. Details for the database are outlined and the Commissioner of Education shall establish forms for districts to complete. School districts are required to submit updates to any required information within five business days and the commissioner of education shall update the database portal weekly (Section 161.852).

House Amendment 9

This bill requires that beginning in the 2023-24 school year that all school districts and charter schools post on the school's website the approved school curriculum that will be used for pupil instruction. Any changes to the curriculum must be updated on the website within 30 days and

notice must be provided in a form of written communication with parents. Any curriculum that is trademarked or copyrighted may not be widely disseminated to the public.

The bill outlines a cause of action to require that the school board comply and if any resident prevails in a cause of action the bill provides that attorney fees shall be paid up to \$15,000. (Section 170.231)

House Amendment 1 to House Amendment 9

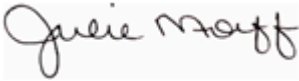
This bill requires that school boards as defined by the bill adopt a school board meeting speaker policy by the 2023-24 school year. The policy must designate a time for an open forum at the beginning of each public school board meeting. Boards may set time limits no less than three minutes per individual and the policy may outline specific information that each individual must provide before speaking. The school board may limit topics to exclude personnel issues and litigation issues and school boards shall not ban individuals except as provided in the bill. Parents may bring a civil action against the school district for a violation of the policy and if found to have knowingly engaged in repeated violations the Department of Elementary and Secondary Education shall withhold state formula money from the school district until they come into compliance. (Section 162.005)

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

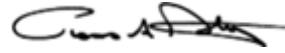
SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Office of Administration
Office of Administration - Administrative Hearing Commission
Attorney General's Office
Missouri Office of Prosecution Services
Office of the State Courts Administrator
Office of the Secretary of State
Joint Committee on Administrative Rules
Hazelwood School District
Gordon Parks Elementary
Sikeston R-6 School District

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April 13, 2022

A handwritten signature in cursive script, appearing to read "Julie Morff", written in black ink on a light-colored background.

Julie Morff
Director
April 13, 2022

A handwritten signature in cursive script, appearing to read "Ross Strobe", written in black ink on a light-colored background.

Ross Strobe
Assistant Director
April 13, 2022