

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0594H.02I  
Bill No.: HB 1162  
Subject: Education, Elementary and Secondary  
Type: Original  
Date: March 7, 2021

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Bill Summary: This proposal creates new provisions related to student data privacy.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on <u>Other State Funds</u></b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Attorney General's Office, Department of Elementary and Secondary Education**, and the **Missouri Senate** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Missouri House of Representatives (MHR)** assume there is no fiscal impact. MHR will absorb any reasonable expenses for members serving on the task force.

**Oversight** notes the responding agencies indicated there would be no fiscal impact from this proposal. 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 **Republic R-III School Districts** state there is so much information in this bill that they will have to estimate. It is likely that school districts will have to take time to review current policies, possibly purchase new student information systems, and spend time learning about these changes so that they can be implemented. These changes should be phased in and not dropped on districts at the end of August.

- Review Current Policies - \$6,000
- Student Information system and associated training - \$150,000 Initial investment
- Create and implement new board policies - \$20,000

In response to a similar proposal, HB 592 (2019), officials from the **Springfield Public Schools** assumed this proposal would cost \$20,000 for parent notification.

**Oversight** notes as of July 1, 2020 there were 518 school districts in Missouri. Oversight notes the following cost estimates if all the school districts experienced similar costs to implement this proposal:

Estimated cost for all districts at \$20,000 per district:	\$10,360,000 (518 * \$20,000)
Estimated cost for all districts at \$176,000 per district:	\$91,168,000 (518 * \$176,000)

**Oversight** received limited responses from school districts and is uncertain how this would impact districts as whole; therefore, Oversight will show an unknown cost to school districts to implement this proposal.

**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 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. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<b>SCHOOL DISTRICTS</b>			
<u>Costs</u> - to implement student data privacy requirements	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICTS</b>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(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 bill prevents public schools from posting or publishing publicly any individually identifiable information about a child, parent, or guardian without consent. Information may be disclosed internally as outlined in the bill.

This bill establishes procedures governing the use of and access to student data by third parties. Beginning August 28, 2021, any time a school provides access to student data to a contractor, the contractor shall agree to a written contract with the school governing the contractor's access to and use of student data. A contractor shall maintain security practices designed to protect student data. The school shall notify students and parents whose data is affected by the contract within five business days after a contract is executed.

The bill also requires the operators of school websites that collect, maintain, or use student data to maintain security practices designed to protect student data. Operators are prohibited from keeping or using student data except for authorized purposes specified in the bill.

The bill requires notification of the school and affected students and parents if security breaches cause the unauthorized disclosure of student data.

The bill defines "researcher" as a person whose purpose is to develop or contribute to knowledge that is able to be made more widely or generally applicable. The bill outlines procedures for the protection of personally identifiable information (PII) for research purposes. A local educational agency shall not disclose any personal data of any personnel, faculty, or staff without first notifying the individual personnel, and providing an opt-out option. The local educational agency must provide annual professional development training to all personnel relating to personal data protection, student PII protection, federal and state privacy laws, and best practices for protection of education related data.

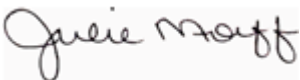
The bill also establishes a task force to study issues relating to student data privacy. The members of the task force are specified in the bill and include two members appointed by the Speaker of the House of Representatives. The task force must submit a report to the Joint Committee on Education and to the State Board of Education before January 31, 2022.

This bill is similar to HB 2560 (2020) and HB 592 (2019).

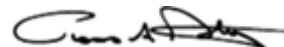
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Attorney General's Office  
Missouri Senate  
Missouri House of Representatives  
Republic R-III School District  
Springfield Public Schools



Julie Morff  
Director  
March 7, 2021



Ross Strobe  
Assistant Director  
March 7, 2021