

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6102H.01I
Bill No.: HB 2710
Subject: Elementary and Secondary Education; Department of Elementary and Secondary Education; Children and Minors
Type: Original
Date: January 27, 2026

Bill Summary: This proposal modifies provisions governing accountability measures for elementary and secondary schools.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	(\$2,265,143 to Could exceed \$9,725,193)	(\$567,881 to Could exceed \$8,027,931)	(\$581,037 to Could exceed \$8,041,087)
Total Estimated Net Effect on General Revenue	(\$2,265,143 to Could exceed \$9,725,193)	(\$567,881 to Could exceed \$8,027,931)	(\$581,037 to Could exceed \$8,041,087)

*Oversight notes the estimated costs include financial awards to public schools (if appropriated), OA-ITSD costs, and 1 FTE for DESE.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on All Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 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 2027	FY 2028	FY 2029
Local Government	\$0 to Could exceed \$7,460,050	\$0 to Could exceed \$7,460,050	\$0 to Could exceed \$7,460,050

*Oversight notes the “Show Me Success Program”, moneys shall be distributed to the school's fiscal agent and placed in the school's account and shall be used for nonrecurring bonuses to the school faculty and classroom staff, if funds are available.

FISCAL ANALYSIS

ASSUMPTION

§160.524 – Accountability Measures for Elementary and Secondary Schools

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this section calls for the creation of an annual accountability "report card" separate from the existing Annual Performance Report card to be completed by DESE or a private entity contracted by the state board of education to score all public-school districts, public schools, and charter schools on a rating scale of 0-100. This section also calls for an annual survey of all Missouri local educational agencies (LEA) leaders regarding their satisfaction with DESE. This report card and annual survey would require considerable changes and additions to DESE's current data reporting system. These changes would require ITSD programming for a total cost of \$2,934,287. DESE would also require an additional Research Analyst FTE (\$83,134) with the associated salary, fringe, expenses and equipment to handle the visualization, analysis, and reporting data required for the report card.

DESE assumes 2 meetings of stakeholders from across the state will be needed to create the report card and estimate these meetings to cost \$69,600.

This section also creates the "Show Me Success Program" to provide financial awards to public schools that experience high student performance and those with high student academic growth. Under this program, if moneys are available, public schools or public charter schools shall receive \$100 per student if the school is in the top 5% of all public schools in student performance or in the top 5% in student academic growth. Additionally, public schools or public charter schools shall receive \$50 per student if the schools are in the top 10%, but below the top 5% in student performance or the top 10% but below the top 5% in student academic growth.

These awards will be based on the results of the state-mandated summative assessment and will be distributed to the school's fiscal agent and placed in the school's account and shall be used for nonrecurring bonuses to school and faculty staff. Currently, 49,750 students attend public schools or public charter schools in the top 5% in student performance and student academic growth under MSIP 6 criteria set forth by the state board of education. Based on the count of 49,750, DESE estimates the awards for schools in the top 5% to cost \$4,975,000 based on the current APR (49,750 X 100). 49,701 students attend public schools or public charter schools in the top 10% but below the top 5% in student performance and student academic growth under MSIP 6 criteria set forth by the state board of education. Based on the student count of 49,701, DESE estimates the awards for schools in the top 10% but not in the top 5% to cost \$2,485,050. Taken together, DESE estimates the total costs of the "Show Me Success Program" awards to be \$7,460,050. It should also be noted that DESE listed an unknown high cost in future years for this payment as costs will vary with student enrollment in the high performing schools and DESE cannot make a reasonable estimate of this variance at this time.

DESE is a consolidated agency under **OA-ITSD**. It is assumed that every new IT project/system will be bid out because all ITSD resources are at full capacity.

The Annual Performance Report/Report Card is an existing set of data processes (ETLs) that gather data that DESE has collected from districts using the MOSIS application/system will be impacted and a new set of data processes (ETLs) may be needed to gather the data for the new accountability report. Database changes may be needed, as well as report and ETL modifications and new ETL development. The impact of this new accountability report changes is not fully known for the systems and processes in place now.

Additionally, ITSD assumes that new sets of data are required to be collected for the anonymous annual survey as specified in the proposal. This proposal discusses a public school or charter school shall receive performance-based funding. Some application/system functionality may need to be modified or may no longer be needed in the Foundation Formula (school finance) application/system, but it's assumed these changes are feasible and can be included in the Foundation Formula (school finance) system as it is today. Also, it is assumed that the modifications are able to be completed without additional data elements needed within the application and process.

OA-ITSD states the project would take 19,747.8 hours at a contract rate of \$105 for a total cost of **\$2,073,519** in FY 2027 with on-going support costs of \$425,071 in FY 2028 and \$435,697 in FY 2029.

Oversight notes the "Show Me Success Program" will only award top performing schools if the money is available. Therefore, Oversight will reflect a "zero or" the estimated impact by DESE of \$7,460,050 in FY 2027, and more or less than estimated impact of \$7,460,050 in FY 2028 and FY 2029 due to the unknown variable of future student enrollment. Oversight will also reflect the corresponding revenue gain to school districts in the fiscal note.

Oversight notes §160.524.11 states public school districts, public schools, and public charter schools shall report for high schools the number of graduates who within six months of graduation attend postsecondary education or training programs, serve in the military, serve in national or community service, or are employed in a living-wage career. Oversight notes Missouri high schools already report post-graduation outcomes through the Missouri High School Graduates Performance Report. Therefore, Oversight will assume this section would cause no additional cost to the school districts.

Officials from **Department of Higher Education and Workforce Development, University of Missouri, Northwest Missouri State University and University of Central Missouri** 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 this agency.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other college, universities, and 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.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost – DESE (§160.524) p.3</u>			
Personal Service	(\$69,278)	(\$84,797)	(\$86,493)
Fringe Benefits	(\$41,477)	(\$50,441)	(\$51,123)
Expense & Equipment	(\$11,269)	(\$7,572)	(\$7,724)
<u>Total Costs – DESE</u>	<u>(\$122,024)</u>	<u>(\$142,810)</u>	<u>(\$145,340)</u>
FTE Change – DESE	1 FTE	1 FTE	1 FTE
<u>Cost – DESE/ITSD (§160.524)</u>			
Programming cost p.3	(\$2,073,519)	(\$425,071)	(\$435,697)
<u>Cost – DESE/ITSD (§160.524)</u>			
Stakeholders meetings p.3	(\$69,600)	\$0	\$0
<u>Cost – DESE (§160.524) Performance-based funding p.3</u>	<u>\$0 to (Could exceed \$7,460,050)</u>	<u>\$0 to (Could exceed \$7,460,050)</u>	<u>\$0 to (Could exceed \$7,460,050)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$2,265,143 to Could exceed \$9,725,193)	(\$567,881 to Could exceed \$8,027,931)	(\$581,037 to Could exceed \$8,041,087)
Estimated Net FTE Change on General Revenue	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Gain</u> – School Districts (\$160.524) Performance-based funding p.4	\$0 to Could exceed <u>\$7,460,050</u>	\$0 to Could exceed <u>\$7,460,050</u>	\$0 to Could exceed <u>\$7,460,050</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 to Could exceed <u>\$7,460,050</u>	\$0 to Could exceed <u>\$7,460,050</u>	\$0 to Could exceed <u>\$7,460,050</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill requires the State Board of Education (SBE) to develop an annual accountability report card for public schools. The report card will provide information about school performance and satisfy federal reporting requirements relating to students, staff, finances, and other data.

The SBE may contract with a private entity or charge the Department of Elementary and Secondary Education (DESE) to generate the annual report. An embargoed version of the report must be provided to schools by July 15th and within 36 hours DESE will publish the report on the Department website. Before August 15th schools must publish on the school's website the report.

The bill provides that the SBE will assign a rating based on a zero-one-hundred A thru F scale for each public school and district. The criteria of the ratings are specified in the bill and included factors such as student academic achievement and growth in English, math, and science as assessed through the Missouri assessment program. The factors include a value-added growth metric and a "Success Ready Graduate" measure which will be calculated by DESE. The bill also requires that the rating scale increase by 5% in any year that 65% of schools achieve an A or a B.

The bill establishes the "Show Me Success Program" to provide financial awards to public schools with a high student performance and high student academic growth. The program will provide a performance-based award of \$100 per student if a school is in the top 5% of schools for performance or academic growth and \$50 for each student in schools that are in the top 10% but not in the top 5%. Rewards will begin after the 2026-27 state mandated annual summative assessment.

The bill requires the SBE to develop an annual accountability report card for DESE that will consider the number of Missouri schools rated A thru F with the objective being to increase the percentage of students attending higher rated schools, Missouri student performance on national assessments, and an anonymous survey.

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

Department of Higher Education and Workforce Development

University of Missouri

Northwest Missouri State University

University of Central Missouri



Julie Morff

Director

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Jessica Harris

Assistant Director

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