

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4267-01  
Bill No.: HB 1949  
Subject: Education, Elementary and Secondary; Boards, Commissions, Committees, Councils; Elections; Elementary and Secondary Education Department  
Type: Original  
Date: January 22, 2016

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Bill Summary: This proposal requires school board candidates to undergo background checks.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(\$73,418)	(\$64,514)	(\$65,140)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$73,418)</b>	<b>(\$64,514)</b>	<b>(\$65,140)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Criminal Records*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Transfer in from General Revenue and DESE and expenditures net to zero.

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</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 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
General Revenue	1 FTE	1 FTE	1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Revenue from school board candidates and transfers to General Revenue and DESE net to zero.

## FISCAL ANALYSIS

### ASSUMPTION

**Oversight** notes this proposal, in §162.016.1, requires school districts to ensure that a criminal background check is conducted on all candidates running for school board. The proposal states that a candidate for school board is to submit a set of fingerprints for checking by the Missouri Highway Patrol, but does not indicate where they are to file the fingerprints. The candidate per §162.016.4, is required to pay the criminal background check fee at the time they file their declaration of candidacy. Oversight notes that school board candidates file their declaration of candidacy at their local school district.

**Oversight** notes this proposal §162.016.4, requires the Department of Elementary and Secondary Education (DESE) to distribute the fees collected for the state and federal criminal histories to the Missouri Highway Patrol. Since the fees are paid at the school districts, Oversight will assume that the school districts will forward the fees (and the fingerprints) to DESE for further distribution. Therefore, Oversight will show the transfer out of the money from School District funds to General Revenue. Oversight will also show the distribution of the funds from General Revenue to the Missouri Highway Patrol's Criminal Records Fund.

**Oversight** notes that all funds received by the Criminal Records Fund for the running of the background checks would be reimbursing the Missouri Highway Patrol for the performing of the background checks. Oversight will show the impact as Could exceed the estimate provided by the Missouri Highway Patrol.

Officials at the **Missouri Highway Patrol** assume this proposal would authorize background checks for persons filing for candidacy and elections to board member and seats are elected at either two or three per election pursuant to §162.214, the following formula applies (assuming two individuals file for candidacy per vacancy per election cycle):

500 school boards x 2 board member seats x 2 candidates per seat = 2,000 background checks processed per election cycle.

The charge for each background check processed is \$43.05. Twenty dollars for the state fingerprint check, \$14.75 for the federal check, and an \$8.30 charge for the electronic finger option used through a third-party vendor ( $20 + 14.75 + 8.30 = 43.05$ ). Of this amount, the state retains the \$20 fee and \$2 of the federal charge of \$14.75 for a pass-thru fee. The \$8.30 charge is paid directly to the vendor at the time of application.

ASSUMPTION (continued)

Estimated Revenue FY17 and beyond 2,000 x \$34.75 (state/federal background check)	\$69,500
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Estimated Expense FY17 and beyond 2,000 x \$12.75 (federal background check charge)	\$25,500
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**Oversight** notes this proposal in §162.016.5, requires school districts to report the results of the background checks to DESE. DESE is then to release the information to the general public per §162.016.6. Oversight will show the costs submitted by DESE and Office of Administration's Information Technology Services Division for collection and distribution of this required information.

Officials at the **DESE** assume they shall distribute fees collected from the background checks. Background checks must be completed before the third Tuesday preceding the school board election. School districts shall report findings of the background checks to DESE. DESE shall release all background check results to the general public prior to the second Tuesday preceding the school board election.

In order to meet the requirements of the proposal, an additional two FTE Supervisors (\$47,472) are necessary to monitor 550+ school board elections, monitor all candidates for each election, and post findings from background checks as prescribed. In addition, DESE does not currently have the infrastructure to record and monitor this data.

**Oversight** will show in the fiscal note the need for one supervisor. Should DESE be able to show an increased workload to justify a second supervisor they could seek the FTE through the appropriation process.

**Oversight** has, for fiscal note purposes only, adjusted the salary and benefits of the Supervisor to correspond with the range for starting salary posted by DESE for a similar position. Additionally, Oversight has removed the travel expenses as information is sent to DESE and travel would not be required.

Officials at the **Office of Administration's Information Technology Services Division** assume a new application would be needed to allow entry of background checks and a public portal would need to be created for search capabilities. The application would require one new table, two screens (one for input and one for public display of search results). Estimations include project management and development of the new application. The cost is estimated to be \$21,870 in FY 2017, \$4,483 in FY 2018 and \$4,595 in FY 2019.

ASSUMPTION (continued)

Officials at the **Kansas City Public Schools** assume that while the candidate must pay the fee for the printing and review by law enforcement; the district will have administrative and supply costs to implement.

Officials at the **New Haven School District** assume a cost of \$25 per candidate.

Officials at the **Avilla School District** responded to Oversight's request but did not indicate a fiscal impact.

Officials at the **Chillicothe, Concordia, East Newton, Eldon, Everton, Forsyth, Kearney, Macon County R-IV, Malta Bend, Parkway, Sarcoxie, Seymour, Smithville, Warren County R-III and Wright City R-II** school districts each assume there is no fiscal impact from this proposal to their respective districts.

Officials at the **Joint Committee on Administrative Rules** assume there is no fiscal impact from this proposal.

Officials at the **Office of the Secretary of State** did not respond to Oversight's request for fiscal impact.

In response to similar legislation filed this year, officials from the **Office of the Secretary of State (SOS)** state 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 \$2,500. 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 the 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.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

ASSUMPTION (continued)

Officials at the following school districts: Arcadia Valley R-2, Bakersfield, Belton, Benton County R-2, Bismark R-5, Bloomfield R-14, Blue Springs, Bolivar R-I, Bowling Green R-1, Branson, Brentwood, Bronaugh R-7, Campbell R-2, Carrollton R-7, Caruthersville, Cassville R-4, Central R-III, Chilhowee R-4, Clarkton C-4, Cole R-I, Columbia, Crawford County R-1, Crocker R-II, Delta C-7, East Carter R-2, Fair Grove, Fair Play, Fayette R-3, Fox C-6, Fredericktown R-I, Fulton, Grain Valley, Hancock Place, Hannibal, Harrisonburg R-8, Harrisonville, Hillsboro R-3, Hollister R-5, Humansville R-4, Hurley R-1, Independence, Jefferson City, Kennett #39, King City R-1, Kingston 42, Kirbyville R-VI, Kirksville, Lee Summit, Leeton R-10, Lewis County C-1, Lindbergh, Lonedell R-14, Macon County R-1, Mehville, Meramec Valley R-3, Mexico, Middle Grove C-1, Midway R-1, Milan C-2, Moberly, Monroe City R-I, Morgan County R-2, Nixa, North St. Francois Co. R-1, Northeast Nodaway R-5, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osage County R-II, Osborn R-O, Pattonville, Pettis County R-12, Pierce City, Plato R-5, Princeton R-5, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, Richland R-1, Richmond R-XVI, Riverview Gardens, Salisbury R-4, Scotland County R-I, Sedalia, Shelby County R-4, Shell Knob #78, Sikeston, Silex, Smithville R-2, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St Louis, St. Charles, St. Elizabeth R-4, Sullivan, Valley R-6, Verona R-7, Warrensburg R-6, Webster Groves, West Plains R-VII and the Westview C-6 school districts did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
<b>GENERAL REVENUE</b>			
<u>Transfer In</u> - General Revenue for DESE criminal background check fees	Could exceed \$69,500	Could exceed \$69,500	Could exceed \$69,500
<u>Transfer Out</u> - Criminal Records Fund for payment of background checks on school board candidates	(Could exceed \$69,500)	(Could exceed \$69,500)	(Could exceed \$69,500)
<u>Cost - DESE</u>			
Personal Services	(\$31,640)	(\$38,348)	(\$38,731)
Fringe Benefits	(\$17,054)	(\$20,569)	(\$20,673)
Equipment and Expenses	(\$2,854)	(\$1,114)	(\$1,141)
Computer Programming	(\$21,870)	(\$4,483)	(\$4,595)
<u>Total Cost - DESE</u>	<u>(\$73,418)</u>	<u>(\$64,514)</u>	<u>(\$65,140)</u>
FTE Change - DESE	1 FTE	1 FTE	1 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>			
	<b><u>(\$73,418)</u></b>	<b><u>(\$64,514)</u></b>	<b><u>(\$65,140)</u></b>
Estimated Net FTE Change on General Revenue	1 FTE	1 FTE	1 FTE
<b>CRIMINAL RECORDS FUND</b>			
<u>Transfer In</u> - from General Revenue and DESE fees for background checks	Could exceed \$69,500	Could exceed \$69,500	Could exceed \$69,500
<u>Cost</u> - Patrol costs to do background checks	(Could exceed \$69,500)	(Could exceed \$69,500)	(Could exceed \$69,500)
<b>ESTIMATED NET EFFECT ON THE CRIMINAL RECORDS FUND</b>			
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
<b>SCHOOL DISTRICT FUNDS</b>			
<u>Revenue</u> - School District - collection of criminal background check fees	Could exceed \$69,500	Could exceed \$69,500	Could exceed \$69,500
<u>Transfer Out</u> - to General Revenue for DESE to collect and distribute criminal background check fees	(Could exceed \$69,500)	(Could exceed \$69,500)	(Could exceed \$69,500)
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICT FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill requires school districts to ensure background checks, costs for which will be covered by the candidates, are conducted on anyone who files to run for school board in the district.

The candidate must submit a set of fingerprints collected under Missouri State Highway Patrol (MHP) standards and the fingerprints must be used by the MHP to search the criminal history repository and then must be forwarded to the FBI for a federal search. The Department of Elementary and Secondary Education (DESE) must distribute fees collected for the background checks to the MHP.

The school district must report any information discovered through the background check to DESE and the department must release to the general public any information from the school district unless it would violate a court order or any federal, state, or local law.

No school official making a report to DESE nor any official of DESE releasing information to the general public under these provisions will be subject to civil liability for such action.

The background check must be completed before the third Tuesday preceding the school board election. DESE must release the information to the general public before the second Tuesday preceding the school board election

FISCAL DESCRIPTION (continued)

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

Avilla School District  
Chillicothe School District  
Concordia School District  
Department of Elementary and Secondary Education  
East Newton School District  
Eldon School District  
Everton School District  
Forsyth School District  
Joint Committee on Administrative Rules  
Kansas City Public Schools  
Kearney School District  
Macon County R-IV School District  
Malta Bend School District  
Missouri Highway Patrol  
New Haven School District  
Office of the Secretary of State  
Parkway School District  
Sarcoxie R-II School District  
Seymour School District  
Smithville R-II School District  
Warren County R-III School District  
Wright City R-II School District



Mickey Wilson, CPA  
Director  
January 22, 2016

Ross Strope  
Assistant Director  
January 22, 2016