

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5082-01
Bill No.: HB 1626
Subject: Education, Elementary and Secondary
Type: Original
Date: March 31, 2016

Bill Summary: This proposal raises the minimum teacher salary for the 2017-2018 school year, subject to appropriations.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	\$0 or (Up to \$5,628,039)	\$0 or (Up to \$5,628,039)	\$0 or (Up to \$5,628,039)
Total Estimated Net Effect on General Revenue	\$0 or (Up to \$5,628,039)	\$0 or (Up to \$5,628,039)	\$0 or (Up to \$5,628,039)

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

* Transfer in from General Revenue and payments to school districts net to zero.

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0 or (Up to \$5,628,039)	\$0 or (Up to \$5,628,039)	\$0 or (Up to \$5,628,039)

FISCAL ANALYSIS

ASSUMPTION

Oversight notes that beginning in the 2017-2018 (FY 2018) school year the minimum teacher's salary will go from \$25,000 to \$30,000 subject to appropriations. For teacher's with a master's degree and ten years of teaching experience the minimum salary goes from \$33,000 to \$35,000. This proposal creates the Teacher Minimum Salary Fund that has money appropriated to it for the purpose of paying the difference between the district's reported salary and the new salary minimums.

Oversight will show the impact to General Revenue as \$0 (no funds appropriated) to the amount estimated by DESE.

Officials at the **Department of Elementary and Secondary Education (DESE)** assume this creates the "Teacher Minimum Salary Fund". A query of information reported to DESE by school districts showed that roughly 3,852 teachers in 410 school districts were paid less than \$30,000. The total amount underpaid was \$4,839,866. For the master's degree and ten years experience, the query showed roughly 2,964 teachers from 480 school districts impacted for a total of \$788,173. The total appropriation required to meet the terms of this proposal would be \$5,628,039 per year.

Officials at the **Office of the State Treasurer** assume there is no fiscal impact from this proposal.

Officials at the **Cassville School District** assume a cost of \$225,500.

Officials at the **Chilhowee School District** assume it would increase salaries 7.55% or \$84,361 annually.

Officials at the **Everton School District** assume increased costs of \$400,000.

Officials at the **Fair Play School District** assume they already pay the new teachers the required rate. The master degree teachers would see an increase of \$3,000 each for a total of \$60,000.

Officials at the **Fredericktown School District** assume a large impact as starting salaries are \$27,000.

Officials at the **Kennett School District** assume an unknown impact.

ASSUMPTION (continued)

Officials at the **Kingston 42 School District** assume a salary increase of \$15,000 for a staff of 7.

Officials at the **Macon County R-IV School District** assume an increase of \$8,588 for five impacted staff members.

Officials at the **Mexico School District** assume an impact of \$500,000 to bring salaries to new minimum.

Officials at the **Scotland School District** assume an unknown increase.

Officials at the **St. Elizabeth School District** assume this would increase salaries by \$32,388.

Officials at the **Wright City School District** assume this would cost \$62,000.

Officials at the **Avilla R-XIII School District** assume this is no impact as they already pay this proposal's required amount.

Officials at the **Hawthorn Leadership Academy** and the **Tipton School District** each assume no impact as they already exceed these minimums.

Officials at the **East Newton, Eldon, Kansas City, Kearney R-I, Parkway, Pettis County R-XII, Sarcoxie R-II, Shell Knob, Smithville R-II, St. Charles, Warren County R-III** and the **West Plains** school districts each assume there is no fiscal impact from this proposal to their respective districts.

Officials at the **Malta Bend School District** responded to Oversight's request for impact but did not indicate an impact.

Oversight notes that this proposal would raise the amount of the new teacher's salary. However, this proposal allows the money in the Teacher Minimum Salary Fund to be prorated should not enough money be appropriated to cover the full cost of the salary increase. The school districts assume they would be required to pay the new minimum salary. Therefore, Oversight will show the impact to schools as \$0 (the state pays full amount) Up to the full amount owed to teachers.

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, Central R-III, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Concordia R-2, Crawford County R-1,

ASSUMPTION (continued)

Crocker R-II, Delta C-7, East Carter R-2, Fair Grove, Fayette R-3, Forsyth R-3, Fox C-6, ,
 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, King City R-1,
 Kirbyville R-VI, Kirksville, Laredo R-7, Lee Summit, Leeton R-10, Lewis County C-1,
 Lindbergh, Lonedell R-14, Macon County R-1, Mehville, Meramec Valley R-3, Middle Grove
 C-1, Midway R-1, Milan C-2, Moberly, Monroe City R-I, Morgan County R-2, New Haven,
 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, 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, Sedalia, Seymour R-2, Shelby County R-4, Sikeston,
 Silex, Special School District of St. Louis County, Spickard R-II, Springfield, St Joseph, St
 Louis, Sullivan, Valley R-6, Verona R-7, Warrensburg R-6, Webster Groves and the Westview
 C-6 school district did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
<u>Transfer Out</u> - to Teacher Minimum Salary Fund - increased pay	\$0 or (Up to <u>\$5,628,039</u>)	\$0 or (Up to <u>\$5,628,039</u>)	\$0 or (Up to <u>\$5,628,039</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 or (Up to \$5,628,039)</u>	<u>\$0 or (Up to \$5,628,039)</u>	<u>\$0 or (Up to \$5,628,039)</u>
TEACHER MINIMUM SALARY FUND			
<u>Transfer In</u> - from General Revenue	\$0 or Up to \$5,628,039	\$0 or Up to \$5,628,039	\$0 or Up to \$5,628,039
<u>Cost</u> - to school districts for salary payment	\$0 or (Up to <u>\$5,628,039</u>)	\$0 or (Up to <u>\$5,628,039</u>)	\$0 or (Up to <u>\$5,628,039</u>)
ESTIMATED NET EFFECT ON TEACHER MINIMUM SALARY FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
LOCAL SCHOOL DISTRICTS			
<u>Transfer In</u> - from Teacher Minimum Salary Fund	\$0 or Up to \$5,628,039	\$0 or Up to \$5,628,039	\$0 or Up to \$5,628,039
<u>Cost</u> - School Districts increased salaries	\$0 or (Up to \$5,628,039)	\$0 or (Up to \$5,628,039)	\$0 or (Up to \$5,628,039)
ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICTS	<u>\$0 or (Up to \$5,628,039)</u>	<u>\$0 or (Up to \$5,628,039)</u>	<u>\$0 or (Up to \$5,628,039)</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

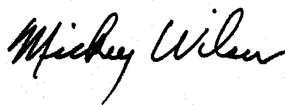
This bill raises the minimum teacher salary beginning in school year 2017-18 from \$25,000 to \$30,000, subject to appropriation. The minimum salary for the holder of a master's degree with at least 10 years' teaching experience is raised from \$32,000 to \$35,000, subject to appropriation, beginning in the 2016-17 school year if the degree is in a field directly related to the teacher's assignment.

The Minimum Teacher Salary Fund is created for moneys appropriated to be distributed to each school district on the basis of the difference between the required minimum salary and the salary reported by the district on core data for each teacher who does not make the minimum salary. If the appropriation is insufficient to meet the need, the Department of Elementary and Secondary Education must prorate the appropriated amount so that the shortfall is equally distributed among all eligible teachers.

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 R-XIII School District
Cassville School District
Chilhowee R-IV School District
Department of Elementary and Secondary Education
East Newton School District
Eldon School District
Everton School District
Fair Play School District
Fredericktown R-I School District
Hawthorn Leadership Academy
Kansas City Public Schools
Kearney R-I School District
Kennett School District
Kingston 42 School District
Macon County R-IV School District
Malta Bend School District
Mexico School District
Office of the State Treasurer
Parkway School District
Pettis County R-XII School District
Sarcoxi R-II School District
Scotland R-I School District
Shell Knob School District
Smithville R-II School District
St. Charles School District
St. Elizabeth School District
Tipton School District
Warren County R-III School District
West Plains School District
Wright City R-II School District



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