

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1027-02
Bill No.: HB 583
Subject: Education, Elementary and Secondary; Employees- Employers; Newspapers and Publications
Type: Original
Date: February 24, 2017

Bill Summary: This proposal caps school superintendent salaries and requires publication of school employee salaries in local newspapers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
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 2018	FY 2019	FY 2020
Local Government	Greater than \$900,000	Greater than \$900,000	Greater than \$900,000

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Elementary and Secondary Education** assume there is no fiscal impact from this proposal to the Department.

Officials at the **Warrensburg R-VI School District** assume this proposal could potentially cost our district another \$157,472 annually if our superintendent argues to the Board of Education that he should be paid the maximum amount of 3 times his placement on the teacher's salary schedule. Furthermore, it will cost our district over \$1,000 annually to compile and publish all our employees names, salaries and job titles in the local newspaper in August.

Officials at the **Concordia R-II School District** assume no impact from the superintendent salary cap. The cost would be \$43.80 for the newspaper ad.

Officials at the **Everton R-III School District** assume a savings of \$40,000 annually.

Officials at the **Brentwood School District** assume no savings from superintendent salary but an additional cost of \$600 to \$800 for publication costs yearly.

Officials at the **Pettis County R-XII School District** assume \$500 cost for paying for the advertisement in the newspaper.

Officials at the **Forsyth R-III School District** assume a negative fiscal impact.

Officials at the **Renick R-V School District** assume a cost for the newspaper ad.

Officials at the **Chilhowee School District** assume \$200 per day to post salaries in the newspaper.

Officials at the **Kirksville R-III School District** assume a cost of paying a secretary to compile the information for the newspaper.

Officials at the **West Plains School District** assume there is no fiscal impact from this proposal.

Officials at the **Chillicothe R-II School District** assume no impact from the salary restriction.

Officials at the **Kansas City Public Schools** assume there is no fiscal impact from this proposal.

ASSUMPTION (continued)

Oversight notes this proposal prohibits a school district from entering into a contract with a Superintendent that provides a salary and benefit package in excess of three times the salary the superintendent would have received based on their experience and education if hired as a teacher in the classroom. (This proposal exempts the Kansas City and St. Louis City school districts). Currently, statutes in §163.172 set the starting salary of a teacher at \$25,000 and the starting salary of a teacher with a masters degree and ten years of experience at \$33,000.

There are currently 518 school districts in the state. The chart below shows the current highest paid superintendent salaries and their school districts.

Table 1 - Salaries of the top school districts

Ranking	School District	Salary
1	Lee's Summit R-VI	\$276,286
2	Lindbergh	\$267,514
3	Kirkwood R-VII	\$264,025
4	Pattonville R-III	\$258,932
5	Parkway C-2	\$246,000
6	Springfield R-XII	\$235,175
7	Rockwood R-VI	\$235,000
8	Francis Howell R-III	\$232,000
9	Clayton	\$226,085
10	St. Louis City	\$225,004
11	Kansas City	\$225,000
12	Special School District of St. Louis	\$221,450

Source: Department of Elementary and Secondary Education website

ASSUMPTION (continued)

Oversight notes that in order to be certified as a Superintendent in Missouri, a person must hold a valid teaching certificate, have a Master of Science in Education in School Administration and have served a minimum of one year as a building or district level administrator (principal). The Master of Science in Education degree is a 30 graduate credit hours. Due to the requirement to hold a masters degree to be Superintendent the minimum starting salary for the Superintendents would be \$33,000.

This proposal would set the Superintendent's salary at the level they would be hired at as a classroom teacher. The current salary of school superintendents is posted on the Department of Elementary and Secondary Education website. Currently 249 (minus Kansas City and St. Louis City) school districts (out of 518) pay a salary that is higher than \$100,000. Oversight is not able to determine the benefit amount for superintendents as it varies per school district and is not included in the calculation posted. Due to the variance of salaries and benefits paid by school districts, Oversight is unable to determine what the new starting salaries would be for the current Superintendents.

As an example, **Oversight** calculated the amount in salary alone that is currently paid but which would not be allowed assuming a maximum salary of \$100,000 per Superintendent. Those 249 districts would have been allowed to pay \$24,900,000 (\$100,000 x 249 districts) in salary. They currently pay \$34,948,533. Therefore, those districts would have a savings of \$10,048,533 in salary alone.

Oversight notes this proposal would not change the salary of the current Superintendents until such time as they enter into a new contract or renew their existing contract. Oversight was unable to determine how many Superintendents, currently paid over the limit, would have a contract expiring each year. The length of a Superintendent's contract varies by district. Therefore it is possible that one fiscal year may have more savings than another. Oversight, for the simplicity of the fiscal note, will show the impact as if all Superintendents have a one year contract.

Oversight will show the savings to the school districts as Could exceed \$1,000,000.

Oversight notes this proposal in §168.216, requires that the names, salaries and job titles of all school district staff be published in the newspaper. Oversight assumes this would have a negative fiscal impact of Unknown greater than \$100,000 for the school districts.

ASSUMPTION (continued)

Officials at the following school districts: Arcadia Valley R-2, Avilla R-13, Bakersfield, Belton, Benton County R-2, Bismark R-5, Bloomfield R-14, Blue Springs, Bolivar R-I, Bowling Green R-1, Branson, Bronaugh R-7, Campbell R-2, Carrollton R-7, Caruthersville, Central R-III, Clarkton C-4, Cole R-I, Columbia, Crawford County R-1, Crocker R-II, Delta C-7, East Carter R-2, Eldon R-I, 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, Kearney R-1, Kennett #39, King City R-1, Kingston 42, Kirbyville R-VI, Lee Summit, Leeton R-10, Lewis County C-1, Lincoln R-II, Lindbergh, Lonedell R-14, Macon County R-1, Malta Bend, 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, New Haven, Nixa, North Kansas City, North St. Francois Co. R-1, Northeast Nodaway R-5, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osborn R-0, Parkway, Pattonville, Pierce City, Plato R-5, Princeton R-5, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Republic R-III, Richards R-V, Richland R-1, Richmond R-XVI, Riverview Gardens, Salisbury R-4, Sarcoxie R-2, Scotland County R-I, Sedalia, Seymour R-2, 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, Warren County R-3, Waynesville, Webster Groves, Wentzville, Westview C-6 and the Wright City R-2 school districts did not respond to **Oversight's** request for fiscal impact.

FISCAL IMPACT - State Government

FY 2018
(10 Mo.)

FY 2019

FY 2020

\$0

\$0

\$0

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
SCHOOL DISTRICT FUNDS			
<u>Saving</u> - School Districts - capped Superintendent salaries §168.215	Greater than \$1,000,000	Greater than \$1,000,000	Greater than \$1,000,000
<u>Cost</u> - School Districts - publication of salaries in newspaper §168.216	(Unknown greater than <u>\$100,000</u>)	(Unknown greater than <u>\$100,000</u>)	(Unknown greater than <u>\$100,000</u>)
ESTIMATED NET EFFECT ON SCHOOL DISTRICT FUNDS	Greater than <u>\$900,000</u>	Greater than <u>\$900,000</u>	Greater than <u>\$900,000</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

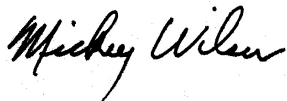
This bill prohibits, after August 28, 2017, any school district except the St. Louis Public Schools District and the Kansas City Public Schools District, from entering into a contract or renewing a contract with a superintendent or equivalent highest ranking executive that provides a salary and benefit package that is in excess of an amount equal to three times the salary and benefits of a teacher with the same educational experience and background in that school district.

The names, salaries, and job titles of all public school employees must be reported by each school district to the local newspaper for publication during the month of August.

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

Brentwood School District
Chilhowee School District
Chillicothe R-II School District
Concordia R-II School District
Department of Elementary and Secondary Education
Everton School District
Forsyth R-III School District
Kansas City Public Schools
Kirksville R-III School District
Pettis County R-XII School District
Renick R- V School District
Warrensburg R-VI School District
West Plains School District



Mickey Wilson, CPA
Director
February 24, 2017

Ross Strobe
Assistant Director
February 24, 2017