

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5133-01
Bill No.: HB 1520
Subject: Teachers; Elementary and Secondary Education; Employees - Employers
Type: Original
Date: January 8, 2018

Bill Summary: This proposal raises the minimum teacher salary for the 2019-20 school year, subject to appropriation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	\$0	\$0 or (Up to \$5,559,900)	\$0 or (Up to \$5,559,900)
Total Estimated Net Effect on General Revenue	\$0	\$0 or (Up to \$5,559,900)	\$0 or (Up to \$5,559,900)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Teacher Minimum Salary*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* Transfers in from General Revenue and transfer out to school districts net to zero.

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Local Government	\$0	\$0 or (Could exceed \$5,559,900)	\$0 or (Could exceed \$5,559,900)

FISCAL ANALYSIS

ASSUMPTION

§163.172

Officials from the **Department of Elementary and Secondary Education** assume this proposal creates the "Teacher Minimum Salary Fund". The total appropriation required to meet the terms of this proposal would be \$5,559,900 per year (\$4,047,702 base plus \$1,512,198 masters plus 10).

Officials from the **Office of the State Treasurer** assume the proposal will have no fiscal impact on their organization.

Officials from the **Macon County R-IV School District** assume the estimated cost for the first year, when compared to current salary schedule base of \$28,700 is \$36,000. Non-certified salaries are tied to the percentage raise to certified staff. Certified cost increase is \$26,000 and non-certified costs are \$10,000. This amounts to a 4.5% increase for the base salary which would flow through the salary schedule. The district has a \$1.7 million annual budget.

Officials from the **Summersville R2 School District** assume the negative fiscal impact would be \$15,000 or more depending on the number of teacher salaries affected each year.

Officials from the **Osage R-2 School District** assume the cost would be significant in terms of salary and benefits to all employees, not just teachers. This would be an increase of \$4,000 per teacher at a cost of \$240,000. It would also be an increase with non-certified as their salary scale is tied to teacher salary scale. This would have an additional \$60 - \$70,000 increase in salaries. Retirement costs would also increase.

Officials from the **Kirksville R-III School District** and **West Plains School District** assume the proposal will have no fiscal impact on their organization.

Oversight notes that beginning in the 2019-2020 (FY 2020) school year the minimum teacher's salary will go from \$25,000 to \$30,000 subject to appropriations. For teachers 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.

ASSUMPTION (continued)

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

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 up to the full amount owed to teachers.

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, Brentwood, Bronaugh R-7, Campbell R-2, Carrollton R-7, Caruthersville, Central R-III, Chilhowee R-4, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Concordia R-2, Crawford County R-1, Crocker R-II, Delta C-7, East Carter R-2, Eldon R-I, Everton R-III, Fair Play, Fayette R-3, Forsyth 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, Kansas City Public Schools, 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, 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, Pettis County R-12, Pierce City, Plato R-5, Princeton R-5, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, 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, Warrensburg R-6, 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.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE			
<u>Transfer Out</u> - to Teacher Minimum Salary Fund §163.172.2	\$0	\$0 or (Up to <u>\$5,559,900</u>)	\$0 or (Up to <u>\$5,559,900</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>\$0 or (Up to \$5,559,900)</u>	<u>\$0 or (Up to \$5,559,900)</u>
TEACHER MINIMUM SALARY FUND			
<u>Transfer In</u> - from General Revenue	\$0	\$0 or Up to \$5,559,900	\$0 or Up to \$5,559,900
<u>Transfer Out</u> - to school districts for teacher salary payments	\$0	\$0 or (Up to <u>\$5,559,900</u>)	\$0 or (Up to <u>\$5,559,900</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 2019 (10 Mo.)	FY 2020	FY 2021
LOCAL SCHOOL DISTRICTS			
<u>Transfer In</u> - from Teacher Minimum Salary Fund	\$0	\$0 or Up to \$5,559,900	\$0 or Up to \$5,559,900
<u>Cost</u> - School Districts increased salaries	\$0	(Could exceed <u>\$5,559,900</u>)	(Could exceed <u>\$5,559,900</u>)
ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICTS	<u>\$0</u>	<u>\$0 or (Could exceed \$5,559,900)</u>	<u>\$0 or (Could exceed \$5,559,900)</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 2019-20 from \$25,000 to \$30,000, subject to appropriation. The minimum salary for the holder of a masters degree with at least 10 years teaching experience is raised from \$32,000 to \$35,000, subject to appropriation, beginning in the 2019-20 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.

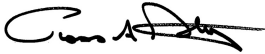
SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Office of the State Treasurer
Macon County R-IV School District
Summersville R2 School District

SOURCES OF INFORMATION (continued)

Osage R-2 School District
Kirksville R-III School District
West Plains School District

Ross Strope

A handwritten signature in black ink, appearing to read "Ross Strope", with a stylized flourish at the end.

Acting Director
January 8, 2018