

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0538H.02C
Bill No.: HCS for HB 439
Subject: Education, Elementary and Secondary; Teachers; Elementary and Secondary
Education, Department of
Type: Original
Date: March 29, 2021

Bill Summary: This proposal allows school districts to issue school district teaching permits for persons without a certificate of license to teach granted by the state board of education.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue	(\$70,000)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$70,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>Other State Funds</u>	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

- 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 2022	FY 2023	FY 2024
Local Government			

FISCAL ANALYSIS

ASSUMPTION

Officials from **Department of Elementary and Secondary Education** state the department would now be required to issue a teaching certificate based on a permit issued by the school district. This will require the creation of two new applications. ITSD estimates a minimum of \$30,000 - \$35,000 per application for a total estimate of \$70,000.

Officials from the **Joint Committee on Public Employee Retirement (JCPER)** assume the proposal will have no fiscal impact on their organization. The JCPER's review of this proposal indicates that it would not constitute a "substantial proposed change" as defined in 105.660(10), RSMo.

Officials from the **Public Schools and Education Employee Retirement Systems (PSRS)** state PSRS membership is automatic, regardless of position, for certificated employees of the covered employers in a position that normally requires the employee to:

1. Work at least 17 hours per week on a regular basis
2. Work at least 600 hours during the school term

The term "certificated" refers to full-time and part-time employees holding valid Missouri educator certificates issued by the Missouri Department of Elementary and Secondary Education (DESE). The members of PSRS normally do not participate into Social Security, whereas members of PEERS do pay into social security.

HCS of HB 439 adds section 168.021 which governs the certification of licensure to teach in the public schools of Missouri. The school district teaching permit as established under 168.029 must be approved and certificated by the State Board of Education (SBE). These "permitted, certificated" teachers will be members of PSRS.

Section 168.029 allows school districts to issue a teaching permit to individual who meet certain eligibility requirements as established by the school districts. These "permitted" individuals shall be issued a teaching certificate by the state board of education as provided in section 168.021. School districts can develop a policy listing qualification for this type of "permitted, certificated teacher" which include, at a minimum, an associate degree and background check.

The number of teachers issued a teaching permit that is certificated must not exceed 25% of the total number of teachers employed in the district. If an individual is issued a teaching permit and teaches for four years, the State Board of Education may issue a teaching certificate as specified in the bill.

The Systems have an actuary firm, PricewaterhouseCoopers (PWC), that prepares actuarial statements on any proposed legislation as well as the annual actuarial valuation reports for the Systems. PWC is working on an actuarial statement as to the impact of HCS HB 439. As soon as the actuarial statement is completed, PSRS will be updating our fiscal note response to include their analysis and actuarial statement.

The issues that were seen in the original version of HB 439 regarding 218 Social Security Exemption would not be a concern of the Systems as the HCS is currently drafted. PSRS/PEERS provide retirement benefits to more than 129,000 active members and nearly 98,000 retired Missouri public school teachers, school employees, and their families. The total invested assets of both PSRS and PEERS were \$51 billion as of December 31, 2020, making the combined entity larger than all other public retirement plans in the state combined, and the 46th largest defined benefit plan in the United States.

Given that the minimum teacher salary requirements apply to individuals issued permits under this proposal, **Oversight** assumes there would not be a material impact to the retirement system. However, Oversight was unable to receive the actuarial cost statement a timely manner. Oversight has presented this fiscal note on the best current information. Upon the receipt of an actuarial cost statement, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Officials from the **Public School Retirement System of the City of St. Louis** state House Committee Substitute for House Bill 439 (“HCS HB 439”) contains provisions that concern the Public School Retirement System of the City of St. Louis (“PSRSSTL” or “Retirement System”). HCS HB 439 adds Section 168.029 which allows any school district to issue a school district teaching permit to any individual who does not hold a teaching certificate issued by the state board of education.

Section 168.029.7 states in relevant part that “Any individual issued a teaching permit under this section shall be deemed a teacher for purposes of ... the public school retirement system of Missouri created in section 169.010 to 169.141.”

Section 168.029.7 only references the Public School Retirement System of Missouri, when there are at least three applicable public school retirement systems in Missouri: the Public School Retirement System of Missouri (Sections 169.010 to 169.141); the Kansas City Public School Retirement System (Sections 169.270 through 169.400); and the Public School Retirement System of the City of St. Louis (Section 169.410 through 169.540).

This is important as HCS HB 439 applies to any school district in Missouri, including those in the City of St. Louis and Kansas City. Thus, the Retirement System believes that HCS HB 439 should be amended in 168.029.7 to include all applicable public school retirement systems, including the Public School Retirement System of the City of St. Louis (Section 169.410 through 169.540).

Officials from the **Kansas City Public School Retirement System** assume the proposal will have no fiscal impact on their organization.

Officials from the **Department of Public Safety - Missouri Highway Patrol** 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.

Officials from the **Kansas City Public School Retirement System** assume the proposal will have no fiscal impact on their organization.

In response to a previous version, officials from **Gordon Parks Elementary School** assumed there could be fiscal impact to their organization.

In response to a previous version, officials from the **High Point R-III School District** assumed the proposal would have no fiscal impact on their organization.

Oversight notes per subsection 7 “an individual issued a teaching permit under this section shall be deemed a teacher for purposes of minimum salary requirements in section 163.172.” Oversight assumes this proposal would allow districts to hire individuals with lower qualification requirements but maintain the minimum statutory salary requirements.

Oversight received a limited number of responses from school districts related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. 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.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other school districts were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE			
<u>Costs</u> - DESE - ITSD costs for two new applications - pg. 2	(\$70,000)	\$0	\$0
ESTIMATED NET EFFECT OF GENERAL REVENUE	(\$70,000)	\$0	\$0

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</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 will allow school districts to issue a district teaching permit to any individual that does not hold currently hold a State Board of Education (SBE) issued teaching certificate. The district teaching permit allows the holder to teach only in the issuing school district unless another school district also issues permits and recognizes permits issued in this manner as part of their policy.

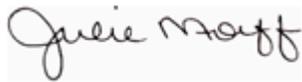
The bill requires districts to develop a policy listing qualifications which include, at a minimum, an associates degree and background check. The number of teachers issued a teaching permit must not exceed 25% of the total number of teachers employed in the district. If an individual is issued a teaching permit and teaches for four years the SBE may issue a teaching certificate as specified in the bill.

Any individual who obtains a teaching permit as described within the bill shall be deemed a teacher for purposes of determining minimum salary, tenure, and retirement.

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 Public Safety - Missouri Highway Patrol
High Point R-III School District
Gordon Parks Elementary School
Public Schools and Education Employee Retirement Systems



Julie Morff
Director
March 29, 2021



Ross Strobe
Assistant Director
March 29, 2021