

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3702-02
Bill No.: Perfected HCS for HB 1041
Subject: Education, Elementary and Secondary: Elementary and Secondary Education
 Dept; Teachers
Type: Original
Date: March 11, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(\$3,947,351)	(\$3,947,351)	(\$3,947,351)
Total Estimated Net Effect on General Revenue Fund	(\$3,947,351)	(\$3,947,351)	(\$3,947,351)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
State School Moneys*	\$0	\$0	\$0
Highway	(\$10,000)	\$0	\$0
Total Estimated Net Effect on Other State Funds	(\$10,000)	\$0	\$0

***Offsetting Transfers In and Out total \$3,947,351 annually**

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government*	<u>(Unknown - Expected to Exceed \$100,000)</u>	<u>(Unknown - Expected to Exceed \$100,000)</u>	<u>(Unknown - Expected to Exceed \$100,000)</u>

* Other Offsetting Transfers In and Disbursements total \$3,947,351

FISCAL ANALYSIS

ASSUMPTION

Officials from **Central Missouri State University** indicated this proposal would have no fiscal impact on charter schools

SECTION 163.031 and 168.515

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** stated the proposal should not result in additional costs or savings to BAP. The proposal could result in general revenue costs of approximately \$4 million to fully fund the career ladder program.

Officials from the **Department of Elementary and Secondary Education (DESE)** stated the FY05 projected need to pay the 2003-04 Career Ladder obligations is \$39,473,501. Because the foundation formula proration is less than 1.00 and the Career Ladder payment cannot currently be paid at a higher percentage (proration) than the foundation formula, the FY05 budget request for Career Ladder is \$35,526,150. Paying 100% of the Career Ladder obligation increases the state cost \$3,947,351 above the FY05 budget request.

ASSUMPTION (continued)

SECTION 168.124

Officials from the **Department of Elementary and Secondary Education (DESE)** indicated this section of the proposal would have no fiscal impact on their agency; however, the proposal could result in significant costs for local school districts. DESE was unable to provide an estimate of the potential costs to school districts.

Officials from the **Columbia Public Schools (CPS)** assumes scenarios similar to the FY 04 funding cycle and as the district continues to reduce staff, CPS may have to reduce staff after contracts are issued. CPS assumes the fiscal impact could be in the range of \$100,000.

In response to the introduced version of this proposal, officials from the **Parkway School District** indicated this proposal could be very costly to their school district. That cost would vary depending on the number of positions, amount of withholdings, teacher pay, etc.

Officials from the **Mexico School District** and the **Saint Louis Public Schools** indicated in a previous response that the costs associated with this section of the proposal would be substantial.

Responding to an earlier proposal, officials from the **Kansas City Missouri School District** indicated payment of teachers salaries for those that could be furloughed could be significant.

Oversight assumes that if a minimum of 34 teachers were affected by this proposal, the cost would exceed \$100,000.

SECTION 162.032

Officials from the **Joint Committee on Public Employee Retirement** stated this proposal would not affect retirement plan benefits as defined in Section 105.660(5).

Officials from the **Public School Retirement System of Missouri** stated this proposal would have no fiscal impact on the Public School and Non-teacher School Employee Retirement Systems of Missouri.

Officials from the **Kansas City Missouri School District (KCMSD)** assumed increasing the number of retirees covered by KCMSD health insurance would result in an increase in health premium for all employees. **Oversight** assumes the proposal provides for ensuring access to continuation of health insurance coverage, therefore no fiscal impact to KCMSD should result

ASSUMPTION (continued)

from this proposal.

SECTION 302.272

Officials from the **Department of Elementary and Secondary Education (DESE)** indicated this section of the proposal would have no fiscal impact on their agency or school districts.

Officials from the **Department of Revenue - Motor Vehicle and Drivers License Division** stated this legislation would require 300 hours of internal programming modification to the School Bus Permit Application System. In additional, 100 hours of testing would be required to ensure the program modifications are accurate.

SECTION 1

Officials from the **Department of Elementary and Secondary Education (DESE)** stated this section of the proposal would have no fiscal impact on DESE because DESE no longer reimburses school districts for A+ coordinators.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
GENERAL REVENUE FUND			
<u>Cost</u> - Department of Elementary and Secondary Education - Career Ladder (Section 163.031)	(\$3,947,351)	(\$3,947,351)	(\$3,957,351)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$3,947,351)</u>	<u>(\$3,947,351)</u>	<u>(\$3,957,351)</u>
STATE SCHOOL MONEYS FUND			
<u>Transfer In</u> - General Revenue (Section 163.031)	\$3,947,351	\$39,947,351	\$3,947,351
<u>Transfer Out</u> - School Districts - Career Ladder Payments (Section 163.031)	<u>(\$3,947,351)</u>	<u>(\$3,947,351)</u>	<u>(\$3,947,351)</u>
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
HIGHWAY FUND			
<u>Cost</u> - Department of Revenue – Programming and testing (Section 302.272)	(\$10,000)	\$0	\$0
ESTIMATED NET EFFECT ON HIGHWAY FUND	(\$10,000)	\$0	\$0
<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
LOCAL SCHOOL DISTRICTS			
<u>Transfer In</u> - State School Moneys Fund - Career Ladder Payments(Section 163.031)	\$3,947,351	\$3,947,351	\$3,947,351
<u>Cost</u> - Career Ladder Payments to teachers (Section 163.031)	<u>(\$3,947,351)</u>	<u>(\$3,947,351)</u>	<u>(\$3,947,351)</u>
<u>Cost</u> - Partial payment of contracts of laid off teachers (Section 168.124)	(Unknown - Expected to Exceed \$100,000)	(Unknown - Expected to Exceed \$100,000)	(Unknown - Expected to Exceed \$100,000)
ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICTS	<u>(Unknown - Expected to Exceed \$100,000)</u>	<u>(Unknown - Expected to Exceed \$100,000)</u>	<u>(Unknown - Expected to Exceed \$100,000)</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

SECTION 105.454 - Allows a school board member to receive a maximum of \$5,000 per year for services performed for the school district.

SECTION 162.032 - Requires successor school districts to ensure access to continuation of health care for retired teachers and employees of a district that lapses, is merged or divided, or otherwise loses its corporate structure, if the original district provided health care benefits at the time of its dissolution.

SECTION 163.031 and 168.515 - Removes the proration factor for the Career Ladder program.

SECTION 167.166 - Employees or volunteers of public schools, including charter schools, are prohibited from performing strip searches on students and may not direct students to supervise or take part in a strip search. Employees who violate this prohibition will be suspended without pay, pending an evidentiary hearing if the employee is entitled to a hearing. If an employee is not entitled to such evidentiary hearing, the employee shall be suspended pending completion of due process.

Also, no employee of or volunteer or school board member of or school district administrator of a public school or charter school shall direct a student to remove a religious emblem, insignia, or garment, as long as such emblem, insignia, or garment is worn in a manner that does not promote disruptive behavior.

SECTION 168.110 - Districts may provide a salary that includes salary schedule modifications to retain teachers based upon demonstrated need for teachers certified in shortage areas. Districts may also provide such schedule modifications to retain teachers with qualities, experience, or credentials that are exceptionally well suited to a district's needs for academic improvement or to compensate teachers who undertake difficult assignments, including but not limited to teaching in a classroom that exceeds the recommended class size for that grade level according to Missouri school improvement program standards. In exchange for such modifications, teachers may be required to teach in the district offering the modification for a period of up to three school years.

SECTION 168.124 - Should a Board of Education choose to utilize the mechanism for reducing teacher forces in an attempt to manage adverse financial conditions caused by reductions in state education appropriations, then the district additionally shall comply with the following provision: If a school district has an unrestricted combined ending fund balance of more than 10% in its teachers' and incidental funds, and in the subsequent fiscal year such district places a contracted teacher on leave of absence after 40 days subsequent to the Governor signing the Elementary and

DESCRIPTION (continued)

Secondary Education appropriation bill, the district shall pay the affected teacher the greater of their salary for any days worked under the contract, or a sum equal to three thousand dollars.

SECTION 168.126 - Districts may provide a salary that includes hiring incentives or salary schedule modifications to attract teachers based upon demonstrated need for teachers certified in shortage areas. In exchange for such incentives or modifications, teachers may be required to teach in the district offering the incentive or modification for a period of up to three school years.

SECTION 302.272 - Eliminates the annual driver history and criminal background checks for school bus operators who are over the age of 70. Background checks shall continue to be conducted on a renewing applicant's previously established three-year renewal schedule.

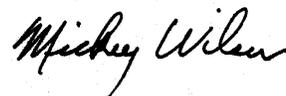
SECTION 1 - A+ Coordinators

The Department of Elementary and Secondary Education shall not reimburse a school districts for more than one A+ program coordinator.

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
Joint Committee on Public Employee Retirement
Public School Retirement System of MO
Central Missouri State University
Kansas City Missouri School District
Department of Revenue



Mickey Wilson, CPA
Director
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