

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0149-06
Bill No.: SCS for HB 539
Subject: Education, Elementary and Secondary: Teachers; Elementary and Secondary
 Education Dept; Children and Minors; Disabilities
Type: Original
Date: May 4, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	(\$62,611)	\$11,926,709	\$17,924,866
Total Estimated Net Effect on General Revenue Fund	(\$62,611)	\$11,926,709	\$17,924,866

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	(Unknown - Expected to Exceed \$100,000)	(\$12,000,000 to Unknown)	(\$18,000,000 to Unknown)

FISCAL ANALYSIS

ASSUMPTION

SECTIONS 162.675; 162.740; 162.974; 162.725; 162.735

According to officials from the **Department of Elementary and Secondary Education (DESE)**, this proposal shifts responsibility away from the state and toward local school districts regarding payment of special education services. DESE estimates an annual savings to state funds totaling \$18 million and an offsetting annual cost to school districts totaling \$18 million. The impact will occur over a three year phase-in period with zero cost in FY 06, \$12 million in FY 07, and \$18 million in FY 08.

Officials from the **Special School District of Saint Louis County (SSD)** state that if the new high cost fund is funded through appropriations, this proposal should have a positive effect on SSD.

SECTION 168.110 & 168.126

DESE officials estimate the need for a supervisor to determine criteria which identify district's demonstrated need to attract and retain teachers and to review and approve or reject applications

ASSUMPTION (continued)

within the specified time period. DESE assumes the costs to districts would depend upon participation and the level at which districts choose to offer incentive. DESE did not estimate the potential cost but assumes it could be significant.

Officials from the **Parkway School District** stated there would be no fiscal impact to their district.

Officials from the **Salisbury School District** stated that their district already gives teachers credit for all their years of service. Other incentives could cost the district, but without knowing specific incentives, it is impossible to give an approximate cost figure.

Officials from the **Strafford R-6 School District** stated their district already credits the faculty for all of their years of teaching, when hiring a teacher. They could not see any situation where their district would recommend additional incentives to hire a classroom teacher.

Officials from the **Nixa School District** stated there would be a cost to districts but did not give an estimate of cost.

Oversight assumes that even if only a limited number of school districts offered hiring incentives or salary schedule modifications, the fiscal impact could easily exceed \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE			
<u>Cost</u> - Department of Elementary and Secondary Education (Section 168.110)			
Personal Costs	(\$40,668)	(\$50,021)	(\$51,272)
Fringe Benefits	(\$17,349)	(\$21,339)	(\$21,873)
Equipment and Expense	(\$4,594)	(\$1,931)	(\$1,989)
	(\$62,611)	(\$73,291)	(\$75,134)
 <u>Savings</u> - Dept of Elementary and Secondary Education - Redirection of Special Education Costs			
	\$0	\$12,000,000	\$18,000,000
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$62,611)</u>	<u>\$11,926,709</u>	<u>(\$17,924,866)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
SCHOOL DISTRICTS			
Costs - Special Education Services	\$0	(\$12,000,000)	(\$18,000,000)
 <u>Cost</u> - Hiring incentives and salary schedule modifications (Section 168.110 & 168.126)			
	(Unknown - Expected to Exceed \$100,000)	(Unknown - Expected to Exceed \$100,000)	(Unknown - Expected to Exceed \$100,000)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>(Unknown - Expected to Exceed \$100,000)</u>	<u>(\$12,000,000 to Unknown)</u>	<u>(\$18,000,000 to Unknown)</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

SECTION 162.675

Currently, the definition of "severely handicapped children" includes handicapped children under the age of 21 who, because of the extent of the handicapping condition, are unable to benefit from or meaningfully participate in programs in the public schools for handicapped children. This proposed legislation alters the aforementioned definition by striking the current provisions and instead inserts language so the definition only includes those children who meet the eligibility criteria for severely handicapped children as identified in state regulations that implement the Individuals with Disabilities Education Act.

SECTION 162.794

The proposal requires the Department of Elementary and Secondary Education to reimburse school districts for the educational costs of high-need children with an individualized education program exceeding three times the current expenditure per average daily attendance.

SECTION 162.725 & 162.735

Further, the proposal deletes two sections of current law that require the State Board of Education to provide special education services for all severely handicapped children residing in school districts if such school districts are unable to provide appropriate programs of special instruction for severely handicapped children.

SECTION 168.110 & 168.126

The proposal allows school districts to provide salary incentives or modifications, which may include but are not limited to credit for all prior years of service in another district, in order to attract and retain teachers. In order to offer such incentives, a district shall submit any proposed salary incentives or modifications for approval by DESE, which must either approve or reject the district's request within thirty days. DESE shall base the decision on factors including, but not limited to, the district's demonstrated need to attract teachers certified in department-identified shortage areas or the district's demonstrated need to attract and retain teachers possessing the qualities, experience, or credentials that are exceptionally well suited to a district's needs for

DESCRIPTION (continued)

academic improvement. In exchange for such incentives, teachers may be required to teach in the district offering the incentive for a period of up to three school years.

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
Special School District of Saint Louis County
School Districts
Nixa
Parkway
Strafford
Salisbury



Mickey Wilson, CPA
Director
May 4, 2005