

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1026-01
Bill No.: HB 465
Subject: Teachers; Education, Elementary and Secondary; Employees - Employers
Type: Original
Date: February 1, 2017

Bill Summary: This proposal raises the minimum teacher salary for the 2018-2019 school year, subject to appropriation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	\$0	\$0 or (Up to \$5,436,475)	\$0 or (Up to \$5,436,475)
Total Estimated Net Effect on General Revenue	\$0	\$0 or (Up to \$5,436,475)	\$0 or (Up to \$5,436,475)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
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 school district costs 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 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	\$0	\$0 or (Up to \$5,436,475)	\$0 or (Up to \$5,436,475)

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Elementary and Secondary Education (DESE)** assume this proposal creates the "Teacher Minimum Salary Fund". Our query of information reported to DESE by school districts showed that roughly 1,832 teachers in 270 school districts were paid less than \$30,000. The total amount underpaid was \$4,946,802. For the master's degree and 10 years experience, the query showed roughly 246 teachers from 118 school districts impacted for a total of \$489,673. The total appropriation required to meet the terms of this proposal would be \$5,436,475 per year.

Officials at the **Office of the State Treasurer** assume there is no fiscal impact from this proposal.

Officials at the **Chilhowee School District** assume they have 18 staff who are compensated based on the salary schedule. Increasing the minimum to \$30,000 would cost the district an additional \$80,000.

Officials at the **Everton School District** assume a cost of \$100,000 annually.

Officials at the **Mexico 59 School District** assume this would cost \$35,000 to implement. Depending on how it is implemented this could run as high as \$350,000 if \$35,000 became the new base salary.

Officials at the **Pettis County R-XII School District** assume an additional cost of \$20,000 per year. Additionally, this could have an unknown impact depending on where the funds come from for the Teacher Minimum Salary Fund.

Officials at the **Bakersfield R-IV School District** assume this would cost \$91,200 in the first year and increase yearly.

Officials at the **West Plains School District** assume this could cost an additional \$1.2 million annually.

Officials at the **Seymour R-II School District** assume an increased teacher payroll of \$120,000.

Officials at the **Cole County R-I School District** assume an additional cost of \$125,000.

Officials at the **Renick R-V School District** assume an additional cost of \$1,400.

ASSUMPTION (continued)

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

Officials at the **Kansas City, Kirksville R-III, Lee Summit, Parkway and Wright City R-II** school districts each assume there is no fiscal impact from this proposal.

Oversight notes that beginning in the 2018-2019 (FY 2019) 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.

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, 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, Chillicothe R-II, Clarkton C-4, Columbia, Concordia R-2, 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, 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, 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, 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, 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,

ASSUMPTION (continued)

Waynesville, Webster Groves, Wentzville and the Westview C-6 school districts did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
GENERAL REVENUE			
<u>Transfer Out</u> - to Teacher Minimum Salary Fund §163.172.2	<u>\$0</u>	\$0 or (Up to <u>\$5,436,475</u>)	\$0 or (Up to <u>\$5,436,475</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>\$0 or (Up to \$5,436,475)</u>	<u>\$0 or (Up to \$5,436,475)</u>
TEACHER MINIMUM SALARY FUND			
<u>Transfer In</u> - from General Revenue	\$0	\$0 or Up to \$5,436,475	\$0 or Up to \$5,436,475
<u>Transfer Out</u> - to school districts for teacher salary payments	<u>\$0</u>	\$0 or (Up to <u>\$5,436,475</u>)	\$0 or (Up to <u>\$5,436,475</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 2018 (10 Mo.)	FY 2019	FY 2020
LOCAL SCHOOL DISTRICTS			
<u>Transfer In</u> - from Teacher Minimum Salary Fund	\$0	\$0 or Up to \$5,436,475	\$0 or Up to \$5,436,475
<u>Cost</u> - School Districts increased salaries	<u>\$0</u>	(Up to <u>\$5,436,475</u>)	(Up to <u>\$5,436,475</u>)
ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICTS	<u>\$0</u>	<u>\$0 or (Up to \$5,436,475)</u>	<u>\$0 or (Up to \$5,436,475)</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

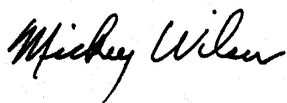
This bill raises the minimum teacher salary beginning in school year 2018-19 from \$25,000 to \$30,000, subject to appropriation. The minimum salary for the holder of a master's degree with at least 10 years' teaching experience is raised from \$32,000 to \$35,000, subject to appropriation, beginning in the 2018-19 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

Bakersfield R-IV School District
Chilhowee School District
Cole County R-I School District
Department of Elementary and Secondary Education
Everton R-III School District
Forsyth R-III School District
Kansas City Public Schools
Kirksville R-III School District
Lee Summit School District
Mexico 59 School District
Office of the State Treasurer
Parkway School District
Pettis County R-XII School District
Renick R-V School District
Seymour R-II School District
West Plains School District
Wright City R-II School District



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February 1, 2017

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