

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0713-01
Bill No.: HB 214
Subject: Education, Elementary and Secondary: Elementary and Secondary Education
Department; Teachers
Type: Original
Date: March 6, 2007

Bill Summary: Establishes the Teacher Choice Compensation Package

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(Unknown - Could exceed \$100,000)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(Unknown - Could Exceed \$100,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Teacher Choice Compensation Fund*	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

* Offsetting Income and Costs to the fund are up to \$44,906,402 in FY 2008 and up to \$53,887,682 annually thereafter.

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government*	\$0	\$0	\$0

*** Offsetting Income and Costs to school districts are up to \$44,906,402 in FY 2008 and up to \$53,887,682 annually thereafter.**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Treasurer** state this proposal will have no fiscal impact on their agency.

Officials from the **Office of Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact to the SOS office for Administrative Rules is less than \$2,500. The SOS recognizes this is a small amount and does not expect additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed in a given year and that collectively the costs may be in excess of what the SOS can sustain with their core budget. Any additional required funding would be handled through the budget process.

Officials from the **Department of Public Safety - Missouri Gaming Commission (MGC)** state there is no fiscal impact to MGC on this proposal; however, the bill proposes to increase the admission fee by \$1 in earmarked funds for the new "Teacher Choice Compensation" Fund. This \$1 would generate an estimated \$53,887,682 in new admission fees. based on FY 2006 revenues of \$107,775,364. ($\$1 = \$107,775,364 / 2 = \$53,887.682$.) (§168.745)

According to officials from the **Department of Elementary and Secondary Education (DES)**, there are approximately 60,000 teachers in public schools with a code of 40, 50, or 60. That number of teachers multiplied by the \$5,000 minimum stipend equals \$300,000,000. The stipends shall be offered in \$5,000 increments, up to \$15,000, but shall not exceed 50% of a teacher's base salary. (§168.747.1)

Oversight assumes not all teachers in the designated codes would qualify for the stipend and not all eligible teachers will elect to follow the teacher choice compensation package and give up the right to an indefinite contract. If there are not sufficient funds to pay the entire stipend amounts, DES will prorate the payment. **Oversight** assumes the amount of payments will not exceed the amount in the Teacher Choice Compensation Fund, which is funded by boarding fees from excursion gambling boats.

The proposal requires DES to develop a list of recognized value-added instruments and to develop or identify model instruments for the evaluations. DES is also required to develop criteria for determining eligibility for stipend increments. DES has no estimate for the expense

ASSUMPTION (continued)

involved in developing value-added tests for all grade levels and subject areas and criteria for determining eligibility, but assume significant unknown costs. (§168.749)

Officials from the **Sikeston School District** were unable to calculate the costs of implementation of this proposed legislation due to the far-reaching aspects of the proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE			
Cost - DES - Development costs for teacher choice compensation package (§168.749)	(Unknown - Could exceed \$100,000)	\$0	\$0
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Unknown - Could exceed \$100,000)</u>	<u>\$0</u>	<u>\$0</u>
TEACHER CHOICE COMPENSATION FUND			
<u>Income</u> - Boarding fees from excursion gambling boats (§168.745)	\$44,906,402	\$53,887,682	\$53,887,682
<u>Cost</u> - Disbursements to school districts for teacher stipends (§168.747)	(Unknown - Up to \$44,906,402)	(Unknown - Up to \$53,887,682)	(Unknown - Up to \$53,887,682)
NET EFFECT ON THE TEACHER CHOICE COMPENSATION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2008
 (10 Mo.)

FY 2009

FY 2010

POLITICAL SUBDIVISIONS

Income - School Districts -
 Disbursements for teacher stipends
 (§168.747)

Unknown - Up
 to \$44,906,402

Unknown - Up
 to \$53,887,682

Unknown - Up
 to \$53,887,682

Cost - School Districts - Stipend
 payments to teachers (§168.747)

(Unknown - Up
to \$44,906,402)

(Unknown - Up
to \$53,887,682)

(Unknown - Up
to \$53,887,682)

**NET EFFECT ON POLITICAL
 SUBDIVISIONS**

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

§168.106, §168.747, §168.749

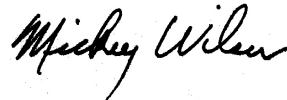
This proposal creates the Teacher Choice Compensation Package, which will make salary stipends available to teachers who qualify based on measurable superior performance. The stipends will be offered in \$5,000 increments, up to \$15,000, but not to exceed 50% of the teacher's base pay. Stipends may be prorated if there is not enough money generated by the boarding fee increase.

To qualify for a stipend, beginning in school year 2008-2009, a teacher must opt out of his or her permanent contract and meet criteria derived from students' scores on a value-added test instrument; from a list of tests and target scores developed by the Department of Elementary and Secondary Education; and from evaluations by principals, parents, and students.

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 Gaming Commission
Office of Secretary of State
Administrative Rules Division
Office of State Treasurer
School Districts
Sikeston

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 6, 2007