

HCS HB 2040 & 2430 -- ELEMENTARY AND SECONDARY EDUCATION

SPONSOR: Muschany (Jetton)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Student Achievement by a vote of 6 to 1.

This substitute changes the laws regarding elementary and secondary education.

TEACHERS AND EDUCATION PERSONNEL

The substitute establishes:

(1) A one-time award of \$2,500 to certificated teachers with 20 years or more of experience earning less than \$50,000;

(2) A recruitment award of \$5,000 for math, science, or special education and \$2,500 for other subjects for teachers who become employed by districts with provisional or unaccredited status or districts that have an assessed value of less than \$70,000 per student;

(3) A retention award for certificated teachers earning less than \$50,000 in districts that have an assessed value of less than \$70,000 per student and are accredited without provision. Beginning August 28, 2009, award amounts will be \$2,500 for five years' service and \$2,500 for 10 years;

(4) An accreditation improvement award of \$2,500 for teachers who are employed by a district when it achieves accreditation without provision; and

(5) A pilot project funded by an annual appropriation of \$20 million to recognize instructional excellence in participating districts. The substitute establishes a procedure by which districts prepare an assessment plan and an award plan that will lead to awards of 5% to 10% of the teacher's salary, based on both student and teacher performance according to criteria specified in the substitute, to the district's top 20% of teachers at the elementary, middle or junior high, and high school levels.

The awards are subject to appropriations and will not be used in calculating final average salary for retirement. The annual teacher recruitment and retention report will include information on the efficacy of the first four incentives, and the Joint Committee on Education will review the impact of the pilot project during Fiscal Year 2012 and again in Fiscal Year 2014 and make recommendations about the continuation of the program prior

to the scheduled end of the project.

For the period between January 1, 2009, and January 1, 2014, teachers and nonteacher educational personnel who are 75 years of age and whose cost-of-living increases are capped will receive an additional monthly payment of \$5 multiplied by his or her years of service for teachers and \$3 multiplied by his or her years of service for nonteachers.

The substitute also contains procedures for the reporting of administrative salaries and expenses and a reduction of appropriations for the Commissioner of Education's Areas of Critical Concern Fund and approval authority for expenditures from that fund becoming a duty of the Joint Committee on Education.

SCHOLARSHIP TAX CREDIT

Beginning January 1, 2008, the substitute establishes Bryce's Law which authorizes a tax credit for an individual who donates to a scholarship-granting organization if the donation is not claimed on the taxpayer's federal income tax return. The tax credit may be taken against income tax, corporate franchise tax, insurance premium tax, financial institutions tax, and express company tax liability. The credit will be for 80% of the amount of the contribution but cannot exceed 50% of the taxpayer's state tax liability, up to \$800,000 per year, and is nonrefundable but may be carried forward for four years or transferred or sold for between 75% and 100% of its par value.

Eligibility standards for students receiving scholarships are attendance at a public school with an individualized education plan (IEP) or until enrollment in a Missouri school. Up to 10% of students with an IEP may receive a scholarship each year. Scholarship-granting organizations must meet requirements for fiscal soundness, percentage of revenues devoted to educational scholarships, and public reporting. Private schools qualify to accept scholarship students by meeting specified requirements including employee background checks and providing data as requested, among others. Scholarships may also be used at a public school outside the student's resident school district. The substitute specifies how scholarship checks will be distributed.

The Department of Economic Development must conduct a study to measure student achievement, satisfaction with the program, its fiscal impact on the state and public schools, and other criteria and provide the General Assembly with a final copy of the evaluation by December 31, 2013. The department cannot use public money for the study and may contract with one or more

qualified researchers who have previous experience evaluating similar programs.

MISCELLANEOUS PROVISIONS

The substitute contains provisions regarding school liability and safety measures including discipline procedures, reporting of information, administration of medicine, and commissioning of school law enforcement officers. Procedures for obtaining electronic media for blind students from publishers are established, and the State Auditor is authorized to audit school districts in the same manner as state agencies are audited.

The Missouri Preschool Plus Grant Program is established, upon an annual appropriation of \$5 million, to provide grants to school districts and community-based organizations in St. Louis and Kansas City for high quality early childhood educational services for up to 1,250 children. The substitute establishes procedures for awarding and administering the grants, including the collection of long-term student performance data.

The provisions of the substitute regarding the teacher incentives and pilot project will expire six years from the effective date, and the provisions regarding the scholarship tax credit and the Missouri Preschool Plus Grant Program will expire December 31 six years from the effective date.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$35,730,300 Up to Over \$46,754,528 in FY 2009, \$33,972,642 Up to Over \$47,011,365 in FY 2010, and \$33,970,216 Up to Over \$47,010,100 in FY 2011. No Impact on Other State Funds in FY 2009, FY 2010, and FY 2011.

PROPOSERS: Supporters of House Bill 2040 say that low-paying districts tend to have high teacher turnover, which affects student achievement. Several bordering states have higher minimum salaries than Missouri. A handful of retired teachers and education employees are living in poverty through a fluke in retirement coverage. The retirement provisions will help them a great deal for a cost of about 36 cents per active teacher each month.

Supporters of House Bill 2430 say that the bill provides several specific, targeted ways to increase teacher pay in a variety of circumstances, including a performance pay incentive that is teacher-based, rather than administrator-driven. This approach gets funds to where they are most needed.

Testifying for HB 2040 were Representative Jetton; Missouri State Teachers Association; Missouri Retired Teachers Association and

Public School Personnel; Ashton Honeycutt; Helen Cline; Sid Doerhoff, St. Elizabeth R-IV School District; and Calvin D. Brewer and Stephen R. Pope, Chilhowee R-IV School District.

Testifying for HB 2430 were Representative Holsman; and Missouri State Teachers Association.

OPPONENTS: Those who oppose the bills say that the retirement provisions need to be postponed until the contribution rate has stabilized and the ratio of funding improves.

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OTHERS: Others testifying on House Bill 2040 have concerns about the long-term sustainability of the minimum salary approach, especially if legislators have to decide between allocating money for the basic funding formula versus supplementing salaries. A performance pay component should be added.

Others testifying on House Bill 2430 say that the issue of teacher compensation is complex enough that it merits an interim committee to study it. Even if the stipends are declared in law not to be countable for retirement, varying interpretations of retirement equity could lead to the stipends counting for retirement, which would mean contributions will be needed.

Testifying on HB 2040 were Americans for Prosperity and Foundation; Missouri National Education Association; Missouri School Boards Association; and Penney Rector, School Administrators Coalition.

Testifying on HB 2430 were Public School Retirement System; and Missouri National Education Association.