

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1048-01
Bill No.: HB 463
Subject: Education, Elementary and Secondary
Type: Original
Date: February 2, 2015

Bill Summary: This proposal prohibits the payment of professional membership dues of any school administrator or superintendent from the incidental fund or teachers fund of a school district.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
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 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
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 2016	FY 2017	FY 2018
Local Government	\$0 to Greater than \$520,000	\$0 to Greater than \$520,000	\$0 to Greater than \$520,000

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Elementary and Secondary Education (DESE)** assume there is no state fiscal impact from this proposal. DESE defers to the local school districts for impact.

Officials at the **Nixa Public Schools** state this proposal will greatly limit districts as to where the funds for professional memberships come from. Thus, driving up salaries to cover the costs or simply do without membership which would result in loss of learning by administrators.

Officials at the **Malta Bend Schools** assume a small impact that is not quantified at this time.

Officials at the **Kansas City School District** assume it is difficult to estimate the impact.

Officials at the **Special School District of St. Louis** assume this proposal could have a negative fiscal impact on the District as the cost of individual memberships are less expensive than a district membership in some cases.

Officials at the **Everton R-III School District** assume there is no fiscal impact from this proposal.

Oversight notes that this proposal would no longer allow a school district to pay for memberships of their schools administrators and superintendents out of their incidental fund or teacher fund. Oversight will show in the fiscal note a savings to those two funds for school districts.

Oversight notes that there are numerous organizations to which a school district may currently pay membership dues. Oversight found that one of the larger school administrator associations in Missouri, bases its membership fee on a percentage (0.5%) of the salary of the superintendent or administrator. Additional groups memberships for all other administrative staff is available for an additional payment equal to the superintendent's membership fee. According to DESE's website school administrators in Missouri were paid \$364,474,666 as of November 7, 2014. Applying the .5% percentage fee would mean school districts paid \$1,822,373 in membership dues. However, since all administrators were included in the calculation and group memberships are allowed, this number could be overstated.

ASSUMPTION (continued)

Oversight for fiscal note purposes, assumed that the 520 school districts paid their superintendent \$100,000 annually. If the .5% rate were assessed against this salary then \$260,000 would be owed by the superintendents ($\$100,000 \times 520 = \$52,000,000 \times .005 = \$260,000$) for membership fees. Oversight also assumes that each school district would participate in the group rate which is equal to the superintendent's fee. Therefore, Oversight assumes the impact from just this one association would be \$520,000 ($\$260,000 \times 2$). Since this is just one association of many that school administrators and superintendents could participate, Oversight will show the impact as Greater than \$520,000.

Oversight assumes that since school districts would no longer be able to use the incidental fund or teacher fund, they would be required to cancel membership in associations or use other school funding sources. Oversight will show the costs to school districts as zero (they drop all associations) to greater than the \$520,000 (other funding sources used).

Officials at the following schools: Blue Springs Public Schools, Branson Public Schools, Caruthersville School District, Cole R-I Schools, Columbia Public Schools, Fair Grove Schools, Fulton Public School, Harrisonville School District, Independence Public Schools, Jefferson City Public Schools, Kirksville Public Schools, Kirbyville R-VI Schools, Lee Summit Public Schools, Macon School, Mexico Public Schools, Monroe City R-I Schools, Parkway Public Schools, Pattonville Schools, Raymore-Peculiar R-III Schools, Raytown School District, Riverview Gardens School District, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Spickard School District, Springfield School District, St Joseph School District, St Louis Public Schools, St. Charles Public Schools, Sullivan Public Schools, Warren County R-III School District and Waynesville Public School did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
LOCAL SCHOOL DISTRICT FUNDS			
<u>Savings</u> - School District's Incidental Fund and Teacher Fund	Greater than \$520,000	Greater than \$520,000	Greater than \$520,000
<u>Cost</u> - School District's other funding sources for association memberships	\$0 to (Greater than \$520,000)	\$0 to (Greater than \$520,000)	\$0 to (Greater than \$520,000)
ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS	<u>\$0 to Greater than \$520,000</u>	<u>\$0 to Greater than \$520,000</u>	<u>\$0 to Greater than \$520,000</u>

FISCAL IMPACT - Small Business

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

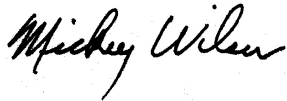
FISCAL DESCRIPTION

This legislation prohibits the payment of professional membership dues of any school administrator or superintendent from the incidental fund or teachers fund of a school district.

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
Everton R-III School District
Kansas City Public Schools
Malta Bend Schools
Nixa Public Schools
Special School District of St. Louis

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

Mickey Wilson, CPA
Director
February 2, 2015

Ross Strobe
Assistant Director
February 2, 2015