

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1686-01
Bill No.: HB 960
Subject: Education, Elementary and Secondary; Employers - Employees
Type: Original
Date: April 2, 2015

Bill Summary: This proposal caps school superintendent salaries and requires publication of school employee salaries in local newspapers.

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	Unknown greater than \$9,190,247	Unknown greater than \$9,190,247	Unknown greater than \$9,190,247

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Elementary and Secondary Education** assume there is no fiscal impact from this proposal.

Officials at the **Special School District of St. Louis (SSD)** assume a savings of \$47,268 in superintendent salary. Additionally this proposal would cost between \$39,000 - \$45,000 for the ad to run the names and salaries of all 6,200 SSD staff.

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

Oversight notes this proposal prohibits a school district from entering into a contract with a Superintendent or the highest ranking executive that is in excess of four times the salary and benefits of an entry level teacher in that district. Currently statutes in §163.172 set the starting salary of a teacher at \$25,000. Oversight is unable to project how many school districts currently have a starting salary higher than the \$25,000. Oversight is also not able to determine the benefit amount for teachers as it varies per school district.

Oversight notes the current salary of school superintendents is posted on Department of Elementary and Secondary Education website. Currently 237 school districts (out of 520) pay a salary that is higher than \$100,000 (4 times the statutory starting salary). Oversight is not able to determine the benefit amount for superintendents as it varies per school district and is not included in the calculation posted. Therefore this proposal sets the salary limit of the Superintendent at four times the starting salary and benefits of a teacher at \$100,000.

For the simplicity of the fiscal note, **Oversight** calculated the amount in salary alone that is currently paid but which would not be allowed per this proposal. Those 237 districts would be allowed to pay \$23,700,000 (\$100,000 x 237 districts) in salary. They currently pay \$32,990,247. Therefore, those districts would have a savings of \$9,290,247 in salary alone. Oversight will show the fiscal note as Greater than the projected savings due to the additional savings realized from benefits.

Oversight notes this proposal would not change the salary of the current Superintendents until such time as they enter into a new contract or renew their existing contract. Oversight was unable to determine how many Superintendents, currently paid over the limit, would have a contract expiring each year. DESE confirmed to Oversight that they do not keep track of the length of a Superintendent's contract. The length of a Superintendent's contract varies by

ASSUMPTION (continued)

district. Therefore it is possible that one fiscal year may have more savings than another. Oversight, for the simplicity of the fiscal note, will show the impact as if all Superintendents have a one year contract.

Oversight notes this proposal requires that the names, salaries and job titles of all school district staff be published in the newspaper. Oversight assumes this would have a negative fiscal impact of Unknown greater than \$100,000 for the school districts.

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, Kansas City Public Schools, Kirksville Public Schools, Kirbyville R-VI Schools, Lee Summit Public Schools, Macon School, Mexico Public Schools, Monroe City R-I Schools, Nixa Public 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 Districts - amount of salary over \$100,000	Unknown greater than \$9,290,247	Unknown greater than \$9,290,247	Unknown greater than \$9,290,247
<u>Costs</u> - School Districts - advertisement of school district employees in newspaper	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)	(Unknown greater than \$100,000)
ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICT FUNDS	Unknown greater than <u>\$9,190,247</u>	Unknown greater than <u>\$9,190,247</u>	Unknown greater than <u>\$9,190,247</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

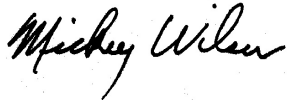
This bill prohibits, after August 28, 2015, any school district except the St. Louis Public Schools District and the Kansas City Public Schools District, from entering into a contract or renewing a contract with a superintendent or equivalent highest ranking executive that provides a salary and benefit package that is in excess of an amount equal to four times the salary and benefits of an entry level teacher in that school district.

The names, salaries, and job titles of all public school employees must be reported by each school district to the local newspaper for publication during the month of August.

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
Malta Bend School District
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
April 2, 2015

Ross Strobe
Assistant Director
April 2, 2015