

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5662-01
Bill No.: HB 1861
Subject: Elementary and Secondary Education; Contracts and Contractors
Type: Original
Date: January 22, 2018

Bill Summary: This proposal requires superintendents and assistant superintendents to be employed by school districts by written contracts.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the proposal will have no fiscal impact on their organization. DESE defers to local school districts.

Officials from the **Macon County R-IV School District** assume contracts effectively are agreements between the local district and the employee (superintendent, assistant superintendent, principal, etc) guiding the terms of service, salary and benefits. State law allows up to a three year contract and current practice allows for a one, two, or three year contract. By entering into a contract, the employee has a reasonable expectation for the terms to be binding. If an employee is offered a three year contract, there is an expectation that the employee will fulfill the three years of service unless there is good cause for termination due to illegal or immoral behavior on the part of the employee, in which case the contract is broken legally and payment of term ceases. This proposal would effectively allow a board to enter into a three year contract with an employee and then end the contract with no more than one year's salary and benefits paid out.

In the cycle of a school year a board may change in April, four months after most administrative contracts are negotiated. Should the culture of a board change in April, enough to garner a vote to end a current contract immediately, the employee could be out as much as three years' contracted salary after a legal commitment has been made on the part of the employee. Fiscally, this would save the district money, which would vary from district to district.

Officials from the **Summersville R2 School District, Kirksville R-III School District, West Plains School District** and **Wellsville-Middletown R-1 School District** assume the proposal will have no fiscal impact on their organizations.

Oversight notes this proposal limits the value of severance benefits to the lesser of the equivalent of one year's compensation or the total of all compensation and benefits due under the contract for the remainder of the term of the contract.

Oversight notes this proposal requires superintendents and assistant superintendents to be employed only by written contract expressly stating the terms and conditions of employment. Oversight is unable to determine how many of the current 518 school districts do not have a written contract for their superintendent or assistant superintendent. Oversight assumes that if a school district does not have a written contract, they could issue one with existing resources. Oversight will not show an impact for this proposal.

ASSUMPTION (continued)

Officials at the following school districts: Arcadia Valley R-2, Avilla R-13, Bakersfield, 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, Chilhowee R-4, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Concordia R-2, Crawford County R-1, Crocker R-II, Delta C-7, East Carter R-2, Eldon R-I, Everton R-III, Fair Play, Fayette R-3, Forsyth 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, Kansas City Public Schools, Kearney R-1, Kennett #39, King City R-1, Kingston 42, Kirbyville R-VI, Lee Summit, Leeton R-10, Lewis County C-1, Lincoln R-II, Lindbergh, Lonedell R-14, Malta Bend, Mehville, Meramec Valley R-3, Mexico, 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, Parkway, Pattonville, Pettis County R-12, Pierce City, Plato R-5, Princeton R-5, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, 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, Seymour R-2, 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, Waynesville, Webster Groves, Wentzville, Westview C-6 and the Wright City R-2 school districts did not respond to **Oversight's** request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION


The proposed legislation appears to have no direct fiscal impact.

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
Macon County R-IV School District
Summersville R2 School District
Kirksville R-III School District
West Plains School District
Wellsville-Middletown R-1 School District

Ross Strobe



Acting Director
January 22, 2018