

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2068-02
Bill No.: HCS for HB 1024
Subject: Department of Elementary and Secondary Education
Type: Original
Date: April 4, 2019

Bill Summary: This proposal creates new provisions relating to academic performance standards.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	(\$20,136)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$20,136)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
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 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
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 2020	FY 2021	FY 2022
Local Government	Could exceed \$4,229,169	Could exceed \$4,229,169	Could exceed \$4,229,169

FISCAL ANALYSIS

ASSUMPTION

§162.692 Workgroup on Academic Performance Standards

Officials at the **Department of Elementary and Secondary Education (DESE)** assume that, based on other work groups done by the Department, this workgroup would meet 7 days, have 11 members (as specified by the proposal) and cost \$261.50 per person for expenses (hotel, meals and mileage). Therefore they estimate the total expenses for the workgroup to be \$20,135.50 (\$261.50 per person x 11 members x 7 meetings).

Oversight will show all the costs for the work group in FY 2020.

Officials at the **Department of Economic Development's Missouri One Start Division (DED)** assume this will cost \$3,758 annually for a staff person's time (8 hours a month, times \$30 per hour salary plus fringe, times 12 months). This estimate is for the personal services costs and does not include expenses and equipment. This would be absorbed by an existing staff person in the Missouri One Start Division. The appropriation for this program is in HB 7 Section 7.075, to the Missouri Job Development Fund (0600).

Oversight notes the Missouri One Start Division within DED was created by Executive Order 19-03, which shall become effective no sooner than August 29, 2019.

Officials at the **Office of the Governor** and the **Department of Higher Education (DHE)** each assume there is no fiscal impact from this proposal.

Oversight notes the work group members shall be appointed by the Governor and have a representative from the DHE and the DED serving on it. Oversight assumes the Governor's Office would not have a fiscal impact from appointing the members. Oversight notes any expenses incurred by DED and DHE would be reimbursed by DESE and are accounted for in this fiscal note.

Officials at the **Blue Springs School District** assume that without seeing the final recommendations of the committee it is difficult to estimate the cost. However, it is possible with a dramatic shift in philosophy it could cost millions of dollars.

§168.203 Superintendent Contracts

Officials at the **Springfield Public Schools** assume there is no fiscal impact from this proposal.

Officials at the **Kansas City Public Schools** assume the average teacher makes \$55,000 for 9

ASSUMPTION (continued)

months. Three times that will not allow us to employ a superintendent in Kansas City. A couple of things to note - 9 month vs. 12 month contracts for teachers vs. superintendents. Additionally, the general public may not understand that a teacher who loses a contract in April or May can easily find a new position. A superintendent who loses a contract in April or May cannot find a replacement job for the coming year. The risk for a superintendent is not comparable to that of a teacher or other leaders in the district.

Oversight notes this proposal requires that a superintendent or assistant superintendent of a school district must have a contract that expressly states all their terms and conditions for employment. The contract should incorporate all provisions relating to compensation and benefits. 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 a fiscal impact from this portion of the 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 three times the average teacher compensation and benefits for that school district. Currently DESE's website shows the average Missouri 2018 teacher salary is \$49,300. Oversight is unable to project how many school districts currently have an average teacher salary that is different from the \$49,300 or the average amount of benefits paid to 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 98 school districts (out of 518) pay a salary that is higher than \$147,900 (3 times the average teacher salary of \$49,300). 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 in determining the impact of this proposal Oversight will set the minimum salary limit of the Superintendent at three times the teacher salary and benefits of a teacher of \$147,900.

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 98 districts would be allowed to pay \$14,494,200 (\$147,900 x 98 districts) in salary. They currently pay \$18,723,369. Therefore, those districts would have a savings of \$4,229,169 in salary alone. Oversight will show the fiscal note as 'could exceed' the projected savings due to the additional savings realized from benefits.

ASSUMPTION (continued)

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. The length of a Superintendent's contract varies by 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.

<u>FISCAL IMPACT - State Government</u>	FY 2020	FY 2021	FY 2022
---	---------	---------	---------

GENERAL REVENUE

<u>Cost</u> - DESE §162.692 work group expenses (hotels, meals & mileage)	<u>(\$20,136)</u>	<u>\$0</u>	<u>\$0</u>
---	-------------------	------------	------------

ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$20,136)</u>	<u>\$0</u>	<u>\$0</u>
--	--------------------------	-------------------	-------------------

<u>FISCAL IMPACT - Local Government</u>	FY 2020	FY 2021	FY 2022
---	---------	---------	---------

SCHOOL DISTRICT FUNDS

<u>Saving</u> - School Districts - capped Superintendent salaries at 3x the average teacher compensation and benefits	Could exceed <u>\$4,229,169</u>	Could exceed <u>\$4,229,169</u>	Could exceed <u>\$4,229,169</u>
---	------------------------------------	------------------------------------	------------------------------------

ESTIMATED NET EFFECT ON SCHOOL DISTRICT FUNDS	Could exceed <u>\$4,229,169</u>	Could exceed <u>\$4,229,169</u>	Could exceed <u>\$4,229,169</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 requires the Department of Elementary and Secondary Education to create a work group to develop and recommend rigorous academic performance standards relating to workforce development for students in grades one through 12.

The work group shall consist of eleven members as appointed by the Governor and all meetings for the work group will be open to the public to provide testimony.

The bill requires the work group to develop alternate academic achievement standards for students with the most significant cognitive disabilities and employability skills curriculum with details for each outlined in the bill. These standards and curriculum will be presented to the State Board of Education and the General Assembly, which may adopt or request modifications. The work group will dissolve one year after any requested modifications are made.

This proposal requires that Superintendents have a contract and it limits how much they can be compensated.

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

Blue Springs School District
Department of Economic Development
Department of Elementary and Secondary Education
Department of Higher Education
Office of the Governor
Springfield Public Schools



Kyle Rieman
Director
April 4, 2019

Ross Strobe
Assistant Director
April 4, 2019