

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2493-02
Bill No.: Perfected HCB 7
Subject: Elementary and Secondary Education
Type: Original
Date: April 18, 2019

Bill Summary: This proposal modifies provisions relating to elementary and secondary education.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2020 | FY 2021 | FY 2022 |
| | | | |
| Total Estimated Net Effect on General Revenue | \$0 | \$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 5 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 | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the proposal as amended will result in no cost to the department.

In response to a previous version, HCB 7 (2019), officials from the **Wellsville-Middletown R-1 School District** assumed the proposal would have no fiscal impact on their organization.

In response to a similar proposal, HB 1861 (2018), officials from the **Macon County R-IV School District** assumed 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.

In response to a similar proposal, HB 1861 (2018), officials from the **Summersville R2 School District, Kirksville R-III School District** and **West Plains School District** assumed the proposal would 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 contracts 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 contract for their superintendent or assistant superintendent. Oversight assumes that if a school district does

ASSUMPTION (continued)

not have a contract, they could issue one with existing resources. Oversight assumes this proposal does not have direct fiscal impact on school districts.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other school districts were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

| <u>FISCAL IMPACT - State Government</u> | FY 2020 (10 Mo.) | FY 2021 | FY 2022 |
|---|---------------------|------------|------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2020 (10 Mo.) | FY 2021 | FY 2022 |
|---|---------------------|------------|------------|
| | <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

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SOURCES OF INFORMATION (continued)

West Plains School District
Wellsville-Middletown R-1 School District



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April 18, 2019

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April 18, 2019