

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4148H.011
 Bill No.: HB 1810
 Subject: Education, Elementary and Secondary; Teachers; Department of Elementary and Secondary Education
 Type: Original
 Date: March 5, 2024

Bill Summary: This proposal establishes a fund for matching school district expenditures of reserve moneys to increase teacher salaries.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	\$0 or Up to (\$556,000,000)	\$0 or Up to (\$556,000,000)	\$0 or Up to (\$556,000,000)
Total Estimated Net Effect on General Revenue	\$0 or Up to (\$556,000,000)	\$0 or Up to (\$556,000,000)	\$0 or Up to (\$556,000,000)

*Oversight notes the Matching Grants for Teachers Plan Fund is subject to appropriation. No school district (556 school districts) shall receive a total of more than \$1,000,000 annually. Oversight has reflected the cost of the program as “\$0 or” up to the maximum of 556 districts x \$1 million cap each.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Matching Grants for Teachers Plan Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*Transfers in and distributions net to zero.
 Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0 or Up to \$556,000,000	\$0 or Up to \$556,000,000	\$0 or Up to \$556,000,000

FISCAL ANALYSIS

ASSUMPTION

Section 168.461 – Matching Grants for Teachers Plan Fund

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the duties of overseeing the grant program can be absorbed by current FTE. However, if multiple pieces of legislation are passed with additional duties DESE will see needed FTE through the appropriations process.

The Matching Grants for Teachers total cost would be based upon the appropriation approved during the legislative process. DESE has reflected a cost of \$0 up to the maximum grant per district of \$1,000,000 for a total of \$556,000,000 (\$1,000,000 X 556 school districts).

Oversight notes the Matching Grants for Teacher Plan Fund will be to provide a grant match of up to \$1 million for any school district that uses district's reserves solely to increase teacher salaries. These funds are subject to appropriation. Therefore, Oversight will reflect the estimated impact provided by DESE with corresponding impact to school districts in the fiscal note.

Officials from the **Office of the State Treasurer** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight received zero responses from school districts related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek approval to publish a new fiscal note. Oversight only reflects the responses received from state agencies and political subdivisions; however, school districts were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE			
<u>Transfer Out</u> – DESE – teacher salary increases through Matching Grants for Teachers Fund - §168.461	\$0 or Up to (\$556,000,000)	\$0 or Up to (\$556,000,000)	\$0 or Up to (\$556,000,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 or Up to (\$556,000,000)</u>	<u>\$0 or Up to (\$556,000,000)</u>	<u>\$0 or Up to (\$556,000,000)</u>
MATCHING GRANTS FOR TEACHER PLAN FUND			
<u>Transfer In</u> – from General Revenue - §168.461	\$0 or Up to \$556,000,000	\$0 or Up to \$556,000,000	\$0 or Up to \$556,000,000
<u>Transfer Out</u> – to School Districts – §168.461	\$0 or Up to (\$556,000,000)	\$0 or Up to (\$556,000,000)	\$0 or Up to (\$556,000,000)
ESTIMATED NET EFFECT ON MATCHING GRANTS FOR TEACHER PLAN FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
SCHOOL DISTRICTS			
<u>Revenue Gain</u> – from the Matching Grants for Teacher Plan Fund - §168.461	\$0 or Up to \$556,000,000	\$0 or Up to \$556,000,000	\$0 or Up to \$556,000,000
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>\$0 or Up to \$556,000,000</u>	<u>\$0 or Up to \$556,000,000</u>	<u>\$0 or Up to \$556,000,000</u>

FISCAL IMPACT – Small Business

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

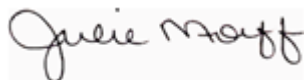
FISCAL DESCRIPTION

This bill creates the "Matching Grants for Teachers Plan" and a subsequent fund in the State Treasury. The purpose of the plan will be to provide a grant match of up to \$1 million for any school district that uses district's reserves to solely increase teacher salaries. The bill provides guidance to districts to prevent district reserves from being exhausted.

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
Office of the State Treasurer



Julie Morff
Director
March 5, 2024



Ross Strobe
Assistant Director
March 5, 2024