

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0074-02
Bill No.: SB 41
Subject: Education, Elementary and Secondary; Elementary and Secondary Education
Dept; Teachers
Type: Original
Date: January 17, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue Fund	(\$1,770,000)	(\$3,248,000) to (\$3,540,000)	(\$4,150,000) to (\$5,310,000)
Total Estimated Net Effect on General Revenue Fund	(\$1,770,000)	(\$3,248,000) to (\$3,540,000)	(\$4,150,000) to (\$5,310,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other 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 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
School Districts	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Secretary of State's Office (SOS)** assumed the rules, regulations and forms issued by the state board of education could require as many as 4 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27. The actual costs could be more or less the SOS's estimated cost of \$246 for FY 2004. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Elementary and Secondary Education (DESE)** state that a signing bonus of \$2,000 would be given each year for five years to each newly-hired teacher in rural school districts. DESE stated that the proposed legislation does not clearly indicate whether DESE would request state funds that it would then pay the district or if the district is to

ASSUMPTION (continued)

pay the bonus from its own resources. The proposal indicates the State Board shall establish a program but makes no mention of a funding source; DESE assumes they would request state funds that would be paid to the district. Last year, "rural" districts employed 885 teachers with 1 year of district experience, 739 with 2 years, 451 with 3 years, 398 with 4 years, and 285 with 5 years. Based on this data, costs could be estimated as follows:

Option 1	Option 2
Assumes the number of teacher returning to employment in subsequent years is equal to FY 2002 data and that rural districts will hire the same number of new teachers as were hired during FY 2002.	Assumes all teachers return to employment in subsequent years and that rural districts will hire the same number of new teachers as were hired during FY 2002.
<u>FY 2004</u>	<u>FY 2004</u>
$2,000 \times 885 \text{ newly hired} = \$1,770,000$	$\$2,000 \times 885 \text{ newly hired} = \$1,770,000$
<u>FY 2005</u>	<u>FY 2005</u>
$\begin{array}{r} 739 \text{ 2}^{\text{nd}} \text{ year from 2004} \\ 885 \text{ newly hired} \\ \$2,000 \times 1,624 \end{array} = \$3,248,000$	$\begin{array}{r} 885 \text{ 2}^{\text{nd}} \text{ year from 2004} \\ 885 \text{ newly hired} \\ \$2,000 \times 1,770 \end{array} = \$3,540,000$
<u>FY 2006</u>	<u>FY 2006</u>
$\begin{array}{r} 451 \text{ 3}^{\text{rd}} \text{ year from 2004} \\ 739 \text{ 2}^{\text{nd}} \text{ year from 2005} \\ 885 \text{ newly hired} \\ \$2,000 \times 2,075 \end{array} = \$4,150,000$	$\begin{array}{r} 885 \text{ 3}^{\text{rd}} \text{ year from 2004} \\ 885 \text{ 2}^{\text{nd}} \text{ year from 2005} \\ 885 \text{ newly hired} \\ \$2,000 \times 2,655 \end{array} = \$5,310,000$

Using the same assumptions for the full five year period, costs for FY 2007 could range from \$4,946,000 to \$7,080,000 and costs for FY 2008 could range from \$5,522,000 to \$8,850,000.

<u>FISCAL IMPACT - State Government</u>	FY 2004	FY 2005	FY 2006
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GENERAL REVENUE

Transfer Out - Dept of Elementary and
 Secondary Education

Rural teacher signing bonuses	<u>(\$1,770,000)</u>	<u>(\$3,248,000) to (\$3,540,000)</u>	<u>(\$4,150,000) to (\$5,310,000)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2004	FY 2005	FY 2006
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LOCAL SCHOOL DISTRICTS

<u>Transfer In</u> - Rural teacher signing bonuses	\$1,770,000	\$3,248,000 to \$3,540,000	\$4,150,000 to \$5,310,000
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<u>Cost</u> - Teacher signing bonuses	<u>(\$1,770,000)</u>	<u>(\$3,248,000) to (\$3,540,000)</u>	<u>(\$4,150,000) to (\$5,310,000)</u>
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**ESTIMATED NET EFFECT ON
 SCHOOL DISTRICTS**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal creates a program of signing bonuses for newly- hired teachers in rural school districts. An annual signing bonus of \$2,000 will be given for a period of up to five consecutive years, provided the teacher is employed in the current year with a rural school district in a full-time teaching position.

The proposal defines a “rural school district” as any school district which contains any part of either a third or fourth class county, has a current assessed valuation which is less than thirty million dollars, and has a current membership which is less than or equal to six hundred pupils.

A "newly-hired teacher" must be employed by the district as a full time teacher for the first time in the current school year, beginning no later than February first. Neither a substitute teacher nor DESCRIPTION (continued)

any teacher who has been a "newly-hired teacher" in a previous school year is eligible to be a "newly- hired teacher".

The signing bonus shall be in addition to the base salary to which the teacher would otherwise be entitled. Teachers receiving the signing bonus shall receive any pay and benefits received by teachers of similar training, experience, and duties. The signing bonus shall be provided no later than one month following the commencement of employment as a newly-hired teacher.

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

Office of Secretary of State
Administrative Rules Division
Department of Elementary and Secondary Education



Mickey Wilson, CPA
Director
January 17, 2003