

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3393-02
Bill No.: Perfected SCS for SB 969
Subject: Education, Elementary and Secondary; Teachers
Type: Original
Date: February 19, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(\$3,947,351 to Unknown)	(\$3,947,351 to Unknown)	(\$3,957,351 to Unknown)
Total Estimated Net Effect on General Revenue Fund	(\$3,947,351 to Unknown)	(\$3,947,351 to Unknown)	(\$3,957,351 to Unknown)

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
State School Moneys Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds*	\$0	\$0	\$0

***Offsetting Transfers In and Out total in excess of \$3,947,351**

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government*	Unknown - Expected to Exceed \$100,000	Unknown - Expected to Exceed \$100,000	Unknown - Expected to Exceed \$100,000

* **Offsetting Transfers In and Disbursements total in excess of \$3,947,351**

FISCAL ANALYSIS

ASSUMPTION

SECTIONS 163.031 and 168.515

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** stated the proposal should not result in additional costs or savings to BAP. The proposal could result in general revenue costs of approximately \$4 million to fully fund the career ladder program.

Officials from the **Department of Elementary and Secondary Education (DESE)** stated the FY05 projected need to pay the 2003-04 Career Ladder obligations is \$39,473,501. Because the foundation formula proration is less than 1.00 and the Career Ladder payment cannot currently be paid at a higher percentage (proration) than the foundation formula, the FY05 budget request for Career Ladder is \$35,526,150. Paying 100% of the Career Ladder obligation increases the state cost \$3,947,351 above the FY05 budget request.

ASSUMPTION (continued)

SECTION 168.500

Officials from the **Department of Economic Development - Division of Professional Registration**, after reviewing the proposed legislation and having sought the conclusion of the appropriate board(s), are of the opinion that this proposal has no fiscal impact on the division.

According to officials from the DESE, to date there are 112 speech pathologists reported in core data for the 2003-04 school year. This legislation is unclear as to whether a district not participating in the career ladder program could participate only for the speech pathologists. It is unknown as to the number of these individuals holding the certificate of clinical competence. DESE estimates the cost of this change is likely to be between \$156,800 and \$280,000 based on the following calculation:

112 Speech Pathologists X 50% (state match for career ladder) X \$5,000(Stage III career ladder)
= \$280,000 if all participate

112 Speech Pathologists X 50% (state match for career ladder) X \$5,000(Stage III career ladder)
X 56% (percent of Speech Pathologists teaching in districts currently participating in career ladder) = \$156,800 (if only those districts currently participating on Career Ladder take advantage)

DESE officials also provided this additional information:

- * 94 of the 112 Speech Pathologists have teaching certificates
- * 62 of the 112 Speech Pathologists are in districts that participate in the career ladder program
- * 50 of those 62 Speech Pathologists have been teaching for more than five years

Oversight assumes since most teaching contracts are finalized in March and April, and this proposal has no emergency clause, this proposal would not be in effect until FY 2006.

Oversight assumes that any of the Speech Pathologists with teaching certificates that have been employed by the schools for at least five years would participate in the career ladder program, if available. Based on the number that could be eligible at this time (approximately 50), the state match would be approximately \$125,000. **Oversight** is unable to determine how many might be eligible in the future with new persons becoming eligible and others leaving the profession, but assume the range would remain at approximately \$125,000 annually for the state match. School districts participating in the program would also be responsible for approximately \$125,000 annually for their corresponding match. **Oversight** also notes the cost could be less than

ASSUMPTION (continued)

\$125,000 since the Speech Pathologists must be approved for placement at Stage III by the local school district.

SECTION 171.053

Officials from the **Department of Agriculture** indicated this proposal would not affect their agency.

Officials from the **Mexico School District (MSD)** assume this proposal would have very little impact on State Aid, due to the fact the very few schools are in session during the State Fair. Also, the MSD has very few absentees because of other agriculture related activities during the school year.

Officials from the **Moniteau County R-I School District** indicated this proposal would have little fiscal impact on their district.

According to officials from DESE, school districts currently count in their average daily attendance the time during the regular school day the students are involved in instructional activities which includes educational field trips. Summer school programs often include instructional field trips as part of the attendance during the summer school day. The activities authorized by this proposal may already be counted by some district in their average daily attendance if the districts consider them instructional field trips conducted during the regular school day. DESE indicated there is no way to estimate the number of students who may participate or in which districts they are located, so therefore they were unable to determine the cost of this proposal.

Oversight assumes that if the Average Daily Attendance (ADA) increased by only 100 as a result of this proposal, the financial impact could be significant. Assuming 100 (Increased ADA) x 2.75 (Operating Levy) x \$1,395.07 (Guaranteed Tax Base/100) x 1.00 (Proration Factor) equals an increase in basic state aid (before deductions) of \$383,644. **Oversight** therefore assumes the fiscal impact would be expected to be in excess of \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
GENERAL REVENUE FUND			
<u>Cost</u> - Department of Elementary and Secondary Education - Career Ladder (Sec. 163.031 & 168.515)	(\$3,947,351)	(\$3,947,351)	(\$3,957,351)
<u>Cost</u> - Elementary and Secondary Education Dept. - Career Ladder Match (Sec. 168.500)	\$0	(Up to \$125,000)	(Up to \$125,000)
<u>Cost</u> - Increased Transfers to State School Moneys Fund (Section 171.053)	(Unknown - Expected to Exceed \$100,000)	(Unknown - Expected to Exceed \$100,000)	(Unknown - Expected to Exceed \$100,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$3,947,351 to Unknown)</u>	<u>(\$3,947,351 to Unknown)</u>	<u>(\$3,957,351 to Unknown)</u>
<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
STATE SCHOOL MONEYS FUND			
<u>Transfer In</u> - General Revenue for Career Ladder (Sec. 163.031 & 168.515)	\$3,947,351	\$39,947,351	\$3,947,351
<u>Transfer In</u> - General Revenue for Career Ladder Match - Speech Pathologists (Section 168.500)	\$0	Up to \$125,000	Up to \$125,000
<u>Transfer In</u> - Transfers from General Revenue (Section 171.053)	Unknown - Expected to Exceed \$100,000	Unknown - Expected to Exceed \$100,000	Unknown - Expected to Exceed \$100,000

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2005 (10 Mo.)	FY 2006	FY 2007
<u>Transfer Out</u> - School Districts - Career Ladder Payments (Sec. 163.031 & 168.515)	(\$3,947,351)	(\$3,947,351)	(\$3,947,351)
<u>Transfer Out</u> - Distribution to School Districts for Career Ladder Payments to Teachers (Section 168.500)	\$0	(Up to \$125,000)	(Up to \$125,000)
<u>Transfer Out</u> - Increased Aid to School Districts (Section 171.053)	(Unknown - Expected to Exceed \$100,000)	(Unknown - Expected to Exceed \$100,000)	(Unknown - Expected to Exceed \$100,000)
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
SCHOOL DISTRICTS			
<u>Transfer In</u> - State School Moneys Fund - Career Ladder Payments (Sec 163.031 & 168.515)	\$3,947,351	\$3,947,351	\$3,947,351
Transfer In - State School Moneys Fund - State Match for Lareer Ladder Payments to Speech Pathologists (Section 168.500)	\$0	Up to \$125,000	Up to \$125,000
<u>Transfer In</u> - State School Moneys Fund - Increased State Aid (Sec. 171.053)	Unknown - Expected to Exceed \$100,000	Unknown - Expected to Exceed \$100,000	Unknown - Expected to Exceed \$100,000
<u>Cost</u> - Career Ladder Payments to teachers (Sec. 163.031 & 168.515)	<u>(\$3,947,351)</u>	<u>(\$3,947,351)</u>	<u>(\$3,947,351)</u>

<u>FISCAL IMPACT - Local Government</u> (Continued)	FY 2005 (10 Mo.)	FY 2006	FY 2007
<u>Transfer Out</u> - Career Ladder Payments to Speech Pathologists (Section 168.500)	\$0	(Up to \$125,000)	(Up to \$125,000)
<u>Cost</u> - Career Ladder Payments to Teachers - School District Match (Sec. 168.500)	\$0	(Up to \$125,000)	(Up to \$125,000)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>Unknown - Expected to Exceed \$100,000</u>	<u>Unknown - Expected to Exceed \$100,000</u>	<u>Unknown - Expected to Exceed \$100,000</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

SECTIONS 163.031 and 168.515

This proposal removes the proration factor for the Career Ladder program.

SECTION 168.500

Currently, a policy of the Department of Elementary and Secondary Education allows teachers who have at least five years of teaching experience and who possess national board certification to automatically become eligible for Stage III of the career ladder program.

This proposal directs the Commissioner of Education to cause the department to regard a speech pathologist who holds both a valid certificate of license to teach and a Certificate of Clinical Competence to have fulfilled the standards required to be placed on Stage III of the career ladder program, provided that such speech pathologist has been employed by a public school in Missouri for at least five years and is approved for placement at such Stage II by the local school district.

DESCRIPTION (continued)

SECTION 171.053

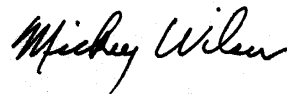
This proposal asserts that any school district which allows an excused absence for athletics or any other extra-curricular activity shall allow any student to use regularly scheduled instructional time as is reasonably necessary for participation in an officially-sanctioned activity of any Future Farmers of America (FFA) Family, Career and Community Leaders of America (FCCLA), and 4-H programs.

The proposal also provides that students may participate in FFA, FCCLA, and 4-H events and Missouri State Fair competitions while having such participation count as regular school attendance for the purpose of state school aid.

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 Administration
Division of Budget and Planning
Department of Economic Development
Division of Professional Registration
Department of Agriculture
Mexico School District
Moniteau Co R-I School District



Mickey Wilson, CPA
Director
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