

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3898-01
Bill No.: SB 790
Subject: Education, Elementary and Secondary; Elementary and Secondary Education Dept
Type: Original
Date: March 22, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
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 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	(\$26,000,000 to Unknown)	(\$26,000,000 to Unknown)	(\$26,000,000 to Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this proposal for Administrative Rules is less than \$1,500. The SOS recognizes this is a small amount and does not expect additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed in a given year and that collectively the costs may be in excess of what the SOS can sustain with their core budget. Any additional required funding would be handled through the budget process.

According to officials from the **Department of Elementary and Secondary Education**, this proposed legislation would result in impact on school districts to write the curriculum, purchase books, employ appropriately certificated teachers, and provide space in the schedule. The cost of textbooks will likely approach \$15,600,000 (65,000 students x 4 grades x \$60 textbook cost). The additional costs cannot be easily estimated.

Officials from the **Sikeston School District** stated they would need, at a minimum, a full-time teacher for the finance cost. Beginning teacher salary and benefits are approximately \$33,000 a

ASSUMPTION (continued)

year; if the teacher has experience the cost could be higher based on where they were on the salary schedule.

Officials from the **Poplar Bluff School District** anticipate this proposed legislation would have a significant negative fiscal impact on public schools.

Officials from the **Springfield Public School District** state their district has 7,633 students in grades 9-12. Adding courses in personal finance education for each student for four years would require 50 new teachers at an average cost (with benefits) per teacher of \$50,000 for a total fiscal impact of \$2.5 million unfunded dollars.

Officials from the **Francis Howell School District (FHSD)** state this proposal, if passed, would require FHSD to add approximately 21 staff members to deliver instruction to 6,000 high school students. Current business and FACS teachers would be retained, but the additional staff members would be needed to accommodate teaching personal finance as a year-long course for all high school students. The FHSD average teacher salary is \$43,586; with benefits, the cost for an additional teacher would be \$53,175. An additional 21 teachers would cost the District approximately \$1.1 million in the first year, with escalating costs in out years as these teachers receive salary increases.

Officials from the **Nixa School District** state the proposal would require the hiring of at least one full time teacher per school (average of \$40,000 plus benefits per year), professional development costs, and additional time during the day.

Officials from the **Lee's Summit School District** assume the cost of books and materials would have a one time cost in excess of \$150,000 and annual costs for staff would exceed \$760,000 per year.

Oversight assumes, for fiscal note purposes, that textbooks would be purchased out of the moneys distributed from the County Foreign Insurance Tax Fund or the Classroom Trust Fund. **Oversight** further assumes if only one teacher per district (at an average cost of \$50,000 per year salary and benefits) were required, the cost would exceed \$26 million annually. Larger districts would require more teachers; therefore, the cost will be ranged from \$26 million to unknown. Based on the *2004-2005 Report of the Public Schools of Missouri*, there were 275,569 students in grades 9 through 12. Assuming seven class periods per day with thirty students per class the teacher cost could be as high as \$65.6 million per year.

<u>FISCAL IMPACT - State Government</u>	FY 2007	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2007	FY 2008	FY 2009
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SCHOOL DISTRICTS

<u>Cost - Instructors for finance class</u>	(\$26,000,000 to <u>Unknown</u>)	(\$26,000,000 to <u>Unknown</u>)	(\$26,000,000 to <u>Unknown</u>)
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ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>(\$26,000,000 to Unknown)</u>	<u>(\$26,000,000 to Unknown)</u>	<u>(\$26,000,000 to Unknown)</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

Under the provisions of this proposed legislation, beginning in the 2007-2008 school year, regular courses of instruction in the area of personal finance shall be required for all public high school students. The proposal specifies the topics to be covered in such courses. Prior to the completion of the twelfth grade, each pupil who receives a high school diploma or certificate of graduation on or after January 1, 2011, shall have satisfactorily completed, with a passing grade, four year-long courses in personal finance education.

The Department of Elementary and Secondary Education may promulgate rules regarding the implementation and enforcement

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 Secretary of State

Administrative Rules Division

School Districts

Sikeston

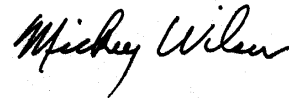
Poplar Bluff

Springfield

Francis Howell

Lee's Summit

Nixa



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Director
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