

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2384-01
Bill No.: SB 561
Subject: Teachers; Education, Elementary and Secondary; Boards, Commissions,
 Councils, Committees; St Louis
Type: Original
Date: March 12, 2007

Bill Summary: Alters provisions regarding teacher termination.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
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 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	(Unknown - Could Exceed \$100,000)	(Unknown - Could Exceed \$100,000)	(Unknown - Could Exceed \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator** state this proposal has no fiscal impact on the Courts.

Officials from the **Office of 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 to the SOS office for Administrative Rules is less than \$2,500. 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.

Officials from the **Department of Elementary and Secondary Education (DES)** state the proposal appears to place termination hearing duties in the hands of a hearing officer (rather than the local school board) who shall not be a resident of the school district. The cost of the hearing shall include the reasonable and customary per diem allowance for the hearing officer and the reasonable and necessary expenses of the hearing officer.

DES assumes 50-100 hearings per year with 2-day hearings at \$575-\$1,945 per diem, and reasonable and necessary expenses of \$260 per hearing for an annual expense of \$83,000 to \$441,000.

Oversight assumes many of the terminations would be resolved without the teacher exercising the option of the hearing before an impartial hearing officer provided by DOLIR. However, assuming a certain number of teachers would request such a hearing, the unknown costs to the school districts could exceed \$100,000 per year.

Officials from the **Department of Labor and Industrial Relations (DOLIR)** assume this legislation would result in a fiscal impact to the Labor and Industrial Relations Commission. The Commission would be responsible for promulgating rules and regulations, accepting filings, establishing and maintaining a list of hearing officers, storing the documents, etc. under this legislation. DOLIR estimates the need for an attorney the first year due to the work of promulgating rules and regulations. Additional clerical staff may also be needed; however, it is difficult to estimate without knowing the number of hearings.

ASSUMPTION (continued)

Oversight assumes the duty of promulgating rules and regulations would not take a full year or require one additional FTE. If this process cannot be completed with existing resources, **Oversight** assumes additional resources would be requested through the budget process.

A request for fiscal note was sent to several school districts, none of which responded.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
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POLITICAL SUBDIVISIONS

<u>Cost - School Districts - Hearing expenses (\$168.116)</u>	(Unknown - Could Exceed \$100,000)	(Unknown - Could Exceed \$100,000)	(Unknown - Could Exceed \$100,000)
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ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS	<u>(Unknown - Could Exceed \$100,000)</u>	<u>(Unknown - Could Exceed \$100,000)</u>	<u>(Unknown - Could Exceed \$100,000)</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.

FISCAL DESCRIPTION

§168.116

Current law permits local school boards to dismiss tenured teachers for certain causes after following certain administrative procedures. This proposal amends such procedures to allow teachers the right to request a preliminary hearing before an impartial hearing officer concerning the dismissal; however, the board would retain the authority to make the final decision as to whether or not the teacher is dismissed.

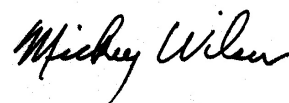
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Labor and Industrial Relations
Office of State Courts Administrator
Office of Secretary of State
Administrative Rules Division

NOT RESPONDING

School Districts



Mickey Wilson, CPA
Director
March 12, 2007