

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4953-01  
Bill No.: SB 1092  
Subject: Education, Elementary and Secondary; Teachers; Elementary and Secondary  
 Education Department  
Type: Original  
Date: March 4, 2008

Bill Summary: Creates the Minimum Salary Fund for Teachers to provide minimum salary supplements to public school teachers.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$69,033,416)	(\$69,033,416)	(\$69,033,416)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$69,033,416)</b>	<b>(\$69,033,416)</b>	<b>(\$69,033,416)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Minimum Salary Fund*	\$0	\$0	\$0
<b>Total Estimated Net Effect on Other State Funds*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Offsetting Transfers In from General Revenue and Transfers Out to School Districts are \$69,033,416 annually.

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<b>Local Government*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**\*Offsetting Transfers In from Minimum Salary Fund for Teachers and Disbursements to teachers total \$69,033,416 per year.**

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**FISCAL ANALYSIS**

ASSUMPTION

Officials from the **Office of State Treasurer** state this proposal will have no fiscal impact on their agency.

Officials from the **Department of Elementary and Secondary Education** calculated minimum salary requirements based on 99% of the data received for the 2007-08 school year and estimated a fiscal impact of \$69,033,416.

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 for this proposal 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.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
<b>GENERAL REVENUE</b>			
<u>Cost - Appropriation for teacher salaries</u>	<u>(\$69,033,416)</u>	<u>(\$69,033,416)</u>	<u>(\$69,033,416)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$69,033,416)</u></b>	<b><u>(\$69,033,416)</u></b>	<b><u>(\$69,033,416)</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
<b>MINIMUM SALARY FUND FOR TEACHERS</b>			
<u>Transfer In</u> - Appropriation for teacher salaries	\$69,033,416	\$69,033,416	\$69,033,416
<u>Cost</u> - Distribution to School Districts	<u>(\$69,033,416)</u>	<u>(\$69,033,416)</u>	<u>(\$69,033,416)</u>
<b>ESTIMATED NET EFFECT ON MINIMUM SALARY FUND FOR TEACHERS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Transfer In</u> - School Districts - Teacher salary supplements	\$69,033,416	\$69,033,416	\$69,033,416
<u>Cost</u> - School Districts - Teacher salaries	<u>(\$69,033,416)</u>	<u>(\$69,033,416)</u>	<u>(\$69,033,416)</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposed legislation creates the Minimum Salary for Teachers Program and establishes procedures for qualifying school districts to receive funds to pay minimum salary supplements to teachers. A minimum salary supplement is the difference between a school district's salary schedule and the minimum salary identified in the proposal.

FISCAL DESCRIPTION (continued)

Beginning with the 2008-2009 school year, the General Assembly will make an annual appropriation to the fund to pay public school teacher minimum salary supplements to qualifying school districts. A participating school district is only responsible for the contracted amount of a teacher's salary. If the appropriation is insufficient to pay the total cost of all minimum salary supplements, the minimum salary amounts will be prorated.

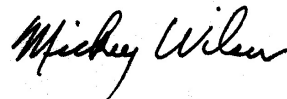
Any future increases in minimum salaries are contingent on decreases in total state payments to all districts as described in the act. The value of each level of minimum salary will be increased by \$500 in the second fiscal year following the fiscal year in which the state cost of funding the minimum salaries is 85% or less of the full funding cost for the first school year of the state funding of minimum teacher salaries under the proposed legislation.

The provisions of this proposal will expire in six years unless reauthorized.

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 State Treasurer  
Office of Secretary of State  
Administrative Rules Division



Mickey Wilson, CPA  
Director  
March 4, 2008