

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5102-02  
Bill No.: SB 1152  
Subject: Elementary and Secondary Education; Boards, Commissions, Committees,  
 Councils  
Type: Original  
Date: March 4, 2008

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$87,811,654)	(\$87,811,654)	(\$87,811,654)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$87,811,654)</b>	<b>(\$87,811,654)</b>	<b>(\$87,811,654)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Minimum Salary Fund for Teachers*	\$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 \$87,811,654 annually.

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<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>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<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>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<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 \$87,811,654 per year.**

**FISCAL ANALYSIS**

ASSUMPTION

Officials from the **Office of State Treasurer** state there is no fiscal impact to their agency.

Officials from the **Department of Elementary and Secondary Education** assumed the following fiscal impact resulting from the proposed increase to teacher salaries:

<u>Years</u>	<u>Bachelor's</u>	<u>Master's</u>
1 3	\$15,541,034.00	\$1,643,588.00
4 6	8,383,956.15	2,346,267.59
7 9	6,135,279.51	3,184,203.90
10 12	4,496,886.98	3,359,018.27
13 15	3,711,454.67	3,455,943.37
16 18	2,616,495.78	2,976,329.88
19 21	3,227,971.53	2,381,198.28
22 24	3,538,202.23	2,412,116.72
25 27	3,517,255.05	2,782,447.71
28 +	<u>6,776,433.71</u>	<u>5,325,571.05</u>
	\$57,944,969.61	\$29,866,684.77
<b>TOTAL:</b>	<b>\$87,811,654.38</b>	

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

ASSUMPTION (continued)

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	FY 2010	FY 2011
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**GENERAL REVENUE**

<u>Cost</u> - Appropriation for teacher salaries (\$163.172)	<u>(\$87,811,654)</u>	<u>(\$87,811,654)</u>	<u>(\$87,811,654)</u>
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<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$87,811,654)</u></b>	<b><u>(\$87,811,654)</u></b>	<b><u>(\$87,811,654)</u></b>
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**MINIMUM SALARY FUND FOR  
TEACHERS**

<u>Transfer In</u> - Appropriation for teacher salaries (\$163.172)	\$87,811,654	\$87,811,654	\$87,811,654
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<u>Cost</u> - Appropriation for teacher salaries (\$163.172)	<u>(\$87,811,654)</u>	<u>(\$87,811,654)</u>	<u>(\$87,811,654)</u>
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<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>
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<u>FISCAL IMPACT - Local Government</u>	FY 2009	FY 2010	FY 2011
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Transfer In</u> - School Districts - Teacher salary supplements (§163.172)	\$87,811,654	\$87,811,654	\$87,811,654
<u>Cost</u> - School Districts - Teacher salaries (§163.172)	<u>(\$87,811,654)</u>	<u>(\$87,811,654)</u>	<u>(\$87,811,654)</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 Fund for Teachers 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 schedule and the minimum salary identified in the proposal. 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.

A participating school district is subject to a local effort requirement, which is based on the percentage of expenditures from the district's teachers and incidental funds attributable to base salary, retirement, and health care costs as described in the act. A district may vary from its local effort percentage based on its teacher and incidental fund balance. A district that varies more than the allowable percentage will have a deduction made from the minimum salary supplement in the next fiscal year.

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 the base level of the minimum salary, represented by the one-to-three year bracket amount, 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

FISCAL DESCRIPTION (continued)

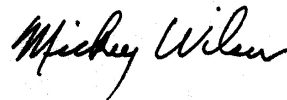
85% or less of the full funding cost for the first school year of the state funding of minimum teacher salaries under the act.

This proposal contains an emergency clause.

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  
Public School and Education Employee Retirement Systems of Missouri  
Joint Committee on Public Employee Retirement  
Public School Retirement System of the City of St Louis  
Office of Secretary of State  
    Administrative Rules Division  
Office of State Treasurer



Mickey Wilson, CPA  
Director  
March 4, 2008