

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5825-02  
Bill No.: SCS for SB 806  
Subject: Education, Elementary and Secondary; Teachers; Elementary and Secondary Education Department; Boards, Commissions, Committees, Councils; Administrative Law  
Type: Original  
Date: March 23, 2012

Bill Summary: This proposal creates the Teacher Multiyear Contract Act.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)	(Unknown - Could exceed \$100,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown - Could exceed \$100,000)</b>	<b>(Unknown - Could exceed \$100,000)</b>	<b>(Unknown - Could exceed \$100,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</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 2013</b>	<b>FY 2014</b>	<b>FY 2015</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 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Local Government</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Administrative Hearing Commission** state this proposal has no fiscal impact on their agency.

#### §168.1022.5 - Reduction in Force

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this provision does not increase costs to the state; but could have an unknown additional cost to local school districts. DESE defers to school districts regarding the extent of such costs.

#### §168.1032 - Teacher Evaluations

DESE assumes the potential cost to the state is unknown but could be significant. Determination of “high-demand” would have to be based upon criteria that would be uniformly implemented statewide. Costs would be incurred in the implementation of an evaluation system that is valid in the determination of “effective or higher.” This system would require research, development, field testing, and implementation.

Additional DESE staff would be required to maintain and ensure the validity of implementation in all school districts across the state. Costs would be incurred related to induction training of the state evaluation system for all educators as well as evaluator training for all supervisors. This provision may cost the state in excess of \$100,000 annually.

DESE states that, with the understanding that each district may chose to use the state model or use their own model that is approved by DESE, additional staff and operation funding would be required to assure that district models include required components and to assure that student growth measures are available and applicable to individual district evaluation models. Cost would also incur due to revision of availability of annual assessment data. An immediate turnaround of test data would be required to provide current assessment data for the purpose of a summative evaluation to determine the effectiveness of educators and to make appropriate staffing commitments. If this could not be accomplished, all staffing decisions would have to be made without current year data and based upon one year old data. This will result in significant ongoing expense amounting to approximately a minimum of \$100,000 each year.

ASSUMPTION (continued)

§168.1032.12

DESE assumes this section will likely result in unknown costs to DESE which could exceed \$100,000.

**Oversight** assumes the repeal §163.172 and the implementation of §168.1032.8 regarding salary requirements for teachers could result in unknown savings for school districts.

Officials from the **Parkway School District** stated the cost to their district is unknown.

**This proposed legislation was sent to the following school districts, none of which responded to a request for fiscal impact: Blue Springs, Branson, Columbia, Fair Grove, Francis Howell, Independence, Jefferson City, Kirksville, Lee’s Summit, Mexico, Nixa, Raytown, Sedalia, Sikeston, Silex, Special School District of St Louis County, Spickard, Springfield, St Charles, St Joseph, St Louis City, Sullivan.**

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>GENERAL REVENUE</b>			
<u>Cost - Department of Elementary and Secondary Education - Implementation of Teacher Multiyear Contract Act</u>	(Unknown - Could exceed <u>\$100,000</u> )	(Unknown - Could exceed <u>\$100,000</u> )	(Unknown - Could exceed <u>\$100,000</u> )
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(Unknown - Could exceed \$100,000)</u></b>	<b><u>(Unknown - Could exceed \$100,000)</u></b>	<b><u>(Unknown - Could exceed \$100,000)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Savings</u> - School Districts - Teacher Salaries (Repeal §163.172 and enactment of §168.1032)	Unknown	Unknown	Unknown
<u>Cost</u> - School Districts - Payouts to teachers (§168.1022.5)	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

§168.999 - 168.1032 - MULTIYEAR CONTRACT ACT

Beginning July 1, 2013, new certificated employees in all districts will be covered by the Teacher Multiyear Contract Act. After an initial contract of one year, a teacher may be granted a contract for a period of two to four years, based on the district's policy for standards for multiple year contracts. Teachers who receive two successive annual evaluations of "ineffective" will not be re-employed.

§168.1022.5 - Reduction in Force

If a school district has an unrestricted combined ending fund balance of more than ten percent of current expenditures in its teachers' and incidental funds, and in the subsequent fiscal year such district, because of state appropriations, places a teacher on leave of absence after forty days subsequent to the governor signing the elementary and secondary education appropriation bill, the district shall pay the affected teacher the greater of his or her salary for any days worked under the contract, or a sum equal to three thousand dollars.

FISCAL DESCRIPTION (continued)

§168.1032 - Teacher Evaluations

Teachers and principals must undergo evaluations, which must contain certain components. Each school board must develop and implement an evaluation system using multiple measures aligned with growth in student achievement. This system must be the basis for personnel and compensation decisions. If the school board does not adopt an evaluation system, as described in the act, it must use the model evaluation system that is developed by the Department of Elementary and Secondary Education.

The evaluation results will be used as a basis for school board decisions in pay, retention, promotion, dismissals, staffing decisions, contract length, transfers, placements, and reduction in force.

§168.1032.8

Local educational agencies cannot use seniority, degrees, or credentials as a basis for determining pay, retention, promotion, dismissal, and other decisions as described in the act.

§168.1032.12

The Department of Elementary and Secondary Education (DESE) must develop standards for the implementation of local evaluation systems, including processes for determining who is the teacher of record and the minimum amount of instructional time. DESE must also develop standards for rating levels, a student growth-model, a value-added system for determining student growth on assessments, and minimum training requirements for evaluators. In addition, DESE must also provide assistance to districts and develop a model evaluation system that will be used by districts that do not or cannot develop their own system or choose to use the model system. DESE must also provide or approve evaluation forms, link teacher preparation programs and achievement data for individual students, and monitor local evaluation systems.

This proposal repeals §163.172 which has a minimum salary requirement for full-time teachers.

This proposal has a delayed effective date of July 1, 2013.

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

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SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Administrative Hearing Commission  
School Districts  
Parkway

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, prominent 'M' and 'W'.

Mickey Wilson, CPA  
Director  
March 23, 2012