

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1184S.01I
 Bill No.: SB 19
 Subject: Teachers; Department of Elementary and Secondary Education; General Assembly; Education, Elementary and Secondary
 Type: Original
 Date: January 13, 2023

Bill Summary: This proposal increases minimum starting salary for teachers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue*	\$0 or Up to (\$22,865,822)	\$0 or Up to (\$27,987,766)	\$0 or Up to (\$28,547,521)
Total Estimated Net Effect on General Revenue	\$0 or Up to (\$22,865,822)	\$0 or Up to (\$27,987,766)	\$0 or Up to (\$28,547,521)

*Current FY 2023 appropriation (2.020) for \$21,793,144 would help pay for 70% of the cost to increase teachers' starting salary to \$38,000. Oversight will range the fiscal impact of this bill from \$0 (no further state appropriations to help pay for the increase – all borne by school districts) to a continued state appropriation for 70% of the cost for the teacher pay increases (local school districts would pay the other 30%).

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Local Government*	(\$9,799,638 or Up to \$32,665,460)	(\$11,994,757 or Up to \$39,982,523)	(\$12,234,653 or Up to \$40,782,174)

*Ranged from 30% (state kicks in 70%) to 100% of the cost for educator salary increases.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** state the estimated cost of increasing the salary of all Missouri teachers (8,056 teachers overall) from \$25,000 to \$38,000 is \$27,480,234 annually (163.172.1).

The estimated cost of increasing the salary of all Missouri teachers (3,211 teachers overall) with a master's degree and ten years teaching experience from \$33,000 to \$46,000 is \$11,718,318 annually (163.172.1).

Total cost of all salary adjustments is \$39,198,552.

Officials from the **Joint Committee on Education** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Based on information provided by DESE, **Oversight** notes there are 68,380 Teacher FTE, of which approximately 29,486 have Master's Degrees and at least 10 years of experience.

Oversight assumes this proposal requires school districts to raise teacher salaries to the proposed minimum levels. Oversight assumes this would be a cost to the school districts. However, Oversight notes TAFP HB 3002 (2022) authorized General Revenue funding (\$21,793,144) for 70% of the funding needed to increase teacher salaries from \$25,000 to \$38,000 for FY 2023 (Section 2.020). School districts and charter schools must apply for the funding and provide a local match of 30% (per DESE's Budget Request for FY 2024 page 324). As of July 2022, DESE had approved 344 grant applications from school districts.

DESE requested this same funding for FY 2024 to raise salaries to \$38,000 plus an increase for related benefit costs for a total request of \$29,410,199 (per DESE's Budget Request for FY 2024 page 329).

Oversight will show a potential range of impact to General Revenue of \$0 (no appropriation) up to 70% of the cost estimated by DESE or \$27,438,986 (assuming a 2% inflation rate).

Oversight will show a range of impact to school districts for 30% of the cost (or \$11,759,566) up to the full cost (\$39,198,552) if no moneys are appropriated by the general assembly.

Oversight assumes this proposal would be effective August 28, 2023 and will show a ten month cost for FY 2024.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE			
<u>Costs - DESE - teacher salary increases if funded through the Teacher Salary Grants at 70% of the cost - §163.172</u>	\$0 or Up to <u>(\$22,865,822)</u>	\$0 or Up to <u>(\$27,987,766)</u>	\$0 or Up to <u>(\$28,547,521)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or Up to <u>(\$22,865,822)</u>	\$0 or Up to <u>(\$27,987,766)</u>	\$0 or Up to <u>(\$28,547,521)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
SCHOOL DISTRICTS & CHARTER SCHOOLS			
<u>Revenue - from General Revenue for Teacher Salary Grants at 70% of the cost - §163.172</u>	\$0 or Up to \$22,865,822	\$0 or Up to \$27,987,766	\$0 or Up to \$28,547,521
<u>Costs - School Districts - for teacher salary increases - §163.172</u>	<u>(\$32,665,460)</u>	<u>(\$39,982,523)</u>	<u>(\$40,782,174)</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS & CHARTER SCHOOLS	(\$9,799,638 or Up to <u>\$32,665,460)</u>	(\$11,994,757 or Up to <u>\$39,982,523)</u>	(\$12,234,653 or Up to <u>\$40,782,174)</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

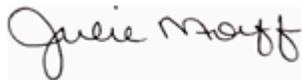
This act increases the minimum teacher's salary from \$25,000 to \$38,000 beginning with the 2023-24 school year. The minimum salary for a teacher with a master's degree and at least ten years of teacher experience in public schools is increased from \$33,000 to \$46,000.

The Joint Committee on Education shall issue an annual report, beginning January 1, 2025, to the General Assembly that assesses whether or not teachers' salaries are competitive with those in other states.

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
Joint Committee on Education



Julie Morff
Director
January 13, 2023



Ross Strobe
Assistant Director
January 13, 2023