

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 3171-01  
BILL NO.: SB 748  
SUBJECT: Education, Elementary and Secondary: Minimum Salaries  
TYPE: Original  
DATE: January 25, 2000

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$27,000)	(\$3,750)	(\$3,863)
Gaming Proceeds For Education Fund or Gaming Commission Fund	(\$0 to \$13,948,647)	(\$0 to \$14,297,363)	(\$0 to \$14,654,797)
Excellence in Education Fund	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$27,000 to \$13,975,647)</b>	<b>(\$3,750 to \$14,301,113)</b>	<b>(\$3,863 to \$14,658,660)</b>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<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 LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Public School Retirement System of Kansas City** and **Public School Retirement System of St. Louis** assume the proposal would result in no fiscal impact to the systems.

Officials from the **Public School Retirement System** and **Non-Teacher School Employee Retirement System** assume the proposal would result in no fiscal impact to the systems.

Officials from the **State Tax Commission, Office of Administration - Budget and Planning** and **Gaming Commission** assume the proposal would result in no fiscal impact to the agencies.

Officials from the **Joint Committee on Public Employee Retirement** stated the legislation would not affect retirement plan benefits as defined in Section 105.660(5).

Officials from the **Department of Elementary and Secondary Education (DESE)** estimate the fiscal impact as follows:

Excellence in Education Fund

Proposed Section 163.172.6 sets the criteria for a district to be eligible to receive the supplemental state funds for the minimum salary. If the salary supplement is not fully funded then provision for prorating teacher salary supplements is made. For purposes of this fiscal note, 100% funding of the supplement is assumed.

Estimate of Salary Supplement Required

Baccalaureate

0-5 yrs	\$22,000	\$2,401,332	(1,885 FTE)
6-19 yrs	\$25,000	\$2,301,107	(1,326 FTE)
greater than 19 yrs	\$28,000	\$1,305,127	( 606 FTE)

Masters or equivalent

greater than 10 yrs	\$28,000	\$ 510,947	( 356 FTE)
greater than 19 yrs	\$34,000	\$3,381,229	(1,083 FTE)
greater than 29 yrs	\$40,000	\$1,884,196	( 359 FTE)

ASSUMPTION (continued)

Salary supplement estimate:	\$11,783,938
Retirement match estimate:	<u>X 10.5%</u>
Total estimate:	\$13,021,251

A 3% inflation factor was applied for FYs 2002 and 2003; these costs are estimated to be \$13,411,889 for FY 2002 and \$13,814,245 for FY 2003.

The **Oversight Division** calculated fringe benefits at 18.37% to include retirement, FICA, unemployment and worker's compensation on the salary increases. Salary inflation was calculated at 2.5%; therefore, costs would be as follows:

FY 2001:  $\$11,783,938 + (\$11,783,938 \times .1837) = \$13,948,647$

FY 2002:  $\$11,783,938 \times 1.025 = \$12,078,536 + (\$12,078,536 \times .1837) = \$14,297,363$

FY 2003:  $\$12,078,536 \times 1.025 = \$12,380,499 + (\$12,380,499 \times .3075) = \$14,654,797$

DESE officials assume the increase in minimum salary requirements does not increase the Career Ladder cost. However, the Career Ladder supplement a teacher may receive cannot be used to meet the minimum salary requirement for that teacher.

General Revenue Fund

A program would need to be written to identify the teachers in each category, the amount of salary supplement required, and the eligibility criteria for receiving the money. Therefore, DESE would incur an IT impact estimated to be \$25,000 in its first year, and 15% estimated maintenance costs for FYs 2002 and 2003. Additionally, OIT requires an 8% project development fee for the first year.

The proposal states that the salary supplements would be funded from "increases in state revenues from taxation of riverboat gaming operations, including boarding fees, compared to the amount of these revenues appointed in fiscal year 2000." Section 313.822, RSMo., directs the adjusted gross receipts tax from gambling games to the Gaming Proceeds for Education Fund. Section 313.835, RSMo., directs gambling boat admission fees to the Gaming Commission Fund. Gaming Commission Fund net proceeds are earmarked under current law. However, for purposes of this fiscal note, the **Oversight Division** assumes the salary supplement funding would be transferred from either the Gaming Proceeds for Education Fund or the Gaming Commission Fund to the Excellence in Education Fund, which is the fund required to pay salary supplements per Section 163.172.5 of the proposal. Oversight has ranged DESE's estimated costs from zero, since the funding would depend on increases from FY 2000.

FISCAL IMPACT - State Government                      FY 2001                      FY 2002                      FY 2003  
 (10 Mo.)

**GENERAL REVENUE FUND**

Cost-Department of Elementary and  
 Secondary Education (DESE)  
 Programming                      **(\$27,000)**                      **(\$3,750)**                      **(\$3,863)**

**GAMING PROCEEDS FOR  
 EDUCATION FUND OR GAMING  
 COMMISSION FUND**

Cost-Gaming Proceeds for Education  
 Fund or Gaming Commission Fund  
 Transfer to Excellence in Education  
 Fund                      **(\$0 to  
 \$13,948,647)**                      **(\$0 to  
 \$14,297,363)**                      **(\$0 to  
 \$14,654,797)**

**EXCELLENCE IN EDUCATION  
 FUND**

Income-Department of Elementary and  
 Secondary Education (DESE)  
 Transfer from Gaming Proceeds for  
 Education Fund or Gaming Commission  
 Fund                      \$0 to  
 \$13,948,647                      \$0 to  
 14,297,363                      \$0 to  
 \$14,654,797

Cost-Department of Elementary and  
 Secondary Education (DESE)  
 Salary Supplements to School Districts                      (\$0 to  
 \$11,783,938)                      (\$0 to  
 \$12,078,536)                      (\$0 to  
 \$12,380,499)  
 Fringe Benefits                      (\$0 to  
\$2,164,709)                      (\$0 to  
\$2,218,827)                      (\$0 to  
\$2,274,298)  
 Total Cost-DESE                      (\$0 to  
 \$13,948,647)                      (\$0 to  
 \$14,297,363)                      (\$0 to  
 \$14,654,797)

**ESTIMATED NET EFFECT ON  
 EXCELLENCE IN EDUCATION  
 FUND                      **\$0**                      **\$0**                      **\$0****

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<b>SCHOOL DISTRICTS</b>			
<u>Income-School Districts</u>			
Salary Supplements	\$0 to \$13,948,647	\$0 to \$14,297,363	\$0 to \$14,654,797
<u>Cost-School Districts</u>			
Salaries	(\$0 to \$11,783,938)	(\$0 to \$12,078,536)	(\$0 to \$12,380,499)
Fringe Benefits	(\$0 to <u>\$2,164,709</u> )	(\$0 to <u>\$2,218,827</u> )	(\$0 to <u>\$2,274,298</u> )
Total <u>Cost-School Districts</u>	(\$0 to \$13,948,647)	(\$0 to \$14,297,363)	(\$0 to \$14,654,797)
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICTS</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.

DESCRIPTION

Beginning in school year 2000-2001, the minimum salary for a full-time teacher would be at least \$22,000. The minimum salary for a full-time teacher with at least five years experience would be \$25,000. The minimum salary for a full-time teacher with at least nineteen years experience or a full-time teacher with a master's degree and ten years experience would be \$28,000. The minimum salary for a full-time teacher with a master's degree and nineteen years experience would be \$34,000. The minimum salary for a full-time teacher with a master's degree and twenty-nine years experience would be \$40,000.

Beginning with the 2000-2001 school year, the Excellence in Education Fund would pay public school teacher minimum salary supplements (as opposed to fulfilling minimum salary requirements).

State minimum salary supplements would be funded from any increases in state revenues from taxation of riverboat gaming operations, including boarding fees, compared to the amount of these revenues appointed in fiscal year 2000.

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

L.R. NO. 3171-01  
BILL NO. SB 748  
PAGE 6 OF 6  
January 25, 2000

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Public School Retirement System  
Joint Committee on Public Employee Retirement  
State Tax Commission  
Office of Administration - Budget and Planning  
Public School Retirement System of St. Louis  
Public School Retirement System of Kansas City  
Gaming Commission



Jeanne Jarrett, CPA  
Director  
January 25, 2000