

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4910H.03P
 Bill No.: Perfected HCS for HB 2304
 Subject: Teachers; Education, Elementary and Secondary; Department of Elementary and Secondary Education
 Type: Original
 Date: March 2, 2022

Bill Summary: This proposal establishes qualifications for substitute teachers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue	(Could exceed \$277,903)	(\$59,366)	(\$59,957)
Total Estimated Net Effect on General Revenue	(Could exceed \$277,903)	(\$59,366)	(\$59,957)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Criminal Record System Fund (0671)	Up to (\$165,000)	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	Up to (\$165,000)	\$0 or Unknown	\$0 or Unknown

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue – Department of Elementary and Secondary Education	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

- 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 2023	FY 2024	FY 2025
Local Government	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that Oversight has or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Section 168.036 Substitute Teacher Certificates

Section 168.036.5

Officials from **Department of Elementary and Secondary Education (DESE)** state this section allows the State Board of Education to grant a certificate to any highly qualified individual with certain expertise or experience in the Armed Forces, explained further in the bill, that may not meet any other qualifications if the school board of the seeking school district votes to approve that individual to substitute teach at that district. Doing so would require a new application and process for districts to recommend these individuals at which the department estimates a cost of \$40,000.

Oversight will show the costs as estimated by DESE.

Section 168.036.6 (as amended by HA1)

In response to the previous version, officials from the **Joint Committee on Public Employee Retirement (JCPER)** assumed this proposal has no fiscal impact to the JCPER. The JCPER states that this proposal may constitute a “substantial proposed change” in future plan benefits as defined in section 105.660(10). It is impossible to accurately determine the fiscal impact of this legislation without an actuarial cost statement prepared in accordance with section 105.665. Pursuant to section 105.670, an actuarial cost statement must be filed with the Chief Clerk of the House of Representatives, the Secretary of the Senate, and the Joint Committee on Public Employee Retirement as public information for at least five legislative days prior to final passage.

In response to the previous version, officials from **Public Schools and Education Employee Retirement Systems (PSRS/PEERS)** assumed this bill provides a four-year certificate for individuals that want to substitute teach. Applicants for certification must complete a background check and also have at least 36 college hours or have completed a 20-hour online training, individuals must also have a high school diploma or equivalence. An alternative route to certification is provided for qualified individuals with technical or business expertise or Armed Forces experience and a superintendent sponsorship.

The provision of the bill that has an impact on Public School Retirement System (PSRS) or Public Education Employee Retirement System (PEERS) deals with the ability of PSRS retirees to return to work in a substitute teaching position with a covered employer. Until December 31, 2025, this bill allows retired teachers that have a substitute certification to substitute part-time and not have those hours and salary affect their retirement allowance.

The Systems have an actuary firm, PricewaterhouseCoopers (PWC), that prepares actuarial statements on any proposed legislation as well as the annual actuarial valuation reports for the Systems. This legislation has been submitted to PWC for an actuarial statement. As soon as the actuarial statement is available, PSRS/PEERS will be amending its fiscal response to include PWC's analysis.

PSRS/PEERS provides retirement benefits to more than 129,800 active members and over 103,000 retired Missouri public school teachers, school employees, and their families. The total invested assets of both PSRS and PEERS were \$59.4 billion as of December 31, 2021, making the combined entity larger than all other public retirement plans in the state combined, and the 46th largest institutional investor in the United States.

Oversight will show an unknown (positive or negative) impact on employer contributions for school districts and community colleges.

House Amendment 1

Oversight assumes House Amendment 1 further modifies provisions related to the Public Schools and Education Employee Retirement Systems. An actuarial statement is not yet available. Once an actuarial statement is provided, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

Section 168.036.7

Officials from **DESE** state, currently, substitute certificates expire at the end of four years and may be renewed. The new language in this subsection would allow substitute certificates to expire at any point in time and will have a substantial fiscal impact to the department. The substitute certification process will need to be redesigned to comply with this language as well as a new reporting database will need to be created for districts to notify the department on substitute statuses. DESE estimates this will cost around \$70,000. The department also estimates an additional FTE for an Administrative Assistant \$27,960 annual salary, will be needed as well.

Oversight will show the costs as estimated by DESE.

In response to the previous version, officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** stated the proposed legislation could increase the state fee from \$20 up to \$50 depending on the number of background checks performed up to five, resulting in a net increase to the Criminal Record System (CRS) Fund. The range is calculated based on the current state fee and the proposed language that increases the state fee up to \$50.

On average, the Patrol processes approximately 11,000 criminal record checks specific to substitute teacher certification and employment, of which approximately 145 per year resulted in checks for the same individual for different school districts and completed in the same week. However, an increase for the fund could be noted for the potential increase in the state fee, depending on the number of background checks performed.

Regardless of the state fee structure, this proposal would require technical system changes to the Missouri Automated Criminal History System to be completed by the MSHP's Criminal History vendor. The estimated cost of \$165,000 is based on previous projects with a similar scope of work.

Oversight will show the cost for system modifications to the Missouri Automated Criminal History System and an unknown amount of revenue from the increased fees.

Section 168.037 (as amended by HA1) - Substitute Teacher Survey and Data Collection

Officials from **DESE** assume this requires DESE to create and maintain a web-based survey for collecting anonymous information from substitute teachers in Missouri public schools. DESE estimates an initial costs that could exceed \$100,000 for the design, programming, and testing of a system that can collect real time information from substitute teachers that will be available anytime for schools and DESE to use to study. DESE also estimates annual maintenance and storage costs of \$10,000 annually.

Oversight assumes Section 1 requires DESE to create and maintain a web-based survey for collecting information related to substitute teachers. Oversight will show the costs as estimated by DESE. House Amendment 1 changes the section number to 168.037.

Oversight also assumes this proposal requires school districts and charter schools to provide data to DESE regarding certain information related to substitute teachers. Oversight will show a range of impact of \$0 (no additional cost or can be absorbed) to an unknown cost to collect the data for school districts and charter schools.

In response to a similar proposal, HB 608 (2021), officials from the **Affton 101 School District**, **High Point R-III School District** and the **Springfield R-XII School District** each assumed the proposal would have no fiscal impact on their respective organizations.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other school districts were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note 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 for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2023	FY 2024	FY 2025
GENERAL REVENUE			
<u>Costs</u> - DESE - new application and process - §168.036.5 p.3	(\$40,000)	\$0	\$0
<u>Costs</u> - DESE - new certification process and reporting database - §168.036.7 p.4	(\$70,000)	\$0	\$0
<u>Costs</u> - DESE - §168.036.7 p.4			
Personnel Service	(\$27,960)	(\$28,240)	(\$28,522)
Fringe Benefits	(\$22,737)	(\$22,838)	(\$22,941)
Expense & Equipment	(\$17,206)	(\$8,288)	(\$8,494)
<u>Total Costs</u> -	<u>(\$67,903)</u>	<u>(\$59,366)</u>	<u>(\$59,957)</u>
FTE Change	1 FTE	1 FTE	1 FTE
<u>Costs</u> - DESE - to create and maintain a web based survey - §168.037 & HA1 - p.5	(Could exceed \$100,000)	(\$10,000)	(\$10,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Could exceed <u>\$277,903</u>)	<u>(\$59,366)</u>	<u>(\$59,957)</u>
Estimated Net FTE Change on General Revenue p.3	1 FTE	1 FTE	1 FTE
<u>FISCAL IMPACT – State Government Continued</u>	FY 2023	FY 2024	FY 2025
CRIMINAL RECORD SYSTEM FUND (0671)			
<u>Income</u> – MHP – potential increase in fees for multiple school designations - §168.036 p.4	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - DPS-MHP - Missouri Automated Criminal History System modifications - §168.036 p.4	(\$165,000)	\$0	\$0

ESTIMATED NET EFFECT ON CRIMINAL RECORD SYSTEM FUND	Up to <u>(\$165,000)</u>	\$0 or <u>Unknown</u>	\$0 or <u>Unknown</u>
--	-------------------------------------	----------------------------------	----------------------------------

<u>FISCAL IMPACT – Local Government</u>	FY 2023	FY 2024	FY 2025
LOCAL EDUCATIONAL AGENCIES			
<u>Costs/Savings</u> - from an unknown impact on employer contribution rates - §168.036.6 p. 4-5 & HA1	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown
<u>Costs</u> - School Districts & Charter Schools - substitute teacher data collection - §168.037 & HA1 p.5	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON LOCAL EDUCATIONAL AGENCIES	\$0 or (Unknown) to <u>Unknown</u>	\$0 or (Unknown) to <u>Unknown</u>	\$0 or (Unknown) to <u>Unknown</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Section 168.036

This bill provides a four year certificate for individuals that want to substitute teach. Applicants for certification must complete a background check and also have at least 36 college hours or have completed a 20 hour online training, individuals must also have a high school diploma or equivalence. An alternative route to certification is provided for qualified individuals with technical or business expertise or Armed Forces experience and a superintendent sponsorship.

Until December 31, 2025 this bill allows retired teachers that have a substitute certification to substitute part-time and not have those hours and salary effect their retirement allowance.

Substitute certificates will expire if the individual fails to substitute teach for at least five days or 40 hours in a calendar year, and no individual under 20 years old may substitute in grades nine-12.

The bill also requires that the Department of Elementary and Secondary Education (DESE) develop and maintain an online substitute training program with 20 hours of training related to subjects appropriate for substitute teaching, and authorizes school districts to develop district specific orientations lasting two hours.

The bill provides substitute teachers beginning January 1, 2023 that apply for a fingerprint background check the opportunity to submit the results to up to five different school districts for a specified fee (Section 168.036 RSMo).

Section 168.037

The bill adds a web based survey to be developed and maintained by DESE that will collect information from substitutes at the end of each day of teaching. Districts will provide links to substitute teachers to access the survey, which will contain questions regarding the support and interaction with school staff, student health and safety issues, among other relevant questions.

The bill requires that school districts and charter schools annually provide DESE with information relating to substitute teaching as outlined.

This bill contains an emergency clause.

House Amendment 1

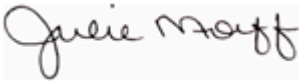
House Amendment 1 modifies provisions related to the Public Schools and Education Employee Retirement Systems and changes section 1 to section 168.037.

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

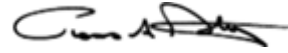
SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Public Safety - Missouri Highway Patrol
Joint Committee on Public Employee Retirement
Office of the Secretary of State
Joint Committee on Administrative Rules
Public Schools and Education Employee Retirement Systems
Affton 101 School District
High Point R-III School District
Springfield R-XII School District

L.R. No. 4910H.03P
Bill No. Perfected HCS for HB 2304
Page **10** of **10**
March 2, 2022



Julie Morff
Director
March 2, 2022



Ross Strobe
Assistant Director
March 2, 2022