

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATURE 3rd CALLED SESSION - 2006

May 4, 2006

TO: Honorable Kent Grusendorf, Chair, House Committee on Public Education

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB88 by Delisi (Relating to the salary paid to certain professional public school employees.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB88, As Introduced: a negative impact of (\$1,160,081,717) through the biennium ending August 31, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2007	(\$1,160,081,717)
2008	(\$1,179,781,218)
2009	(\$1,199,835,309)
2010	(\$1,220,250,375)
2011	(\$1,241,032,912)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from FOUNDATION SCHOOL FUND 193
2007	(\$1,160,081,717)
2008	(\$1,179,781,218)
2009	(\$1,199,835,309)
2010	(\$1,220,250,375)
2011	(\$1,241,032,912)

Fiscal Analysis

Section 1 of the bill would provide salary enhancements to school district employees subject to the minimum salary schedule in school year 2006-2007. The amount of the salary enhancement would vary from \$2,000 to \$5,000 depending on the employee's years of experience. Although the provisions creating the salary enhancement would expire September 1, 2007, the bill would amend Section 21.402(d), Education Code to entitle employees to retain the enhancement amounts received in the 2006-07 school year for the duration of their employment with the district.

Under proposed Section 42.2516, Education Code, the bill would provide for ongoing state aid to school districts, including districts otherwise ineligible for state aid, equal to the number of employees multiplied by an amount ranging from \$2,000 to \$5,000 depending upon employees' years of experience. The provision would apply beginning with the 2006-2007 school year.

Methodology

Assuming a 1.8 percent growth rate in affected staff, about 321,000 school district employees would receive salary enhancements estimated at \$1.09 billion in 2006-2007. State costs in fiscal year 2007 for additional state aid, including increased TRS contributions at the current 6 percent rate are estimated at \$1.16 billion. Estimated costs for additional state aid provided under the bill would increase to \$1.2 billion by fiscal year 2011, and state costs for TRS contributions are estimated at \$66.0 million in fiscal year 2008 and subsequent years.

Local Government Impact

School districts would be required to provide salary enhancement amounts to employees subject to the minimum salary schedule in amounts ranging from \$2,000 to \$5,000 in 2006-2007. Districts would be required to maintain each affected employees' enhancement amount for the duration of their employment with the district. Ongoing state funding in the form of additional state aid would be provided on the basis of the number employees subject the minimum salary schedule multiplied by amounts ranging from \$2,000 to \$5,000.

Source Agencies: 323 Teacher Retirement System

LBB Staff: JOB, CT, JSc, JSp