

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: HB89 by Delisi (Relating to compensation supplementation for certain educational employees.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB89, As Introduced: a negative impact of (\$160,433,000) 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	(\$160,433,000)
2008	(\$163,321,000)
2009	(\$166,261,000)
2010	(\$169,254,000)
2011	(\$172,300,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1
2007	(\$160,433,000)
2008	(\$163,321,000)
2009	(\$166,261,000)
2010	(\$169,254,000)
2011	(\$172,300,000)

Fiscal Analysis

Beginning in fiscal year 2007, the bill would entitle school district employees subject to the state minimum salary schedule (MSS employees) to \$1,000 per employee per year under Subchapter D, Chapter 22, Texas Education Code related to Compensation Supplementation. Other district, school, or service center employees eligible to receive a compensation supplement under Subchapter D, Chapter 22 would be entitled to annual amounts specified in the General Appropriations Act for this purpose. The bill would direct the Texas Education Agency to send funding to school districts sufficient to fund the entitlement amounts.

Methodology

Under current law, the rate at which the compensation supplement is paid is set in the General

Appropriations Act (GAA). The 2006-07 GAA, 79th Legislature, Regular Session, 2005, set the rate for fiscal years 2006 and 2007 at \$500 for eligible full-time employees and \$250 for eligible part-time employees. Increasing the entitlement to \$1,000 for MSS employees would increase the cost in fiscal year 2007 by an estimated \$160 million.

Assuming that the rate set in the GAA in future years remains at \$500 for full-time employees and \$250 for part-time employees, the cost of increasing the entitlement for MSS employees in fiscal year 2008 would be about \$163 million, increasing to about \$172 million by fiscal year 2011.

Local Government Impact

The bill would increase the amount of funds sent to school districts for the purpose of paying the compensation supplement to which employees are entitled under current law. The entitlement for certain employees would increase in like amounts.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, CT, JSc