

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

February 26, 2007

TO: Honorable Rob Eissler, Chair, House Committee on Public Education

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

IN RE: HB263 by Phillips (Relating to expansion of the minimum salary schedule for certain professional public school employees.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB263, As Introduced: a negative impact of (\$7,530,913) through the biennium ending August 31, 2009.

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
2008	(\$2,494,541)
2009	(\$5,036,372)
2010	(\$7,626,388)
2011	(\$10,265,503)
2012	(\$12,954,648)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1
2008	(\$2,494,541)
2009	(\$5,036,372)
2010	(\$7,626,388)
2011	(\$10,265,503)
2012	(\$12,954,648)

Fiscal Analysis

The bill would extend the statutory minimum salary schedule for teachers, school nurses, librarians, and counselors beyond the 20 steps established under current law by one additional step per year up to 35 steps beginning in fiscal year 2008.

Methodology

Section 31 of the bill would entitle a school district to state aid sufficient to compensate the school district for additional salary costs associated with the provisions of the bill. The Commissioner of Education would determine the amount of additional state aid to which a district is entitled. The bill does not amend Texas Education Code 42.2516 pertaining to the calculation of a school district's entitlement under the Foundation School Program, and as a result, no net fiscal impact to the state

would be incurred under provisions of the bill associated with increased state aid.

Increases to the statutory minimum salary schedule affect the state's obligation to make contributions for retirement to the Teacher Retirement System (TRS). Assuming a 6 percent contribution rate, the estimated cost of increased state contributions to TRS associated with the provisions of this bill would be \$2.5 million in fiscal year 2008, increasing to \$13.0 million by fiscal year 2009. If the state contribution rate to TRS were higher than 6 percent, associated costs would increase proportionately.

Local Government Impact

To the extent that local school districts would be required to increase salaries to meet the requirements of the bill, additional local cost would be incurred.

School districts make retirement contributions to the Teacher Retirement System for salary amounts paid above the statutory minimum salary schedule. To the extent that school districts were making retirement contributions for salary amounts that would be covered under the minimum salary schedule as amended by the bill, savings to local school districts would be incurred.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, JSp, UP, JSc