

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82nd LEGISLATURE 1st CALLED SESSION - 2011

June 25, 2011

TO: Honorable David Dewhurst, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

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

IN RE: SB8 by Shapiro (Relating to the flexibility of the board of trustees of a school district in the management and operation of public schools in the district.), **Conference Committee Report**

No significant fiscal implication to the State is anticipated.

The bill would direct the commissioner of education to make an annual determination by July 1st of the difference between each school district's total state and local maintenance and operations revenue per weighted student for the 2010-11 school year and the projected amount for the upcoming school year. For those districts projected to have less revenue per weighted student than the 2010-11 school year, the commissioner would be required to certify the percentage decrease in funding to be provided to the school district in the upcoming year. It is assumed that existing resources would be redirected to accomplish the annual determination and make necessary certifications to school districts.

The bill would establish procedures governing school districts' declaration, continuation, and expiration of financial exigency. The bill would direct the commissioner of education to adopt rules establishing minimum standards, including the district financial conditions that must exist prior to a local declaration of financial exigency. The bill would require that written notice of local board action declaring or continuing a financial exigency be provided to the commissioner of education. The bill would direct the commissioner of education to adopt rules prescribing the time and manner in which notice would be provided. Activities related to adoption of these rules are not anticipated to result in significant cost to the state.

Current school employee contracts are considered under case law to incorporate relevant statutes as they existed at the time the contract was initiated. To the extent that school districts implementation of the proposed statutory changes could affect current contracts, which could be multi-year, the Agency anticipates there may be potential for an increase in appeals to the commissioner under Subchapter G, Chapter 21 which could result in additional costs for hearings by the Texas Education Agency or the State Office of Administrative Hearings.

Local Government Impact

The bill would amend provisions related to employment under probationary, continuing, and term contracts. The bill would authorize local boards of trustees to implement a furlough of up to six days upon certification by the commissioner of education that the district's state and local maintenance and operations revenue per weighted student for the year is less than the amount for the 2010-11. In addition, the bill would repeal a provision currently entitling employees subject to the minimum salary schedule a salary that is at least equivalent to the salary they received in 2010-11 for the duration of their employment with the district in which they were employed during 2010-11. To the extent that the bill would allow school districts to reduce salary-related costs, local savings could be realized.

The bill would establish an additional process under which school districts with fewer than 5,000 students could conduct hearings associated with nonrenewal or termination of probationary, continuing, or term contracts, including actions resulting from a reduction in personnel due to

financial exigency. The bill would authorize such school districts to appoint qualified designees to conduct such hearings and make recommendations to local boards of trustees concerning contract renewal or nonrenewal. The bill's provisions would not be expected to alter the number of hearings that are requested. The change in procedures would not be anticipated to significantly affect the level of local costs associated with the hearings that may be requested.

The bill would prohibit a school district from employing certain candidates for certification as a teacher of record unless the person has completed at least 15 hours of field experience involving direct instructional or educational activities in the classroom as prescribed under the bill.

The bill would establish procedures governing school district declarations of financial exigency, continuations of financial exigency, and terminations of financial exigency declarations. The procedures and notification requirements established by the bill would not be anticipated to have significant fiscal implications for units of local government.

The bill would reduce the number of students subject to annual assessment of physical fitness from all students in grades 3-12 to only those students who are enrolled in a physical education course.

The bill would repeal provisions that currently require certain school districts to conduct annual hearings relating to before and after-school child care services.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, LXH, JGM, JSp