

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

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

**June 14, 2011**

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

**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.), **Committee Report 2nd House, Substituted**

**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 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.

Beginning with the 2011-12 school year, the bill would replace minimum salary schedule factors with dollar amounts equivalent to the salary schedule in effect for fiscal year 2011. The bill would direct the commissioner of education to submit a written report to state leadership recommending a method to be used to determine the minimum salary schedule by January 1, 2013. It is assumed that existing resources would be redirected to meet this requirement.

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.

The bill would authorize the commissioner of education to grant class size waivers upon determination that a district has less state and local funding per weighted student than the preceding year.

**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 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 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.

**Source Agencies:** 701 Central Education Agency

**LBB Staff:** JOB, LXH, JGM, JSp