

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**Revision 2**

**April 27, 2011**

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

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

**IN RE: HB400** by Eissler (Relating to flexibility for public schools to administer primary and secondary education efficiently.), **Committee Report 1st House, Substituted**

**No significant fiscal implication to the State is anticipated.**

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.

The bill would also repeal the existing minimum salary schedule for classroom teachers and full-time counselors, nurses, and librarians. The bill would amend Section 825.405, Government Code to provide for continuing use of the current form of that schedule for the purpose of determining certain school district contributions to the Texas Teacher Retirement System. Given that the existing schedule would continue to govern the calculation and payment of affected local contributions, no significant fiscal implications for the Texas Teacher Retirement System (TRS) are anticipated.

**Local Government Impact**

School districts could realize cost savings under the provisions of the bill.

The bill would amend provisions relating to joint elections to provide for allocation of election expenses on the basis of the proportion of precincts in the school district to the total number of precincts participating. The bill would also provide uniform procedures for electronic notifications of certain hearings by school district boards of trustees. In addition to the electronic notifications, school districts would retain the option of providing notice of such hearings via traditional print media at local discretion.

The bill would establish procedures and notification requirements governing school district declarations of financial exigency, continuations of financial exigency, and terminations of financial exigency declarations.

To the extent that the bill would allow school districts to reduce salary-related costs, local savings could be realized. The bill would repeal the statutory salary schedule that currently governs minimum compensation for classroom teachers and full-time counselors, nurses, and librarians. 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. Beginning with the 2012-13 school year, school districts would be required to adopt a locally developed strategic compensation plan for classroom teachers and full-time librarians, counselors, and nurses in accordance with specific

criteria described in the bill.

The bill would remove the current requirement that school districts conducting reductions in force make terminations in reverse order of seniority in the specific teaching field. The bill would provide teachers whose contracts are terminated due to financial exigency the opportunity for appeal of the termination and a hearing process.

The bill would also lengthen the time period afforded to school districts for notifying teachers of contract renewal or nonrenewal by extending the date by which notice must be provided from no later than the 45th day prior to the last day of instruction to no later than the last day of instruction and would provide various options for delivery of the notice. The change in the timelines for notice of renewal or nonrenewal would affect contracts for the 2012-13 school year unless the bill takes effect on or before April 10, 2011. If the bill is effective on or before April 10, 2011, the change in notification timelines would apply beginning with the 2011-12 school year.

Beginning with the 2011-12 school year, the bill would replace the current 22:1 class size restriction for grades kindergarten through four with a requirement for a district-wide average of 22 students in classes for those grade levels with authorization to enroll up to 25 students per class in one of those grade levels. The level of savings realized by individual districts under this provision would be expected to vary widely depending upon the district's current class size for those grade levels, waiver status, and local financial conditions.

Effective with the 2011-12 school year, the bill would remove a requirement limiting accelerated instruction groups to a 10:1 student-teacher ratio. School districts could experience some cost savings related to the elimination of this limit. The Texas Education Agency indicates that during 2010, there were a total of 854,670 test failures in grades 3–8 requiring accelerated instruction. Assuming that the students requiring accelerated instruction received two hours of instruction per week for four weeks and that the per-hour cost to provide teachers was \$50, a change from 10 students per class to 15 students per class, for example, would result in estimated local savings of about \$11 million annually on a statewide basis. Actual savings realized by an individual school district would be expected to vary depending on the number of students requiring accelerated instruction and other local circumstances.

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.

**Source Agencies:** 323 Teacher Retirement System, 701 Central Education Agency

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