

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 1, 2013

TO: Honorable Dan Patrick, Chair, Senate Committee on Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1403 by Patrick (Relating to public school teachers.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for SB1403, As Introduced: Significant portions of the fiscal impact of the bill cannot be determined due to a lack of specificity in the bill. Administrative costs to the Texas Education Agency are detailed in the tables below and reflect a negative impact of (\$1,390,516) through the biennium ending August 31, 2015.

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
2014	(\$953,258)
2015	(\$437,258)
2016	(\$437,258)
2017	(\$437,258)
2018	(\$437,258)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund	Change in Number of State Employees from FY 2013
	1	
2014	(\$953,258)	2.0
2015	(\$437,258)	2.0
2016	(\$437,258)	2.0
2017	(\$437,258)	2.0
2018	(\$437,258)	2.0

Fiscal Analysis

The bill would require that the commissioner of education adopt a framework for teacher appraisal that includes standards for the profession and teacher evaluation, identifies required elements for

any teacher evaluation system in the state, and requires that multiple performance measures be incorporated. The bill would require that the commissioner of education adopt a variety of recommended appraisal processes and performance criteria within the adopted framework.

The bill would repeal the state minimum salary schedule for classroom teachers, nurses, librarians, and counselors and would establish a minimum salary of \$41,000 annually for those employee classifications.

The bill would require that the Texas Education Agency (TEA) conduct an annual analysis of the regional cost of living across the state to determine if teacher salaries are comparable to salaries paid in comparable professions.

The bill would require that TEA conduct periodic audits of professional development requirements for educators to eliminate conflicting and duplicative provisions among state, local, and federal requirements.

The bill would require TEA to produce an annual report on the effectiveness of educator mentoring programs and would establish an advisory committee including members appointed by the Lieutenant Governor and the Speaker of the House to develop guidelines related to teacher induction and mentoring. The bill directs that TEA provide administrative support for the committee.

The bill would establish a Teacher Allotment within the Foundation School Program that would flow an amount per classroom teacher to districts that adopt a strategic compensation plan. The bill does not specify the amount per teacher.

The bill would require TEA, the State Board for Educator Certification (SBEC), and the Texas Higher Education Coordinating Board (THECB) to jointly review standards applicable to educator preparation programs and develop and implement modifications to reflect current teaching standards.

The bill would require TEA to conduct a statewide survey of working conditions for public school teachers.

Methodology

Because the bill does not stipulate an amount per classroom teacher to be allocated through the Teacher Allotment established by the bill, the cost cannot be determined, but is estimated to be significant.

TEA indicates it would require 2.0 additional FTEs to implement the provisions of the bill at an estimated cost of \$153,258 in FY2014 and \$137,258 in each subsequent year from General Revenue Funds inclusive of salary, benefits, and other operating expenses.

TEA estimates a cost of \$500,000 in FY2014 and \$300,000 in each subsequent year for the annual cost of living analysis required by the bill. TEA estimates a \$300,000 cost in FY2014 to contract for the statewide survey of working conditions for public school teachers.

Based on the average salaries of employee classifications subject to the minimum salary schedule, it is assumed for purposes of this estimate that the establishment of a \$41,000 minimum salary would not have a significant impact on the cost of state contributions to the Teacher Retirement System. However, to the extent that employees currently subject to the minimum salary schedule

are entitled to an annual salary based on the \$41,000 minimum that is higher than they otherwise would have earned in the same year, additional state cost for TRS contributions based on employee payroll for pension and benefits could accrue.

Under current law, the state makes contributions to TRS on behalf of public education employees subject to the minimum salary schedule only on the statutory minimum required salary. Local employers make contributions on any salary amounts paid above the statutory minimum. By establishing the statutory minimum at \$41,000 for all minimum salary schedule employees, the state's obligation for TRS contributions will be significantly reduced, and local obligations will be significantly increased. The TRS indicates that the resulting state and local impact cannot be estimated.

Local Government Impact

Under current law, the state makes contributions to TRS on behalf of public education employees subject to the minimum salary schedule only on the statutory minimum required salary. Local employers make contributions on any salary amounts paid above the statutory minimum. By establishing the statutory minimum at \$41,000, the state's obligation for TRS contributions will be significantly reduced, and local obligations will be significantly increased. The TRS indicates the resulting state and local impact cannot be estimated.

School districts would no longer be required to adhere to the state minimum salary schedule and could earn additional entitlement through the Teacher Allotment in the FSP associated with the implementation of a strategic compensation plan.

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

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