

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

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**April 6, 2015**

**TO:** Honorable Jimmie Don Aycock, Chair, House Committee on Public Education

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB2543** by Farney (Relating to public school teacher performance appraisals, continuing education, professional development, career advancement, and compensation.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2543, As Introduced: a negative impact of (\$9,091,112) through the biennium ending August 31, 2017.

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:**

| <b>Fiscal Year</b> | <b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b> |
|--------------------|---|
| 2016               | (\$4,728,556)   |
| 2017               | (\$4,362,556)   |
| 2018               | (\$4,712,556)   |
| 2019               | (\$4,362,556)   |
| 2020               | (\$4,712,556)   |

**All Funds, Five-Year Impact:**

| <b>Fiscal Year</b> | <b>Probable Savings/(Cost) from General Revenue Fund</b> |
|--------------------|--|
|                    | <b>1</b>   |
| 2016               | (\$4,728,556)  |
| 2017               | (\$4,362,556)  |
| 2018               | (\$4,712,556)  |
| 2019               | (\$4,362,556)  |
| 2020               | (\$4,712,556)  |

**Fiscal Analysis**

The bill would require the Commissioner of Education to adopt a teacher development framework (TDF) by rule related to performance appraisals, professional development, career advancement, and compensation.

The bill would require the Commissioner to review school district practices and the use of objective teaching performance measures under the framework. The Commissioner would be required to review and revise the framework at least once every five years after considering the advice of teachers and other stakeholders.

The bill would enable educators to provide feedback to the State Board of Educator Certification (SBEC) regarding continuing education courses or programs completed by the educator, and would require SBEC to provide public access to the feedback.

The bill would require the Commissioner to adopt a recommended appraisal process, criteria based on objective measures of a teacher's performance, and objective measures of student educational growth. The Commissioner would be required to consider the advice of other stakeholders, in addition to teachers, when developing the recommended appraisal process and performance criteria. The bill would require districts to conform to the TDF and the objective measures when appraising teachers.

The bill would require certain professional development opportunities for educators other than principals to include campus-based performance objectives and individual educator performance objectives.

The bill would remove classroom teachers from the computation of minimum salaries established in Education Code and require school districts to pay a minimum monthly salary to classroom teachers of at least \$2,754. The bill would allow districts to pay higher monthly salaries based on criteria consistent with the TDF. The bill would require school districts to make the state contribution to the Teacher Retirement System of Texas (TRS) on salary amounts above the salary schedule adopted by the TRS board of trustees, which must be based on the minimum salary schedule as it existed on January 1, 2015. The bill would require TRS, in consultation with the Legislative Budget Board, to study public school educator labor market conditions each biennium and to recommend updates to the salary schedule.

The bill would take effect on September 1, 2015, or immediately if passed with the necessary voting margins. The bill would apply beginning in school year 2016-17.

## **Methodology**

The Texas Education Agency (TEA) indicates several costs related to development and review of the Teacher Development Framework (TDF) related to reviewing school district practices, collecting information on teaching and learning conditions, and developing objective measures of student growth.

The bill requires TEA to review school district practices and use of objective performance measures under the TDF. TEA estimates a cost of \$250,000 per year for data collection associated with this requirement.

The bill requires the collection of data related to teaching and learning conditions as appraisal criteria for the TDF. This estimate assumes TEA would be responsible for these activities. This fiscal note assumes a cost of \$350,000 in fiscal year 2016 and subsequent even-numbered years for TEA to contract for an annual survey of teaching and learning conditions of public school teachers since the bill would expand the current requirements of a biennial survey.

The bill requires the development of objective measures of student academic performance, to

include student educational growth. TEA estimates a cost of \$4.0 million per year to contract with an external entity to develop the objective measures of student educational growth at the teacher level for tested grades and subjects. The agency anticipates the measures would change annually based on the previous year's student assessment results, requiring the performance measures to be calculated anew each year to be used as a component of an annual teacher appraisal. Objective student performance measures would be developed for 22 tests for grades 3 through 8 and end-of-course assessments, generating the anticipated state cost.

The agency assumes school districts would be responsible for providing these measures for each teacher's students for non-tested grades and subjects and that such measures will have a local, rather than state, impact.

Based on information provided by TEA, two new FTEs would be required to assist with the development and maintenance of the TDF, including soliciting input from teachers and other stakeholders, reviewing district practices, and providing technical support to districts. The estimated cost of these FTEs, including salary, benefits, travel and other operating expenses, would be \$128,556 in fiscal year 2016 and \$112,556 in subsequent years.

This analysis assumes that TRS would absorb any costs associated with the requirement to study the labor market conditions among public school educators within existing resources.

### **Local Government Impact**

Districts would incur significant additional costs if required to redesign compensation plans, redesign professional development options in multiple formats, develop the objective measures of student educational growth at the teacher level for non-tested grades and subjects, and submit additional information related to the teacher development framework to the Texas Education Agency. Districts may also be required to hire additional personnel to assist with implementing new appraisals, professional development options, and data submission. These costs would be anticipated to vary considerably among districts.

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

**LBB Staff:** UP, AW, JBi, AM, PFe