

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATURE 1st CALLED SESSION - 2017

August 7, 2017

TO: Honorable Dan Huberty, Chair, House Committee on Public Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB255 by Reynolds (Relating to the salary paid to certain professional staff employed by public schools.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB255, As Introduced: a negative impact of (\$3,176,128,323) through the biennium ending August 31, 2019.

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
2018	(\$1,573,943,287)
2019	(\$1,602,185,036)
2020	(\$1,630,935,138)
2021	(\$1,660,202,740)
2022	(\$1,689,997,159)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from Foundation School Fund 193
2018	(\$19,431,399)	(\$1,554,511,888)
2019	(\$19,780,062)	(\$1,582,404,974)
2020	(\$20,135,002)	(\$1,610,800,136)
2021	(\$20,496,330)	(\$1,639,706,410)
2022	(\$20,864,162)	(\$1,669,132,997)

Fiscal Analysis

The bill would specify that, for the 2017-18 school year, each classroom teacher, full-time librarian, full-time school counselor certified under Chapter 21, Subchapter B of the Education Code, or full-time nurse is entitled to the sum of: 1) the monthly salary the employee would have received for the 2017-18 school year under the district's salary schedule for the 2016-17 school

year, if that schedule had been in effect for the 2017-18 school year; and 2) \$400.

The bill would also require any classroom teacher, full-time librarian, full-time school counselor, or full-time nurse to receive a salary that is at least equal to the salary the employee received for the 2017-18 school year in each subsequent year, as long as that employee is employed by the same district.

The bill would amend the Education Code to provide additional state aid equal to \$4,000 per classroom teacher, full-time librarian, full-time school counselor, and full-time school nurse employed by a district.

The bill would apply beginning with the 2017-18 school year.

Methodology

In fiscal year 2017, there were a total of 380,554 classroom teachers, full-time librarians, full-time school counselors, and full-time nurses. This analysis assumes that the number of classroom teachers, librarians, counselors, and nurses increases by 1.8 percent per year, and full-time equivalents at state funded entities remain constant at a fiscal year 2018 budgeted total of 1,224. Based on these assumptions 388,628 teachers, librarians, counselors, and nurses would receive a \$4,000 raise in fiscal year 2018; 395,601 would receive the raise in fiscal year 2019; increasing to 417,283 in fiscal year 2022.

The additional state aid that would be provided under Section 42.2513(a) of the Education Code to support the salary increases of these teachers, librarians, counselors, and nurses would be \$1,554.5 million in fiscal year 2018, \$1,582.4 million in fiscal year 2019, increasing to \$1,669.1 million in fiscal year 2022.

State contributions to TRS-Care associated with the increased salary, based on a contribution rate of 1.25 percent of active payroll, are anticipated to be \$19.4 million in fiscal year 2018, \$19.8 million in fiscal year 2019, increasing to \$20.9 million in fiscal year 2022.

Local Government Impact

School districts would receive additional state aid from the Foundation School Program to fund the salary increases provided under the bill.

In addition to the costs noted above, school districts would be responsible for retirement and health benefits provided by TRS. The contribution rate to TRS retirement is 6.8% of salary. However, because the salary increase specified in the bill would not adjust the minimum salary schedule under Section 21.402 of the Education Code, retirement contributions to TRS for the salary increase would be a local obligation as established in Section 825.405 of the Government Code. Additionally, districts that do not participate in Social Security would contribute 1.5% of active salary to TRS retirement; and all districts would contribute 0.75% of active salary to TRS-Care.

In total, district costs related to retirement contributions and TRS-Care are anticipated to be \$117.4 million in fiscal year 2018, \$119.5 million in fiscal year 2019, increasing to \$126.0 million in fiscal year 2022.

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

LBB Staff: UP, AG, AM, AH