

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

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**February 19, 2019**

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

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE: HB55** by González, Mary (Relating to class size limits and student/teacher ratios for prekindergarten classes provided by or on behalf of public schools.), **As Introduced**

The fiscal implications of the bill cannot be determined at this time because information regarding existing prekindergarten teacher and teacher's aide to student ratios is not available.

The bill would amend the Education Code to limit enrollment in prekindergarten classes to 22 students and to specify prekindergarten student to teacher and teacher's aide ratios. The bill would result in smaller class sizes and require more teachers or teacher's aides for districts with prekindergarten classes with more than 22 students. However, because the current ratio of prekindergarten students to teachers and teacher's aides is not known, the fiscal impact of the bill can not be determined.

This analysis assumes that to the extent it requires additional staff to be hired, the bill would result in additional state contribution costs for Teacher Retirement System (TRS) benefits.

As an example of the potential impact relating to benefits, a hypothetical scenario of the bill resulting in a need for 250 new teachers and 250 new teacher's aides with average salaries of \$52,025 and \$20,586 (as reported by TEA's 2017-18 PEIMS reports), respectively, would result in the 6.8 percent state retirement contribution totaling \$884,425 for teachers and \$349,962 for teacher's aides in fiscal year 2020, increasing in future fiscal years based on salary growth. These costs would be apportioned between school districts and the state as follows. In accordance with Government Code Section 825.4041, state retirement contribution costs for new TRS members for the first 90 days of employment would be paid by employers. Additionally, in accordance with Government Code Section 825.405, retirement costs for teachers paid on salary amounts above the Minimum Salary Schedule (MSS) multiplied by the Cost of Education Index (CEI) would be paid by employers. This analysis assumes remaining teacher and teacher's aide retirement costs would be paid by General Revenue Funds. The cost to General Revenue for retirement benefits would depend upon the actual salaries and years of experience of the additional teachers, prior TRS membership, and the CEI for each hiring district.

Using these same hypothetical assumptions of 250 new teachers and 250 new teacher's aides, the 1.25 percent state contribution to TRS-Care (retiree health care) would be \$162,578 for teachers and \$64,331 for teacher's aides in FY 2020, increasing in future fiscal years based on salary growth. This analysis assumes all TRS-Care state contribution costs would be paid by General Revenue Funds.

In addition, this bill would result in some additional Foundation School Program (FSP) costs for each new teacher's aide hired. As specified in Education Code Section 42.2513, the Additional State Aid for Staff Salary Increase provides FSP state aid, for certain specified positions, in the amount of \$250 for part-time positions and \$500 for full-time positions annually.

### **Local Government Impact**

Individual district costs are expected to vary widely depending on the variables discussed below. Some districts with prekindergarten classes exceeding 22 students may experience significant costs relating to staff salary, classroom start-up expenses, and facilities costs. However, district-level information necessary to estimate the number of districts that may experience such costs is not available.

The average prekindergarten teacher salary is \$52,025 and teacher's aides' salary is \$20,586 in school year 2017-18, although salaries vary depending on the years of experience of the educator. As an example of potential costs, the hypothetical assumption specified above of 250 new full-time teachers and 250 new full-time teacher's aides using average salaries would result in an aggregate annual statewide salary costs of \$18.1 million for districts. Districts would also incur additional costs relating to the employer contribution for insurance and retirement benefits.

Based on reports from school districts, it costs approximately \$22,000 to start a new prekindergarten classroom, including desks, chairs, and materials. Such costs would be offset to the extent existing classroom materials could be used.

If facilities were not available in existing schools for new prekindergarten classrooms, school districts would also need to build new buildings, consider portable classroom options, or partner with other community entities with available facilities.

**Source Agencies:** 701 Texas Education Agency

**LBB Staff:** WP, HL, AM, CPa, ASa