

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATURE 4th CALLED SESSION 2023

November 9, 2023

TO: Honorable Joan Huffman, Chair, Senate Committee on Finance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB2 by Creighton (Relating to a local optional teacher designation system implemented by a school district, the basic allotment and guaranteed yield under the public school finance system, and certain allotments under the Foundation School Program; making an appropriation.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2, As Introduced : a negative impact of (\$5,217,352,565) through the biennium ending August 31, 2025.

Appropriations:

<i>Fiscal Year</i>	<i>Appropriation out of General Revenue Fund 1</i>
2024	\$1,196,500,000
2025	\$0

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$2,496,228,147)
2025	(\$2,721,124,418)
2026	(\$2,795,358,341)
2027	(\$3,025,543,137)
2028	(\$3,122,865,598)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Savings/(Cost) from Foundation School Fund 193</i>	<i>Probable Revenue Gain/(Loss) from Recapture Payments Atten Crdts 8905</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$70,337,460)	(\$2,425,890,687)	(\$64,096,275)	17.0
2025	(\$72,877,531)	(\$2,648,246,887)	(\$97,427,568)	17.0
2026	(\$72,661,315)	(\$2,722,697,026)	(\$111,227,331)	17.0
2027	(\$75,418,815)	(\$2,950,124,322)	(\$155,642,601)	17.0
2028	(\$75,651,049)	(\$3,047,214,549)	(\$180,409,453)	17.0

Fiscal Analysis

The bill would amend the Teacher Incentive Allotment (TIA) designations. A new designation, "acknowledged",

would be added to existing Local Optional Teacher Designation System designations. The bill would also change the designation of nationally board-certified teachers from "recognized" to "nationally board-certified."

The bill would require the Texas Education Agency (TEA) to provide technical assistance that would include providing examples of local optional teacher designation systems; establish partnerships between districts and schools; apply performance and validity standards that would be established by the Commissioner; provide centralized support for the analysis of the results of assessments; and facilitate effective communication and promotion of local optional teacher designation systems.

The bill would establish the local optional teacher designation system grant program. From funds appropriated or available, TEA would develop and administer a grant program with money and technical assistance for districts and open-enrollment charter schools to expand implementation of local optional teacher designations system and increase the number of teachers eligible for a designation. Grants that would be awarded under this section would be required to meet the needs of individual school districts and enable regional leadership capacity. The bill would allow the Commissioner to adopt rules to establish and administer the grant program.

The bill would increase the Basic Allotment to \$6,235 beginning in fiscal year 2024.

The bill would increase the allotments and rural and high needs factors for TIA under Sec. 48.112, Education Code.

The bill would amend the School Safety Allotment. Under the provisions on the bill, a school district would be entitled to \$30,000 per campus and \$20 per student in average daily attendance. School districts would also be entitled to \$1 per student in average daily attendance for every \$50 basic allotment increase above \$6,235.

The bill would extend the Formula Transition Grant to fiscal year 2025 and limit the statewide total cost for fiscal year 2025 to \$65.0 million.

The bill would establish the Teacher Retention Bonus for the 2023-24 school year and the Teacher Retention Allotment, starting with the 2024-25 school year, which would entitle districts to an allotment of \$3,000 per classroom teacher in districts with more than 5,000 enrolled students, and \$10,000 per classroom teacher in districts with 5,000 or fewer enrolled students.

The bill would provide an allotment for certain districts with certain enrollment changes to maintain salary increases enacted under the bill.

The bill would amend the General Appropriations Act to appropriate TEA an additional \$1,196.5 million for the 2024-25 biennium to implement provisions of the bill.

Methodology

This analysis assumes 2.0 Programmers V and 1.0 Systems Analyst V would be required to implement the changes related to the TIA designations.

TEA assumes that \$15.0 million in each fiscal year would be required to provide technical assistance under Sec. 21.3521(e), Education Code. This would be administered partially by the existing TEA TIA team but would require additional positions: 6.0 Education Specialists V to manage technical assistance, implementation support, and data validation support, and 1.0 Director I to manage the technical assistance team.

To develop and administer the local optional teacher designation system grant program, this analysis assumes 1.0 Education Specialist V and 1.0 Grant Specialist V would be required. TEA estimates that the grant program would cost \$30.0 million annually to implement.

This analysis assumes 1.0 Financial Analyst III and 1.0 Programmer V would be required to implement the changes related to increasing the TIA allotments.

As the bill would not require an increase to the basic allotment above \$6,235, this analysis assumes a school safety allotment of \$30,000 per campus and \$20 per student.

This analysis assumes 3.0 FTEs would be required to implement the changes relating to the FSP; 1.0 Director II, 1.0 Financial Analyst IV, and 1.0 Programmer V.

Additionally, this analysis assumes state cost of additional 1.25 percent TRS-Care contributions resulting from the required salary increases under the bill would be \$22.4 million in fiscal year 2024, \$23.8 million in fiscal year 2025, and increasing to \$29.1 million in fiscal year 2028.

The bill would amend or create allotments under the FSP as outlined in the Fiscal Analysis section above. This analysis assumes that the total cost to the FSP would be \$2,425.9 million in fiscal year 2024, \$2,648.2 million in fiscal year 2025, increasing to \$3,047.2 million in fiscal year 2028.

The cost to the FSP includes estimated decreases in Recapture Payments – Attendance Credits of \$64.1 million in fiscal year 2024, \$97.4 million in fiscal year 2025, and \$180.4 million in fiscal year 2028.

Technology

TEA assumes that there would be IT costs related to amendments to the TIA designations of \$662,581 in fiscal year 2025, \$1,735,635 in fiscal year 2026, and \$108,756 in subsequent fiscal years.

TEA estimates that implementation of the bill in the FSP application would be approximately \$50,000 for the biennium.

Local Government Impact

This analysis assumes local education agencies (LEAs) would receive additional funding through the FSP under this bill.

The bill would provide compensation increases to classroom teachers and would establish allotments under the FSP to fund them. This analysis assumes the teacher pay raises required by the bill would result in local employer benefits costs of 8.25 percent for TRS retirement and 0.75 percent for TRS-Care.

The bill would repeal Sections 48.051 (c) through 48.051 (d), Education Code, which removes certain spending requirements for LEAs during a year in which the basic allotment is increased.

Source Agencies:

LBB Staff: JMc, CMA, ASA, ENA