

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 18, 2023

TO: Honorable Brad Buckley, Chair, House Committee on Public Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB9 by Creighton (relating to the rights and certification of public school educators, including financial and other assistance and waivers provided to public schools by the Texas Education Agency related to public school educators, methods of instruction provided in public schools, and certain allotments under the Foundation School Program.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB9, Committee Report 2nd House, Substituted : a negative impact of (\$722,761,934) through the biennium ending August 31, 2025.

The cost of the Employed Retiree Teacher Reimbursement Grant Program cannot be determined.

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:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$249,613,070)
2025	(\$473,148,864)
2026	(\$596,069,618)
2027	(\$822,293,636)
2028	(\$914,462,331)

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 Savings/(Cost) from Recapture Payments Atten Crdts 8905</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$75,245,384)	(\$174,367,686)	\$31,211,816	40.0
2025	(\$82,279,562)	(\$390,869,302)	\$70,747,344	47.0
2026	(\$79,149,454)	(\$516,920,164)	\$92,011,789	47.0
2027	(\$74,649,454)	(\$747,644,182)	\$142,800,039	47.0
2028	(\$74,649,454)	(\$839,812,877)	\$163,763,511	47.0

Fiscal Analysis

The bill would also task TEA to develop and maintain a technical assistance program to support school districts and charters in studying how district or school staff and student schedules require non-instructional duties for teachers and how professional development requirements for teachers impact amount of time teachers work

per week, refining schedules for students and staff to ensure teachers have time to fulfill job duties during normal work hours while supporting all students, and to periodically make Teacher Time Study best practices publicly available.

The bill would require that certain certification examination fees be waived by the State Board for Educator Certification (SBEC).

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 national 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; 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 create the Employed Retiree Teacher Reimbursement Grant Program to reimburse school districts that employ Teacher Retirement System (TRS) retirees for the contribution amount that the district would be responsible for paying when employing a TRS retiree. The grants provided under this section may be modified by appropriation and the grant program would be established and administered by the Commissioner.

From funds appropriated, the agency would be required to provide school districts with information and technical assistance regarding staffing models, scheduling, and teacher compensation models; programs that would encourage high school students to become teachers, including apprenticeships; programs that school leaders may use to establish behavior expectations while positively supporting students; and studies related to non-instructional duties for teachers and best practices for refining schedules for students and teachers.

The bill would establish the Texas Teacher Residency Partnership Program to create a teacher mentor program between schools and educator preparation programs (EPPs). TEA would be required to provide technical assistance and support to participating schools and EPPs.

The bill would amend TEC 29.153(b) to include children of classroom teachers as eligible for prekindergarten in the school district that offers a prekindergarten class under this section.

The bill would provide an additional allotment through the Foundation School Program (FSP) for eligible four year old prekindergarten students.

The bill would amend the associated allotment amounts under TIA.

The bill would amend the mentor allotment to require training be provided to mentor teachers and establishes the allotment at \$2,000 for each teacher with less than two years experience. The allotment would be capped at 40 teachers per school district, or by appropriation. The bill would require the agency to oversee the development of a statewide mentor training, which would be rolled out through Education Service Centers (ESCs).

The bill would establish the Residency Partnership Allotment for the Texas Teacher Residency Partnership Program. For each partnership resident employed at the district in a residency position under Subchapter R, Ch. 21, the district would be entitled to an allotment equal to the base amount of \$22,000 increased by the high needs and rural factor, as determined under Subsection (c), to an amount not to exceed \$42,000. In addition, a district that would qualify for an allotment under this section would be entitled to an additional \$2,000 for each

partnership resident employed in a residency position at the district who is a candidate for special education or bilingual education certification. Texas School for the Deaf (TSD) and Texas School for the Blind and Visually Impaired (TSBVI) would be entitled to the allotment under this section.

Methodology

The agency estimates that provisions of the bill requiring the waiver of certain examination and certification fees, including vendor costs for administration, would cost \$17.5 million in fiscal year 2024 and \$18.0 million in fiscal year 2025, increasing to \$23.1 million in fiscal year 2028.

To support Local Education Agencies (LEAs) in scaling of TIA, TEA would need to develop a suite of supports including a grant program for LEAs and TEA would require funding for the development and implementation of the grant program, grants to LEAs, and implementation supports.

This would be administered partially by the existing TEA TIA team but would require additional positions: six Education Specialist Vs to manage technical assistance, implementation support, and data validation support, and a Director I to manage the technical assistance team.

To develop and administer the local optional teacher designation system grant program, the agency assumes one Education Specialist V would be required. The agency estimates that the grant program would cost \$30 million annually to implement.

The amount appropriated to the Employed Retiree Teacher Reimbursement Grant Program is unspecified, and the legislature may restrict eligibility for the program by appropriation; therefore, costs cannot be determined. As an illustrative example of the potential cost, in fiscal year 2022 TRS received a total of approximately \$40.0 million for retirement program surcharges and \$11.0 million for TRS-Care surcharges, including both employee and employer surcharges for all positions. To administer the grant program, TEA would require an Education Specialist V to develop, oversee, and improve the grant program. The bill would not make changes to the amount of the TRS retirement contribution, just the source of the funding; therefore, TRS assumes there would be no significant impact to the agency from this provision.

To administer Teacher Quality Assistance, TEA assumes funding would be required for development and implementation of supports, technical assistance to support LEAs in implementing improvements, and grants to LEAs. The agency assumes development of strategic scheduling, staffing, and compensation modules to support technical assistance would cost \$1,500,000 in fiscal year 2024. The agency assumes grants for delivery of technical assistance would cost \$2,250,000 in fiscal year 2024 and \$4,500,000 annually in fiscal years 2025-28. Grants to LEAs to support implementation of strategic staffing, scheduling, and compensation systems is assumed to cost \$4,000,000 annually in fiscal years 2025-28. Technical assistance grants to support school leaders develop school culture routines and discipline systems would cost \$3,000,000 annually in fiscal years 2024-28. Technical assistance grants to LEAs to establish grow-your-own partnerships is assumed to cost \$1,500,000 annually. The development of teacher leader and co-teacher training modules would cost \$500,000 annually in fiscal years 2024-25 and \$100,000 annually in fiscal years 2026-28. Technical assistance grants to LEAs to support the development of teacher leadership roles is assumed to cost \$1,250,000 annually.

The agency assumes a Director I and five Education Specialist Vs would be required to implement this section in fiscal years 2024-2028.

To administer the Teacher Time Study, TEA assumes a cost of \$500,000 in fiscal year 2024 and \$50,000 annually in fiscal years 2025-28 would be required for the development and implementation of the study. The agency assumes that \$750,000 in fiscal year 2024 and \$1.5 million annually in fiscal years 2025-28 would be required for technical assistance to LEA. The agency assumes \$3.0 million annually in fiscal years 2025--28 would be required to provide grants to LEAs under this section.

TEA assumes this section would be administered by a Director II, an Education Specialist V, and a Data Analyst IV.

To provide technical assistance and support to school districts, charter schools, and qualified EPPs regarding teacher residency strategic staffing and compensation models and recruitment supports, TEA would administer

grants to all 20 education service centers (ESCs) to provide Texas Strategic Staffing technical assistance support. The grants would fund two full-time positions at each ESC. Beginning in fiscal year 2024, and in subsequent years, the agency assumes funding would be required for 40 total positions. Additionally, the agency assumes three statewide leads would be needed to support the service quality and sustainability. The agency estimates that total funding for fiscal years 2024-28 would be \$6.5 million. Additionally, the agency assumes \$10,000 annually in fiscal years 2024-28 would be required to update data tools provided to EPPs and LEAs to support implementation of the program.

To support educator preparation programs to meet the requirements for a qualified residency program as outlined by the SBEC, TEA would provide grants to EPPs to pay for technical assistance and other transformation supports. TEA anticipates that 10 EPPs would be engaged in transformation annually and would require \$200,000 each, for a total of \$2,000,000 annually in fiscal years 2024-28. The agency assumes nine FTEs would be required to administer this section.

The bill would provide increases to the allotments under TIA. The agency assumes costs would increase annually based on increased adoption of local optional teacher designation systems, the additional designation band, and the higher allotment values in the calculation. This analysis assumes the cost to the FSP under this section would be \$71.0 million in fiscal year 2024, \$181.3 million in fiscal year 2025, increasing to \$605.7 million in fiscal year 2028.

The agency assumes there would be administrative costs associated with implementing the amendments to the the Mentor Program Allotment under the FSP. The following FTEs would be required starting in fiscal year 2024: a Director I and two Education Specialist V positions would be required to support and oversee the statewide mentor training program and implement the new program and allotment; a Data Analyst IV position would be required to track district participation and develop systems through which to analyze the effectiveness of the program. To oversee the data analysts contributing to the requirements of this bill, TEA would require an additional 0.5 Director I position. TEA indicates that a Financial Analyst IV would be required to support the new allotments. Additionally, the agency estimates that the cost of content development under this section would be \$500,000 annually in fiscal years 2024-25 and the cost of developing teacher training implementation support would be \$1,500,000 annually in fiscal years 2025-26.

Participation in the mentor program is assumed to increase as a result of this bill. Based on assumptions of the uptake across districts, the agency assumes that the costs to the FSP under this section would not begin until fiscal year 2025. This analysis assumes that the the state cost to the FSP under this section would be \$13.9 million in fiscal year 2025, \$20.9 million in fiscal year 2025, increasing to \$27.9 million in fiscal year 2028.

The bill would establish the Residency Partnership Allotment under the FSP. The agency anticipates overall resident salary estimates based on average paraprofessional and educational aide salaries and informed by average district match amounts of \$12,000 generated by LEAs through Texas piloting of teacher residency strategic staffing models. The agency assumes additional costs to implement the program would include tuition supports and wrap-around service stipends for residents or prospective residents to support recruitment efforts as well as funding for LEA and EPP implementation supports. Funding would vary based on high needs and rural factors. Finally, a \$2,000 stipend would flow to the mentor teacher and to residents seeking certification in special education.

Based on current estimates of teacher resident production and technical assistance capacity, TEA staff anticipate approximately 2,800 residents produced annually at an overall estimated cost of \$89.6 million annually in fiscal years 2025-28. The agency assumes that the cost of the stipends would be \$560,000 annually in fiscal years 2025-28. Administrative costs related to this section are covered elsewhere in this fiscal analysis.

The bill would change sections of the FSP to modify allotment amounts under the Teacher Incentive Allotment and the Mentor Program Allotment, would create the new Residency Partnership Allotment with stipends for certification for special education and bilingual education, and would provide for a new prekindergarten allotment. It would also amend TEC 29.153(b) to include children of classroom teachers as eligible for prekindergarten in the school district that offers a prekindergarten class under this section. This analysis assumes that the total cost to the FSP would be \$174.4 million in fiscal year 2024, \$390.9 million in fiscal year 2025, increasing to \$839.8 million in fiscal year 2028. The cost to the FSP includes estimated

decreases in Recapture Payments - Attendance Credits of \$31.2 million in fiscal year 2024, \$70.7 million in fiscal year 2025, increasing to \$163.8 million in fiscal year 2028. The decrease in recapture is reflected as a savings in the table above because recapture is appropriated as a method of finance for the FSP in the General Appropriations Act.

To the extent that the bill passes with a simple majority vote, and not a two-thirds majority, the cost related to the new prekindergarten allotment would not begin until fiscal year 2026. This would reduce the FSP costs in fiscal years 2024 and 2025 by \$70.0 million.

The Texas School for the Blind and Visually Impaired (TSBVI) assumes that 22 of their educators would qualify for an allotment under the modified Teacher Incentive Allotment at an estimated state cost of \$264,000 annually; and four of their residents would qualify for the allotment under the Residency Partnership Allotment at an estimated state cost of \$88,000 annually. These amounts are included in the FSP costs above.

The agency assumes there would be additional administrative costs associated with this bill in the form of 4.5 general support FTEs. Additionally, the agency assumes FTEs would be required for implementing various technological requirements related to the bill. These are covered in the technology section. This analysis assumes that the total cost for FTEs required to implement this bill would be \$4.8 million in fiscal year 2024 and \$5.9 million in fiscal years 2025-28.

Technology

This analysis assumes that TEA would incur various onetime and ongoing technology costs to implement the provisions of the bill.

The cost estimate to develop and implement the requirements of the bill in the Texas Student Data System (TSDS) would be \$2,327,178 in fiscal year 2024. This analysis assumes that TEA would incur Data Center Service (DCS) costs for TSDS, including a onetime hardware/software cost of \$39,532 and an annual ongoing cost of \$116,756.

The cost estimate to develop and implement the requirements in the TREx system would be \$1,359 in fiscal year 2024 and \$4,076 in fiscal year 2025.

The cost estimate to develop and implement the requirements in the Educator Certification Online System and Teacher Preparation Data Model would be \$244,914 in fiscal year 2024 and \$734,743 in fiscal year 2025.

The cost estimate to develop and implement the requirements in the Foundation School Program application would be \$76,990 in fiscal year 2024 and \$230,970 in fiscal year 2025.

The cost estimate to develop and implement the requirements in the Teacher Incentive Allotment SCOMS application would be \$542,293 in fiscal year 2024 and \$1,626,878 in fiscal year 2025. This analysis assumes that TEA would incur Data Center Service (DCS) costs, including a onetime hardware/software cost of \$11,532 and an annual ongoing cost of \$108,756.

This analysis assumes that TEA would also require FTEs, included in totals and costs in the previous section, to provide ongoing support and maintenance across applications. This analysis assumes that 3 FTEs would be required in fiscal year 2024. After the initial development year, this analysis assumes 10 FTEs would be required for fiscal years 2025-2028.

Local Government Impact

TEA assumes LEAs may incur costs to make changes to their local optional teacher designation systems to reflect the addition of a new designation under the bill. LEAs would also need to report teacher retention and recruitment data to TEA in the new TSDS collection.

Source Agencies: 323 Teacher Retirement System, 701 Texas Education Agency, 771 School for the Blind and Visually

Impaired, 772 School for the Deaf, 781 Higher Education Coordinating Board

LBB Staff: JMc, KSk, ASA, ENA, MJe, MMo