

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 22, 2023

TO: Honorable Brandon Creighton, Chair, Senate Committee on Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB9 by Creighton (Relating to the rights, certification, and compensation of public school educators and assistance provided to public schools by the Texas Education Agency related to public school educators and to certain allotments under the Foundation School Program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB9, As Introduced : a negative impact of (\$535,190,499) through the biennium ending August 31, 2025.

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>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2024	(\$138,590,888)
2025	(\$396,599,611)
2026	(\$539,814,601)
2027	(\$795,046,727)
2028	(\$892,444,067)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from Foundation School Fund 193	Probable Savings/(Cost) from Recapture Payments Atten Crdts 8905	Change in Number of State Employees from FY 2023
2024	(\$33,293,964)	(\$105,296,924)	\$22,834,800	29.5
2025	(\$39,755,540)	(\$356,844,071)	\$67,049,303	29.5
2026	(\$36,115,831)	(\$503,698,770)	\$92,060,514	28.5
2027	(\$34,115,831)	(\$760,930,896)	\$148,507,180	28.5
2028	(\$34,115,831)	(\$858,328,236)	\$170,779,957	28.5

Fiscal Analysis

The bill would amend the Teacher Incentive Allotment (TIA) designations and associated allotment amounts. A new designation, "accomplished", 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 "master."

The bill would require the creation of the Employed Retiree Teacher Reimbursement Grant Program to

reimburse school districts that employ retirees who are members of the Teacher Retirement System of Texas (TRS) 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.

The bill would provide a onetime salary increase for classroom teachers equal to an unspecified amount. The bill would also provide an additional onetime salary increase for classroom teachers at districts with less than 20,000 enrolled students equal to an unspecified amount.

The Texas Education Agency (TEA) would be required to provide school districts with information and technical assistance regarding staffing models, scheduling, and teacher compensation models. The agency would also be required to support school district and open-enrollment charter schools in studying how staff and student schedules, required non-instructional duties and professional development affect the time classroom teachers are required to work. The agency would be required to periodically make recommendations for best practices based on information from participating districts.

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

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 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 2 years experience. The allotment would be capped 40 teachers per school district, or by appropriation.

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. 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. The bill would also require districts to reimburse teachers for certification fees incurred while obtaining special education and bilingual certification.

Methodology

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 bill does not include this grant program.

This would be administered partially by the existing TEA TIA team but would require additional positions: 6 Education Specialist Vs to manage technical assistance, implementation support, data validation support, and program-led IT support and a Director I to manage the technical assistance team. The annual cost of these FTEs is estimated to be \$821,104 in fiscal year 2024 and \$862,159 in fiscal years 2025-28.

The amount appropriated to the Employed Retiree Teacher Reimbursement Grant Program is unspecified. To administer the grant program, TEA would require an Education Specialist V to develop, oversee, and improve the grant program. The annual salary and benefits costs associated with this additional FTE is estimated to be \$115,302 in fiscal year 2024 and \$121,067 in fiscal year 2025. The bill would not make changes to the amount of the TRS retirement contribution, just the source of the funding; therefore, there TRS assumes there would be no significant impact to the agency from this provision.

An increase in teacher salaries would impact benefits paid from and contributions paid to the TRS Pension Trust Fund. Significant changes to salary levels, as is provided for in the bill, would impact the amount of the state retirement and healthcare contribution for public education employees. According to the Actuarial Impact Statement completed by the Pension Review Board, significant changes to salary levels would also have an impact on the financial position of the Pension Trust Fund, at least in the short term. These amounts cannot be determined until specific amounts of salary increases are determined.

To administer the section under TEC 21.466, Teacher Quality Assistance, TEA would require funding for the development and implementation of training and technical assistance to support LEAs in implementing improvements, as well as grants to LEAs.

TEA assumes development of strategic scheduling, staffing, and compensation modules to support technical assistance would cost \$1,500,000 in Fiscal Year 2024, and 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.

TEA assumes grants to LEAs to support implementation of strategic staffing, scheduling, and compensation systems would 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 FY24-28. Technical assistance grants to LEAs to establish grow-your-own partnerships would cost \$1,500,000 annually in FY24-28. The development of teacher leader and co-teacher training modules would cost \$500,000 annually in FY24-25 and \$100,000 annually in FY26-28. Technical assistance grants to LEAs to support the development of teacher leadership roles would cost \$1,250,000 in FY24-28.

This would be administered by a Director I and 5 Education Specialist Vs in fiscal years 2024-2028. To administer the teacher time study, TEA would require funding for the development and implementation of the study, technical assistance to support LEAs in making schedule changes, and grants to LEAs. This would be administered by a Director II, an Education Specialist V, and a Data Analyst IV. The annual cost of these FTEs is estimated to be \$1,071,138 in fiscal year 2024 and \$1,124,695 in fiscal years 2025-28.

The total state cost associated with administering and providing grants under this section would be \$11.1 million in fiscal year 2024, \$15.9 million in fiscal year 2025, decreasing to \$15.5 million in fiscal year 2028.

To implement the Texas Teacher Residency Partnership Program, the agency assumes eight FTEs would be needed in fiscal years 2024-28: a Director II to provide overall project oversight; an Education Specialist V and two Education Specialist IV positions to develop residency requirements for SBEC and Commissioner rulemaking, oversee the application for the Partnership Programs and development of allotment distribution processes; an Education Specialist V position to oversee the Educator Preparation Program (EPP) grants; an Education Specialist V and Education Specialist IV to manage the Education Service Centers (ESC) Texas Strategic Staffing network; and a Data Analyst IV to manage the data infrastructure related to the development of the new residency educator certificate and the ongoing collection and reporting of data related to the Texas Teacher Residency Partnership Program and Allotment. The annual cost of these FTEs is estimated to be \$898,680 in fiscal year 2024 and \$943,793 in fiscal years 2025-28. This analysis assumes that the Texas School for the Deaf (TSD) would not have a significant fiscal impact, and that the program would cost the Texas School for the Blind and Visually Impaired (TSBVI) \$88,000 annually.

The agency estimates that approximately 6,000 students that are children of classroom teachers would be eligible for half-day prekindergarten under the FSP as a result of this bill. This analysis assumes that estimated state cost to the FSP would be \$17,160,304 in fiscal year 2024 and \$17,206,617 in fiscal year 2025, and \$17,294,207 in fiscal year 2028.

The bill would provide increases to the allotments under the Teacher Incentive Allotment as well as increases to the rural and high needs factors. This analysis assumes that the costs related to this allotment would be \$81.6 million in fiscal year 2024, \$194.0 million in fiscal year 2025, increasing to \$629.0 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. 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. The agency estimates that the state cost to the FSP under this section would be \$14.0 million in fiscal year 2024, \$20.9 million in fiscal year 2025, increasing to \$27.9 million in fiscal year 2028.

This analysis assumes that the costs associated with the Residency Partnership Allotment would not begin until fiscal year 2026. The annual state cost to the FSP under this section would be \$89.6 million in fiscal year 2026-28.

Sections 11, 13, 14, and 15 would result in decreases in Recapture Payments - Attendance Credits due to increased entitlement for districts. This analysis estimates that the decrease in recapture would be \$22.8 million in fiscal year 2024, \$67.0 million in fiscal year 2025, increasing to \$170.8 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.

The agency assumes there would be additional administrative costs associated with this bill in the form of 4.5 general support FTEs. The fiscal impact for these positions is estimated to be \$483,325 in fiscal year 2024, and \$483,996 annually 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 \$13,698 in Fiscal Year 2024 and \$41,093 in Fiscal Year 2025.

The cost estimate to develop and implement the requirements in the Teacher Incentive Allotment SCOMS application would be \$542,293 Fiscal Year 2024 and \$1,626,879 in Fiscal Year 2025. This analysis assumes that TEA would also incur Data Center Service (DCS) costs, including a onetime hardware/software cost of \$11,532 and an annual ongoing cost of \$108,756. Additionally, three full-time-equivalent positions (FTEs), two programmers and a systems analyst, would be needed to provide ongoing support and maintenance. These FTEs would result in a cost of \$513,753 in Fiscal Year 2024 and \$523,459 in Fiscal Year 2025 and each subsequent fiscal year.

The cost estimate to develop and implement the requirements in the Texas Records Exchange system (TReX) 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 Foundation School Program (FSP) 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 Educator Certification Online System and Teacher Preparation Data Model (ECOS and TPDM) would be \$102,325 in Fiscal Year 2024 and \$306,975 in Fiscal Year 2025.

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.

Source Agencies: 323 Teacher Retirement System, 701 Texas Education Agency, 771 School for the Blind and Visually Impaired, 772 School for the Deaf

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