

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 31, 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.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB9, Committee Report 1st House, Substituted : a negative impact of (\$1,993,661,859) 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>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$1,575,358,980)
2025	(\$418,302,879)
2026	(\$560,122,724)
2027	(\$821,839,381)
2028	(\$916,093,330)

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	(\$77,680,815)	(\$1,497,678,165)	\$282,477,418	57.0
2025	(\$85,613,589)	(\$332,689,290)	\$62,971,520	57.0
2026	(\$84,216,921)	(\$475,905,803)	\$87,401,642	57.0
2027	(\$84,416,921)	(\$737,422,460)	\$143,855,090	57.0
2028	(\$86,116,921)	(\$829,976,409)	\$165,199,306	57.0

Fiscal Analysis

The bill would require the State Board for Educator Certification (SBEC) to propose rules establishing a process for identifying continuing education courses and programs that fulfill educators' continuing education requirements, including opportunities for educators to receive micro-credentials in fields of study related to the educator's certification class or digital teaching. The bill would require SBEC to engage relevant stakeholders in the development of micro-credentials related to digital teaching.

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; 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 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.

The bill would require TEA to provide resources, including liability insurance, for classroom teachers. From funds appropriated or otherwise available for the purpose, the agency shall contract with a third party to provide services for a classroom teacher employed under a probationary, continuing, or term contract.

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 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 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.

The bill would establish a new allotment under the Foundation School Program (FSP), Funding for Certain

Certification Fees, that would provide districts with funding to reimburse classroom teachers for certification examination fees related to special education or bilingual education in the preceding school year. Reimbursements that would be received by a classroom teacher under this section may not be considered when calculating the teacher's salary.

The bill would establish the Teacher Retention Allotment which would entitle districts to an allotment for the 2023-24 school year of \$2,000 per classroom teacher in districts with more than 20,000 enrolled students, and \$6,000 per classroom teacher in districts with fewer than 20,000 enrolled students. A school district would be required to use money received under this section to increase the salary provided to each classroom teacher in the district for the 2023-2024 school year over the salary the teacher received or would have received if employed by the district in the 2022-2023 school year. This section would expire after fiscal year 2025.

Methodology

TEA assumes an Education Specialist V and an Education Specialist III would be required to develop criteria and rules to create the micro-credential and digital teacher programs. The positions would be needed to establish application and approval processes for micro-credential providers; audit providers; provide technical assistance to educators and providers; collect and analyze data; and update databases and websites. The agency anticipates a new SBEC fee would be paid by providers and educators to cover the administrative costs of the program beginning in fiscal year 2026. The agency assumes current data tools would need to be updated to implement this section and anticipate the cost to be \$33,440 in the first fiscal year.

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, data validation support, as well as 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.

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.

To implement the program, TEA assumes it would run a competitive solicitation process to select a third-party vendor who would provide the liability insurance and other supports described in the section. In developing the cost estimate to implement the program, the agency assumed estimated annual liability insurances cost of \$125 per educator with the educator contributing \$25 and a \$100 subsidy from the state. After an initial planning year in fiscal year 2024, TEA estimates an uptake of 17,000 teachers at a cost of \$1.7 million in fiscal year 2025, increasing to \$6.8 million in fiscal year 2028.

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 annual salary and benefits costs associated with this additional FTE is estimated to be \$115,302 in fiscal year 2024 and \$121,067 in subsequent fiscal years. 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 Section 21.466, 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 eight FTEs would be required to administer this section.

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, increasing to \$17,294,207 in fiscal year 2028.

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 Texas School for the Blind and Visually Impaired (TSBVI) assumes that 22 of their educators would qualify for an allotment under this section at an estimates state cost of \$264,000 annually.

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. 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. Administrative costs related to this section are covered elsewhere in this fiscal analysis. TSBVI assumes that four of their residents would qualify for the allotment at an estimated state cost of \$88,000 annually.

The bill would establish the Funding for Certain Certification Fees allotment under the FSP. There are two Special Education certificates: Special Education: EC-12 and Special Education Supplemental, and six Bilingual certificates: Bilingual Education Supplemental Spanish, Bilingual Education Supplemental American Sign Language, Bilingual Education Supplemental Arabic, Bilingual Education Supplemental Chinese, Bilingual Education Supplemental Japanese, and Bilingual Education Supplemental Vietnamese. Based on annual certificate issuance trends, the agency estimates approximately 23,193 individuals would be issued a certificate in fiscal year 2024, across all certification pathways, with an anticipated 2% increase annually. Based on annual exam administration trends, the agency estimates approximately 6,070 special education exam and 3,119 bilingual exam reimbursements would be required, with an anticipated 2% increase annually. The agency assumes that exam costs would be either \$116 or \$136 dependent upon the exam. This analysis assumes the cost to the FSP under this section would be approximately \$1.1 million in each fiscal year.

The bill would establish the Teacher Retention Allotment under the FSP. This analysis assumes the state cost to the FSP related to the salary increase would only exist in fiscal year 2024. The total cost of the teacher salary increase is estimated to be \$1,625.0 million per fiscal year. This cost assumes local employer benefits costs of 8.25 percent for TRS retirement and 0.75 percent for TRS-Care. Additionally, this analysis assumes state cost of additional 1.25 percent TRS-Care contributions would be \$18.6 million annually. An increase in teacher salaries would impact benefits paid from and contributions paid to the TRS Pension Trust Fund. According to the Pension Review Board, the Teacher Retirement System (TRS) is considered actuarially sound, with an amortization period of 27 years as of August 31, 2023. Government Code, Section 821.006 defines actuarial soundness, for the purposes of making modifications to benefit and contribution levels, as less than 31 years. The projected funding period for TRS would increase to 28 years following the passage of this bill.

The sections of the bill that would increase entitlement under the FSP would result in decreases in Recapture Payments - Attendance Credits. This analysis estimates that the decrease in recapture would be \$282.5 million in fiscal year 2024, decreasing to \$63.0 million in fiscal year 2025, and increasing again to \$165.2 million in fiscal year 2028. The decrease from fiscal year 2024 to 2025 is primarily due to the state cost of the Teacher Retention Allotment only being applicable in fiscal year 2024. 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 and 2 indirect 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. The agency assumes that the total cost for FTEs required to implement this bill would be \$7.2 million in fiscal year 2024 and \$7.6 million in fiscal years 2025-28.

Technology

The agency assumes that they would incur various onetime and ongoing technology costs to implement the provisions of the bill.

The agency assumes that the cost to develop and implement the requirements in the Texas Student Data System (TSDS) for the initial development effort would be \$2,327,178. There will also be Data Center Service (DCS) costs as TEA would be mandated to participate in the DCS program. Those would include a one-time hardware/software cost of \$39,532 and an annual ongoing cost of \$116,756. Additionally, the agency assumes 13 FTEs, including seven Programmer Vs and six System Analyst Vs, would be needed to provide ongoing support and maintenance.

The agency assumes that the cost to develop and implement the requirements in the TREX would be \$1,359 in FY 2024 and \$4,076 in FY 2025.

The agency assumes that the cost to develop and implement the requirements in the Foundation School Program (FSP) would be \$76,990 FY 24 and \$230,970 in FY 25.

The agency assumes that the cost to develop and implement the requirements in the Teacher Incentive Allotment SCOMS application are \$542,293 in FY 24 and \$1,626,879 in FY 25. The agency assumes that there would also be Capital Data Center Service costs as TEA would be mandated to participate in the DCS program. Those costs include a onetime hardware/software cost of \$11,532 and an annual ongoing cost of \$108,756. Capital Data Center Service costs for FY 24 are \$111,639 and for FY 25 \$117,405. Additionally, the agency assumes 3 FTEs, including two Programmer Vs and one System Analyst V, would be needed to provide ongoing support and maintenance.

The agency assumes that the cost to develop and implement the requirements in the Educator Certification Online System and Teacher Preparation Data Model (ECOS and TPDM) would be \$244,914 in FY 24 and \$734,743 in FY 25.

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.

This analysis assumes local costs related to the teacher retention allotment would begin in fiscal year 2025. The total cost is estimated to be \$1,625.0 million per fiscal year and assumes local employer benefits costs of 8.25 percent for TRS retirement and 0.75 percent for TRS-Care.

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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