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FISCAL IMPACT REPORT

ORIGINAL DATE 1/28/06

SPONSOR Stewart LAST UPDATED _____ HB 164

SHORT TITLE School Personnel Salary Calculation SB _____

ANALYST Aguilar

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$23,856.5	Recurring	General Fund
	\$4,044.2	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Senate Bill 62

Duplicates an Appropriation in House Bill 3

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY06	FY07	FY08	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$100.0			Nonrecurring	General Fund
		Indeterminate			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of Education Accountability (OEA)

Public Education Department (PED)

SUMMARY

Synopsis of Bill

House Bill 164 appropriates \$27,900.7 million from the general fund to Public School Fund for distribution through the State Equalization Guarantee to implement a \$50 thousand minimum

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salary for Level 3A teachers and to implement minimum salaries for school principals and assistant principals based on a responsibility factor rather than on a size factor.

The bill adds a new definition to the School Personnel Act, repeals existing language regarding salary minimums for principals based on the size of school administered by the principal, proposes a new minimum salary schedule for principals and assistant principals and accelerates the implementation by one year

The bill directs the Public Education Department (PED) to adopt a statewide standard of evaluation for principals and assistant principals.

The bill also advances the completion of the five-year phase-in of minimum teacher salaries to \$50,000 to the fourth year.

The bill establishes the following responsibility factors for school principals and assistant principals and specifies these factors will multiplied by \$50,000:

Elementary School Principals	1.20	(\$60,000)
Middle School/Junior High Principals	1.40	(\$70,000)
High School Principal	1.60	(\$80,000)
Assistant Elementary School Principal	1.10	(\$55,000)
Assistant Middle/Junior High Principal	1.15	(\$57,500)
Assistant High School Principal	1.25	(\$62,500)

FISCAL IMPLICATIONS

The appropriation of \$27,900.7 million contained in this bill is a recurring expense to the general fund. Any undistributed amounts remaining at the end of fiscal year 2007 shall revert to the general fund.

PED notes that it cannot absorb the cost of designing an evaluation system for principals and assistant principals and that additional resources will be needed. In FY04 \$250 thousand was appropriated to the PED for the design of the statewide teacher evaluation system. The PED suggests \$100 thousand will be needed to design the statewide principal evaluation system based on the complexity of the task and key players involved compared to the design of the teacher evaluation system. The teacher evaluation system involved a large conference of all key players (approximately 150 people) followed by rule making, statewide public hearings and a 30-member design group that met monthly for a year. PED estimates that a similar scenario would be required for the principal evaluation system design though in a shorter time period and with less complexity because principals are all place in one licensure level.

PED further notes modest additional recurring costs will be needed that cannot be determined at this time because the system has not been developed and costs cannot be projected.

SIGNIFICANT ISSUES

The Public School Reforms Act of 2003 created a three-tiered licensure system for teachers which included higher salaries and a more rigorous system of evaluation. The original reforms

outlined for principals included higher salaries based upon the size of a principal's school. Over the last two years, concerns have been raised that principals' (and assistant principals') salaries should be linked to their performance rather than the size of their schools. In addition, the implementation of higher salaries for teachers, particularly Level 3 teachers, have raised concerns that fewer experienced individuals will become or remain principals because they can make as much or more money by staying in the classroom.

Conversely, concerns have also been raised regarding the responsibility factors as principals from very large schools will receive the same salary as principals of very small schools, not accurately reflecting the differing responsibilities between the two. Further, the bill does not address those principals with K-8 or K-12 responsibilities in very small schools.

ADMINISTRATIVE IMPLICATIONS

The administrative impact of this bill on the PED on rule adoption, statewide principal evaluation system design and statewide training would be very significant for two or three years.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicates Senate Bill 62

Duplicates an appropriation in House Bill 3

TECHNICAL ISSUES

The PED licensure bureau notes the replacement of the term “instructional leader” for “teacher” on line 22, page 4, implies that only an individual who has worked as a teacher, as defined in the law, for one year while holding a level three-A license could be granted a level three-B administrator's license. Therefore, a person who held a level three-A license but who was assigned to work as a supervisor or in any other capacity other than that of teacher could not be granted a level three-B license.

PA/mt