

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 974** HLS 12RS 856
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 10, 2012 2:40 PM	Author: CARTER
Dept./Agy.: Education	Analyst: Mary Kathryn Drago
Subject: Teacher tenure, Teacher Pay, Teacher Evaluations	

TEACHERS EN SEE FISC NOTE LF EX See Note Page 1 of 2
 Provides relative to teacher tenure, pay-for-performance, and evaluations

The proposed legislation provides for certain stipulations to be included in local superintendents' contracts when the school system has received a "C", "D", or "F" grade. Provides that school boards delegate the hiring of school personnel to the local superintendents. Principals will be delegated the authority to hire and place teachers in schools. Superintendents and principals will make hiring decisions based on performance and effectiveness per R.S. 17:3881 - 3905 and not seniority or tenure. Superintendents, not local school boards, will make reduction in force decisions which will be based on demand, performance and effectiveness. Criteria is defined for evaluating personnel that are not evaluated per R.S. 17:3881 - 3905. Schools are required to establish salary schedules (shall be considered full compensation) by Jan. 1, 2013, and base them on effectiveness, demand, and experience. Ineffective teachers and administrators will not receive pay increases. Effective July 1, 2012 a teacher must be rated "highly effective" for 5 years within a 6 year period to be eligible to acquire tenure. No school lunch supervisor hired after July 1, 2012 can acquire tenure. Procedures for removal of teachers is delineated in the legislation, and "poor performance" is added as a reason that a tenured employee may be removed. References to salary schedules and the actual salary schedules listed in current statute are repealed. Effective 7-1-12.

EXPENDITURES	2012-13	2013-14	2014-15	2015-16	2016-17	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

REVENUES	2012-13	2013-14	2014-15	2015-16	2016-17	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The impact on expenditures as a result of the proposed legislation is indeterminable. The following factors must be considered in determining the expenditure impact. These factors include the following: the creation of the salary schedule, changes in the tenure law, and changes to the reduction in force plans. The proposed legislation may result in increased costs for districts and special schools (the Louisiana School for the Deaf and Visually Impaired (LSDVI) and the Louisiana Special Education Center (LSEC)) to create new salary schedules. The potential costs associated with the creation of the schedules is indeterminable. The proposed legislation changes the tenure law which has the potential to result in an increase in hearings for terminated teachers. The cost associated with such hearings is indeterminable. If a reduction in force (RIF) is implemented, seniority (and tenure) may not be used as the primary criterion for the plan. It may be assumed with a RIF that employees with higher years of experience and higher salaries may be terminated before employees with fewer years of experience and smaller salaries. This could result in an indeterminable cost savings to special schools and local school districts. The same situation may occur when a teacher is found to be ineffective and terminated and replaced with a newer experienced teacher.

State general funds, interagency transfer funds, federal funds and local funds may be impacted by the proposed legislation as the Louisiana School for the Deaf and Visually Impaired is funded mainly from SGF, the Louisiana Special Education Center is funded mainly from interagency transfers, and local school districts are funded from a combination of MFP, federal and local funds. According to the Department of Education, it is anticipated that there will be no cost in the implementation of the proposed legislation for local school systems. According to LSDVI, the expenditure impact related to the implementation of the proposed legislation is indeterminable. LSDVI assumes they will retain the same number of positions as in the current fiscal year. LSEC has not provided information on the potential impact of the proposed legislation.

It is not known how the future salary schedule of special schools and regular public schools will be set, how they will grow, and how the schedules will vary across the districts. Therefore, it is not possible to determine the fiscal effect on the school systems. The salary schedule shall be based upon the following: 1) effectiveness (determined by the performance evaluation); 2) demand, inclusive of certification area, particular school needs, **continued on page 2**

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}	<input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}		<i>H. Gordon Monk</i>
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}	<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}		H. Gordon Monk Legislative Fiscal Officer

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CONTINUED EXPLANATION from page one:

geographic area, and subject area which may include advanced degree levels; and 3) experience. For example, one school system may choose to pay certain types of teachers (i.e. math teachers) \$5,000 more than another type of teacher, while another school system may choose to pay English teachers \$10,000 more than other teachers. However, no one criteria may account for more than 50% of the formula used to compute employee's salaries. Vocational agricultural teachers are required to teach a 12-month program and be paid a proportional salary for a 12-month period. Local school districts may not pay employees less than the previous year, except for accounting errors, a reduction in a local salary supplement coming from a revenue source requiring voter approval, or from a demotion. The salary schedules will be considered full compensation for employees for all duties performed. School systems will not be required to pay stipends to employees for performing job duties outside of regular school hours. There could be some savings associated with this provision of the legislation. It is possible any potential savings realized could be negated by potential increases in salaries paid to certain employees based on the new salary schedules implemented by school systems and special schools. Note: The above paragraph does not apply to any employee in the classified service of the state.

The fiscal effect of the changes to the tenure provisions of law are indeterminable. Currently, teachers serve a probationary period of three years before becoming a permanent employee of the school system. The proposed legislation requires a teacher to earn a "highly effective" rating for 5 years in a 6-year period prior to obtaining tenure. Any teacher who has acquired tenure before September 1, 2012 will retain their tenure status, but will be subject to the provisions of the proposed legislation. At any time a tenured employee earns a performance rating of "ineffective" they will lose their status of tenure, beginning with the 2013-14 school year. They must attain a highly effective rating for another 5 years within a 6-year period to regain their tenure status. If a teacher is rated "highly effective" on the growth portion of the evaluation but is rated "ineffective" according to the observation portion, the teacher is entitled to a second observation by a team designated by the local superintendent. It is possible that a teacher rated as ineffective may eventually be terminated. The performance evaluations used to determine the effectiveness of the employee is scheduled to be implemented in the 2012-13 school year. Therefore, it is not possible to determine the number of employees who may be rated "ineffective", or eventually terminated as a result of this rating. The changes to the tenure section of law may affect expenditures. A teacher receiving an ineffective rating may lose tenure and may be eligible for termination. There are potential costs related to hearings for the terminated teacher and if the case is taken to court for review. However, the potential costs statewide are indeterminable.

Note: For the 2009-10 school year there were 101,634 full time staff in public schools, and 49,765 of that total were classroom teachers. The expenditures in the 2009-10 school year for salaries of these employees was \$4.3 billion with \$1.5 billion in benefits (or a total of \$5.8 billion). The average teacher salary was \$48,903 and according to the district's salary schedules, the beginning teacher salary (holding a bachelor's degree) ranged from \$27,102 to \$50,100.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	 H. Gordon Monk Legislative Fiscal Officer
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<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}			