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**FISCAL IMPACT STATEMENT**

**LS 7023**

**BILL NUMBER:** HB 1477

**NOTE PREPARED:** Jan 5, 2005

**BILL AMENDED:**

**SUBJECT:** Employment of School Employees.

**FIRST AUTHOR:** Rep. Brown C

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill allows noncertificated school employees to engage in collective bargaining. It provides for disciplinary procedures for noncertificated employees of a school corporation. The bill provides certain procedural requirements before a noncertificated employee of a school corporation may be discharged.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** This bill may increase the cost to the Indiana Education Employment Relations Board (IEERB) as the noncertificated employees are brought under the state collective bargaining.

Depending on how the noncertificated employees organize, the IEERB would incur additional costs related to the establishment of employee organizations and the conduct of elections. The estimated expense of holding an election is about \$2,000. The Board may require temporary additional support to carry out these functions.

The additional expenses of IEERB would depend on the number of noncertificated employee units that decide to collectively bargain. For CY 2004, schools employed about 59,525 certified employees and 66,065 noncertificated employees. IEERB is requesting \$670,070 for FY 2006 and 2007 to administer the collective bargaining agreement for certified employees. The increase in cost would depend on the number of new units that would collectively bargain. As an example if about ½ of the units did establish employee units, then IEERB's cost could increase by 50%, or about \$375,000.

**Explanation of State Revenues:** To the extent that wages and salaries of noncertificated school employees increase compared to what they otherwise would have, additional revenues would be collected from the 3.4%

state Income Tax.

**Explanation of Local Expenditures:** *Impact of Collective Bargaining for Noncertificated School Employees:* Estimating the fiscal impact from the introduction of collective bargaining on noncertificated employees of school corporations is difficult largely because of the lack of data and the existence of "spillover" effects from employee groups who do collectively bargain. According to the Indiana School Boards Association, around 45 of the school corporations currently participate in collective bargaining with their noncertificated employees. The approximate payroll of noncertificated school employees in Indiana for FY 2004 was about \$1.19 billion.

Collective bargaining is not new to school corporations in Indiana. Teachers have been allowed to bargain collectively for several years. Since teachers and noncertificated school employees work side-by-side in the same buildings and have the same employers making the wage-setting decisions, some of the effect of teacher collective bargaining will have "spilled over" to the noncertificated personnel. School administrators and school boards are likely to be influenced by contract settlements with their teachers and by the competitive wage levels for comparable employees of neighboring school systems, some of whom may be under collectively bargained contracts. Because of these factors, it is difficult to project the magnitude of the increase in wages and benefits to this employee group arising from the introduction of collective bargaining.

Since school corporations are dependent to a large extent on property taxes which are regulated by the state, the additional wages and benefits negotiated with employees as a result of collective bargaining may not result in increased tax collections. Instead, increased personnel costs may force re-allocations from other areas in the school budget or result in a greater demand for state funds.

There could also be a fiscal impact for school corporations from the introduction of arbitration procedures for teacher bargaining units. The repeal of the prohibition against strikes could also have significant cost implications.

**Explanation of Local Revenues:** Counties with local option income taxes may also experience some additional revenue due to the wage differential.

**State Agencies Affected:** Education Employment Relation Board.

**Local Agencies Affected:** Local Schools.

**Information Sources:** Department of Education databases.

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