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FISCAL IMPACT STATEMENT

LS 7251

BILL NUMBER: HB 1339

NOTE PREPARED: Jan 20, 2013

BILL AMENDED:

SUBJECT: Various Education Matters.

FIRST AUTHOR: Rep. Behning

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: *Charter Schools* - This bill replaces references, when referring to a charter school, to the term "sponsor" with the term "authorizer". It repeals the current definition of sponsor. The bill provides that the Department of Education (Department) shall keep on its Internet web site charter school page: (1) demographic and performance data required from school corporations according to each authorizer's performance framework; and (2) an annual list of all charter schools, with corresponding authorizers and the school improvement designation earned by each charter school. The bill also provides that a virtual charter school is defined as a charter school that provides more than 90% of its instruction through virtual distance learning or online technologies. (Current law provides that a virtual charter school is a charter school that provides more than 50% of its instruction through virtual distance learning or online technologies.) It removes a requirement that the Department must submit an annual report to the Budget Committee concerning virtual charter schools. It provides that a charter school is subject to graduation rate calculation requirements.

Laboratory Schools - The bill removes a provision that a teacher serving under a regular contract at a laboratory school who transfers to a school corporation that is a party to the agreement with the university operating the laboratory school is entitled to receive credit for the years served at the laboratory school for purposes of meeting the five year requirement for an indefinite contract. It removes a provision that a laboratory school teacher's contract with a school corporation is an indefinite contract if the teacher has served five years at a laboratory school.

Contract Cancellation - The bill provides notice procedures for the cancellation of a principal's or superintendent's contract. It provides that a principal may request a private meeting with the superintendent within five days after the principal receives notice of a contract cancellation. The bill also provides that a

superintendent may request a private meeting with the president of the governing body within five days after the superintendent receives notice of a contract cancellation. It also provides that the superintendent or the president of the governing body shall make a written recommendation to the governing body regarding the contract cancellation. The bill provides that a superintendent or a principal may have a representative accompany the superintendent or principal to the private conference.

Teacher Contracts - The bill repeals a provision that provides that a teacher contract continues in force following the date of the contract's termination, until the school corporation refuses to continue the contract, the teacher resigns, or the contract is replaced. It provides that a teacher contract entered into after August 1 is void if the teacher is bound by a previous contract to teach in a public school. (Current law provides that the contract is void after August 15.)

Conflict - It resolves conflict in IC 20-28-9-1, which was amended by P.L.229-2011, SEC. 175 and repealed by P.L.48-2011, SEC. 39.

Teacher Compensation - The bill provides that, beginning after June 30, 2013, a teacher who does not receive a raise or increment may file a request for a private meeting with the superintendent if the teacher received a rating of improvement necessary or ineffective. It provides that, after June 30, 2013, a local salary schedule must include the salary schedule framework under which two or more of the four permissible salary factors combine to determine increases, increments, or raises for a teacher. The bill also provides that after June 30, 2013, a school corporation's noncompliance with the salary schedule requirements must be reported by the: (1) Department; (2) State Board of Accounts; and (3) Indiana Education Employment Relations Board (Board). It provides that the establishment of a voluntary sick day bank may be collectively bargained for. The bill provides that certain salary reductions are not subject to collective bargaining. It makes changes to the procedure for conducting a hearing for a teacher suspended without pay.

Performance Evaluations - The bill makes changes relating to staff performance evaluations for evaluations of principals or superintendents. It provides that a charter school, a virtual charter school, or a school that participates in the choice scholarship program may not use a staff performance evaluation based on certain models. The bill also provides that a certified employee must receive a rating of either ineffective or improvement necessary if, after completing a remediation plan, deficiencies noted in the certificated employee's evaluation are not corrected. It provides that a model evaluation plan developed by the Department after January 31, 2012, must be approved by the State Board and published on the Department's Internet web site.

Collective Bargaining - The bill provides that a provision relating to the appointment by an exclusive representative of a percentage of teacher positions on a district-wide or school-wide committee applies to all discussion committees. It provides that with regards to collective bargaining mediation, each party shall pay its costs of mediation to the Board. The bill also removes a provision that provides that a school employer may issue tentative individual contracts if an agreement has not been reached. It provides that the duration of the right to bring suit for an unfair practice against a school employer or school employee organization is three years. The bill adds a provision that allows a hearing examiner or agent of the Board to assign the costs of the hearing in proportion to the liability of the parties. It also provides that the factfinding process in an impasse proceeding may not exceed 30 days. The bill reduces the time, from five years to two years, in which a person who has served as a mediator between a school corporation and an exclusive representative may serve as a factfinder in an impasse proceeding.

Effective Date: July 1, 2011 (retroactive); July 1, 2013.

Explanation of State Expenditures: *Charter Schools* - The provisions relating to charter schools and their impact are outlined below.

(1) The changing of the term charter school “sponsor” to charter school “authorizer” should have no fiscal impact.

(2) The fiscal impact of changing the data that the Department of Education (DOE) must include on the DOE charter school website should be minor. The bill requires the website to include an annual list of charter schools, with corresponding charter school authorizer and school improvement designation earned by each charter school.

(3) Changing the definition of virtual charter school could increase the state’s tuition support cost. The bill redefines a virtual charter school from a school that provides more than 50% of its instruction through virtual learning, online technologies, or computer based instruction to a school providing more than 90% of instruction on that basis. Currently, virtual charter schools receive less tuition support funding per student than other charter schools. For the 2013 school year there are four virtual charter schools. If the four virtual charter schools are no longer defined as virtual charter schools, the increase in state tuition support would be approximately \$4 M. If the bill caused the tuition support distribution to exceed the calendar year cap or fiscal year appropriation, the distribution to all schools would be proportionately reduced so the distribution did not exceed the appropriation or cap. Any impact would be subject to future school funding formulas and appropriations.

(4) Removing the requirement that the DOE submit an annual report on the virtual charter school program to the Budget Committee could result in minor savings.

(5) Requiring charter schools to be subject to the same graduation rate calculation requirements as school corporations should have no fiscal impact.

Teacher Compensation -The bill provides that a school corporation's noncompliance with the teacher salary schedule requirements must be reported to the State Board of Education by the: (1) DOE; (2) State Board of Accounts; and (3) Indiana Education Employment Relations Board. This reporting requirement should have no fiscal impact.

Collective Bargaining - Reducing the time, from five years to two years, in which a person who has served as a mediator between a school corporation and an exclusive representative may serve as a factfinder in an impasse proceeding could give the Education Employment Relations Board greater flexibility in appointing factfinders. There are about 61 people on the Board’s list of ad hoc panelists to do mediation or factfinding.

Explanation of State Revenues:

Explanation of Local Expenditures: *Laboratory Schools* - The change to the statute for laboratory schools makes the statute consistent with the current law for other teachers. The provision should have no fiscal impact.

Contract Cancellation - The bill would make the procedures for canceling a superintendent’s or principal’s contract the same as the procedure for canceling a teacher’s contract. The provision should have no fiscal impact.

Teacher Contracts - The bill repeals the requirement that a teacher contract continues in force following the date of the contract's termination until: (1) the school corporation refuses to continue the contract; (2) the teacher resigns; or (3) the contract is replaced. This change should have no fiscal impact.

The continuation of a contract is currently covered in the teachers' contract statute. Moving the date from August 15 to August 1 as the deadline for a teacher to sign a new contract should have no fiscal impact.

Teacher Compensation - The provisions relating to teacher compensation and their impact are outlined below.

(1) The bill allows a teacher to request a private meeting if the teacher does not receive a pay increase because of a rating of "improvement necessary" or "ineffective". This change could have some minor impact on schools depending on the number of meetings teachers request.

(2) The bill requires a local teacher salary schedule to include at least two of the following:

(a) A combination, not exceeding 33% of the calculation, of the number of years of a teacher's experience and the attainment of additional content area degrees or credit hours beyond the requirements for employment.

(b) The results of teacher evaluations.

(c) The assignment of instructional leadership roles.

(d) The academic needs of students in the corporation.

This change should have no fiscal impact.

(3) Allowing the establishment of a voluntary sick day bank to be collectively bargained should have a minimal fiscal impact and would be dependent on local action.

(4) The clarification that certain teacher's selected withholdings are not subject to collective bargaining should have no fiscal impact.

(5) The changes to the procedure for conducting a hearing for a teacher suspended without pay could result in a minor reduction of school administrative costs.

Performance Evaluations - The provisions relating to teacher performance evaluations and their impact are outlined below.

(1) The bill removes two models that automatically meet the performance evaluation model requirements. These are: (a) a plan using master teachers or contracting with vendor to provide master teachers and (b) the PEER Assistance and Review Teacher Evaluation System. The bill could increase some cost for schools of having their plans approved if they are currently using either of these two models. The increase is probably minor.

(2) The provision requiring a teacher whose teaching deficiencies are not corrected after remediation to be rated as either "improvement necessary" or "ineffective" should have a minimal fiscal impact.

(3) The requirement that revisions to the model teachers' evaluation plan developed before January 1, 2012, be approved by the State Board should have no fiscal impact.

Collective Bargaining - The provisions relating to collective bargaining and their impact are outlined below.

(1) The bill clarifies that the provision in law relating to the appointment of a percentage of teacher positions on a district-wide or school-wide committee to be appointed by the exclusive representative applies to all discussion committees. The provision should have no fiscal impact.

(2) The bill requires each party to pay its costs of mediation to the Education Employment Relations Board within 30 days. Current law requires the cost to be paid equally. The provision should have no fiscal impact.

(3) Removing a provision that allows a school employer to issue tentative individual contracts if an agreement has not been reached should have no fiscal impact. Current law requires the factfinder to select one of the party's last best offer as the contract so tentative individual contracts should not be needed.

(4) Specifying that a suit for an unfair practice against a school employer or school employee organization has to be filed within three years should have no fiscal impact.

(5) The provision that allows a hearing examiner or agent of the Education Employment Relations Board to assign the costs of the hearing in proportion to the liability of the parties should have no fiscal impact.

(6) The provision that provides that the factfinding process in an impasse proceeding may not exceed 30 days could reduce potential bargaining costs.

Explanation of Local Revenues: *Charter Schools* - Increasing the percentage of instruction that has to be offered through virtual learning, online technologies, or computer based instruction from 50% to 90% before a charter school is defined as a virtual charter school could increase the revenue to schools currently defined as virtual charter schools. For the 2013 school year there are four virtual charter schools. The increase in state tuition support if the four virtual charter schools are no longer defined as virtual charter schools would be approximately \$4 M. If the bill caused the tuition support distribution to exceed the calendar year cap or fiscal year appropriation, the distribution to all schools would be proportionately reduced so the distribution does not exceed the appropriation or cap. If that occurs there could be a shift in revenue from charter schools and school corporations to schools that had been defined as virtual charter schools. Any impact would be dependent on future school funding formulas and subject to appropriations.

State Agencies Affected: Department of Education, Indiana Education Employment Relations Board.

Local Agencies Affected: Local schools.

Information Sources: Department of Education databases.

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