

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7495**

**BILL NUMBER: SB 575**

**NOTE PREPARED: Apr 15, 2011**

**BILL AMENDED: Apr 13, 2011**

**SUBJECT:** Teacher Collective Bargaining.

**FIRST AUTHOR:** Sen. Boots

**FIRST SPONSOR:** Rep. Behning

**BILL STATUS:** As Passed House

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

**IMPACT:** Local

**Summary of Legislation:** (Amended) *Temporary Teacher*: This bill extends the use of temporary teacher contracts to hiring for positions funded by grants outside the school funding formula.

*Wage Payments*: The bill provides that wage payment arrangements may not contain terms beyond those permitted to be bargained.

*Cancellation*: The bill provides that the statutory procedures for refusing to continue or canceling a teacher contract may not be modified by a collective bargaining agreement (agreement).

*Committee Representation*: The bill limits the number of teachers the exclusive representative may appoint to serve on statutory or locally created district wide and school wide committees of a school corporation.

*Contracts*: The bill provides that an agreement may not include provisions that limit a school employer's ability to restructure schools that do not meet federal or state accountability standards, or that limit a school employer's ability to enter into programs that offer postsecondary credit or dual credits to students. It provides that an agreement may not extend beyond December 31 of the year at the end of a state budget biennium. The bill prohibits certain subjects from being bargained collectively, and provides that prohibited subjects and items that lead to deficit financing may not be included in an agreement. It also removes certain items from the list of discussion subjects between a school employer and an exclusive representative. The bill provides that collective bargaining begins before August 1 in the first year of the state budget biennium.

*Unfair Labor Practice*: The bill provides that if a complaint that is filed alleging an unfair practice concerning a subject of discussion is found to be frivolous, the complaining party is liable for costs and

attorney's fees.

*Mediation & Factfinding:* The bill modifies the mediation process. It establishes a process for factfinding.

*Capital Projects Fund:* The bill expands the purposes for which money in the capital projects fund may be used.

*Repealers:* The bill repeals provisions concerning minimum salary and salary increments for teachers, the definition of "submission date," and a provision allowing the statutory procedures for refusing to continue or canceling a teacher contract to be modified by an agreement, certain provisions concerning mediation and factfinding, and makes conforming changes to related sections.

**Effective Date:** Upon Passage; July 1, 2011.

**Explanation of State Expenditures:** Within 30 days after the date of the first state ADM count date of the school year in the first year of the state biennium, the Department of Education is required to provide school and teachers a certification of General Fund revenue available for bargaining. The bill also requires the Department of Local Government Finance to certify the revenue a school generates from a general fund operating referendum if they had passed a referendum. The provision could increase the department's costs depending on the models developed to certify the revenue available for collective bargaining.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Temporary Teacher:* The bill could make it easier to terminate a teacher when a grant expires. There would be a savings in administrative costs.

(Revised) *Wage Payments:* Providing that wage payment arrangements may not contain terms beyond those permitted to be bargained could reduce school costs depending on what has been bargained.

*Cancellation:* The bill would not allow a collective bargaining agreement to modify the state law on cancellation of a contract. The bill would also allow a teacher to be suspended without pay. Currently, a teacher continues to be paid until they are terminated or reinstated. The bill could reduce the administrative costs of canceling a contract. The savings from suspending a teacher without pay would depend on the number of teachers suspended and the salary of the teachers. For the 2010 school year, the average teacher's salary was about \$47,000 a year, or about \$261 per day.

*Committee Representation:* Changing the representation of teachers on school committees should have no fiscal impact.

*Contracts:* The various changes to the collective bargaining law could make it easier for schools to make changes to the school structure and curriculum.

The bill would remove working conditions as a topic to be discussed and can be bargained. The following topics would continue to be discussed:

1. Curriculum development and revision.
2. Textbook selection.
3. Teaching methods.

4. Hiring, evaluation, promotion, demotion, transfer, assignment, and retention of certified employees. Currently, evaluations are not part of the requirement.
5. Student discipline.
6. Expulsion or supervision of students.
7. Pupil/teacher ratio.
8. Class size or budget appropriations.

The bill specifies that the following items would not be allowed to be in a collective bargaining agreement after June 30, 2011:

1. The school calendar,
2. Teacher evaluation procedures and criteria.
3. Teacher dismissal procedures and criteria.
4. Restructuring options to meet federal or state accountability standards.
5. The employer's ability to enter into programs that offer postsecondary credit or dual credits to students.

Individual teacher contracts would still specify the number of hours each day a teacher is expected to work.

The provisions excluded above may make it easier for schools to make changes to the school structure and curriculum.

The bill also clarifies that schools cannot enter into an agreement that puts them in a position of deficit financing and outlines the revenue that is to be included in determining available revenue.

*Mediation & Factfinding:* After at least 60 days of collective bargaining the board can appoint a mediator from the board's staff if an impasse occurs. The mediation has to start within 15 days of the notice of an impasse. The mediation must consist of not more than three mediation sessions and result in either an agreement between the parties or each party's last best offer. The mediation must be completed within 30 days.

If an agreement has not been agreed on within 15 days after mediation, the board shall initiate factfinding. Factfinding has to culminate with the factfinder imposing contract term on the parties. The factfinder's order is limited to the terms proposed by the parties in their last, best offer. It is unknown if the cost of mediation and factfinding will be more or less than the current process.

*Background:* There are about 310 schools or co-ops that collectively bargain. School general fund expenditures for FY 2010 were about \$6.8 B, of which \$6.1 B were for salaries and fringe benefits. For FY 2010, schools spent about \$3.7 M on staff negotiations and relations. For the 2010-2011 school year the Educational Employment Relations Board has analyzed 70 contracts, and the average increase in salary is 0.64% without an increment and 2.32% with an increment.

*Education Employment Relations Board:* The bill would terminate the current term of the members of the Education Employment Relations Board. The Governor would obtain recommendation from the Speaker of the House and the President Pro Tempore of the Senate concerning the appointment members to replace the current members. The provision should have no fiscal impact.

*Unfair Labor Practices:* The impact would depend on the number of frivolous unfair practice complaints filed against schools. The provision could reduce school costs.

*Repealers:* The bill repeals the state minimum teacher's salary statute that specifies that salaries are based on years of service. Schools would still be required to fund any salary schedule within their current resources. The repeal of the degree requirements may make it easier to hire teachers for difficult-to-fill positions.

*Capital Projects Fund:*

(Revised) *Skilled Trade Employees:* Currently, some schools can pay the salaries of skilled trade employees from their Capital Projects Fund if the salaries of the employees are greater than \$600,000. The bill would allow all schools to pay the salaries of their skilled trades employees from the CPF. The impact would depend on the number of schools that hire skilled trade employees. The Capital Projects Fund Expenditures for skilled trade employees for twenty schools in FY 2010 was about \$12.2 M. The amount could increase if more schools hired skilled trade employees. For FY 2010, schools spent about \$382,000 from their General Fund on salaries for skilled trade employees.

(Revised) *Maintenance Vehicles:* Currently, maintenance vehicles have to be purchased from the school General Fund. The bill would allow schools to purchase maintenance vehicles from their CPF. Schools spent about \$1.1 from the General Fund to purchase maintenance vehicles in FY 2011.

(Revised) *Utilities and Property Insurance:* The bill would continue to allow the school Capital Projects Fund to be used to paid school utilities and property insurance for CY 2013 and 2014. The Capital Projects Fund expenditures for utilities and property insurance in FY 2010 were about \$175 M.

(Revised) *Maintenance Contracts:* The bill would allow 100% of the cost incurred by a school under a service contract for maintenance and care of real property owned by the school corporation to be paid from the Capital Projects Fund. The cost of current maintenance contract or how many schools might start using maintenance contracts is unknown. The Capital Projects Fund levy for CY 2010 was about \$754 M for schools.

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Education; Education Employment Relations Board

**Local Agencies Affected:** Local schools.

**Information Sources:**

**Fiscal Analyst:** Chuck Mayfield, 317-232-4825.