

**GENERAL ASSEMBLY OF NORTH CAROLINA**



**Session 2007**

**Legislative Fiscal Note**

**BILL NUMBER:** Senate Bill 1008 (Second Edition)

**SHORT TITLE:** TAs in Special Ed. Classes/Personal Leave

**SPONSOR(S):** Senator Rand

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2007-08</u></b>	<b><u>FY 2008-09</u></b>	<b><u>FY 2009-10</u></b>	<b><u>FY 2010-11</u></b>	<b><u>FY 2011-12</u></b>
<b>EXPENDITURES (in millions)</b>					
<b>General Fund:</b>					
Projected Increase in Non-Instructional Allotment	\$0.13 - \$0.32	\$0.13 - \$0.34	\$0.14 - \$0.35	\$0.15 - \$0.37	\$0.15 - \$0.38
<b>Local Funds:</b>	\$0.09 - 0.22	\$0.09 - 0.23	\$0.10 - 0.24	\$0.10 - 0.25	\$0.11 - 0.26
<b>Federal Funds:</b>	\$0.02 - 0.04	\$0.02 - 0.04	\$0.02 - 0.04	\$0.02 - 0.05	\$0.02 - 0.05
<b>POSITIONS (cumulative):</b>	N/A				
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Local Education Agencies (LEAs), State Public School Fund, Department of Public Instruction (DPI)					
<b>EFFECTIVE DATE:</b> July 1, 2007.					
* <b>Note:</b> Net General Fund (GF) expenditures will not decrease, but the State will allot \$0.19 to \$0.51 million less annually to LEAs for paying substitute teachers. LEAs will also face increased expenditures for substitute teachers of up to \$0.32 million in FY 2007-08 and up to \$0.34-0.38 million annually thereafter. These expenditures appear under the GF heading because it is assumed that the General Assembly will appropriate additional funds to cover the LEAs' increased expenditures for substitute teachers.					

**BILL SUMMARY:** The bill provides personal leave days to teacher assistants who are required by law to have a substitute when they are out of the classroom. Personal leave days for these teacher assistants will be under the same terms and conditions as for classroom teachers. Currently, only teacher assistants in Exceptional Children (EC) classrooms are required by law to have a substitute when they are out of the classroom.

## ASSUMPTIONS AND METHODOLOGY:

### 1. Personal Leave and Substitute Pay

This bill will provide teacher assistants in EC classrooms personal leave days under the same terms and conditions as classroom teachers. That is, teacher assistants will earn two personal leave days per year,<sup>1</sup> and will receive full salary less the required substitute deduction of \$50.

This bill has different effects depending on the funding source (i.e., State, local, or federal) of the teacher assistant, so results are broken out by funding source. The substitute teacher assistant must be paid from the same source of funds as the teacher assistant that he or she is replacing. Therefore, if a State-paid teacher assistant takes a personal leave day, the substitute is paid out of the LEA's non-instructional support allotment. Similarly, when a locally- or federally-paid teacher assistant requires a substitute, it effectively reduces the amount of local or federal money available to the LEA. For each personal leave day that a substitute is required, the funds available to the LEA are reduced by an amount equal the daily rate of pay for a substitute minus the \$50 substitute deduction. Given an average daily rate of pay for substitute teacher assistants of \$83.92,<sup>2</sup> the reduction in available funds equals \$33.92 (\$83.92 minus \$50.00) every time a substitute is needed.

### 2. Assumptions

As mentioned above, teacher assistants will earn two personal leave days per year. There is little data available from which to estimate how teacher assistants will utilize their personal leave days. The last formal assessment of teacher usage of personal leave days found that during the 2003-04 school year, 40% of teachers used personal leave. Teachers taking personal leave that year used an average of 2.07 days.<sup>3</sup> It is likely that teacher assistants will use their personal leave days in a similar fashion. For purposes of this analysis, a range is provided. On the low end of the range, 40% of teacher assistants use two personal leave days per year. On the high end of the range, 100% of teacher assistants use two personal leave days per year.

Estimating costs in future years requires making assumptions on the change in the number of teacher assistants, as well as the daily rate of pay for substitutes. This analysis assumes that the number of teacher assistants will grow along with increases in average daily membership (ADM). Over the past ten years, ADM has grown at a rate of 1.77% per year. This analysis further assumes that the daily rate of pay for substitutes will increase by 1.00% per year.

The table below summarizes the assumptions used in this analysis:

	Scenario 1	Scenario 2
Teacher assistants using personal days	40%	100%
Average personal days used	2	2
Annual increase in teacher assistants	1.77%	1.77%
Annual increase in substitute pay	1.00%	1.00%

<sup>1</sup> Personal leave is earned at the rate of .20 days for each full month of employment not to exceed two days per year. Unused personal leave may be carried forward from one year to another and may be accumulated to a maximum of five days.

<sup>2</sup> Includes Social Security tax.

<sup>3</sup> Teachers earn two personal leave days each year, and can accumulate up to five days of personal leave.

### 3. Estimated Fiscal Impact of Bill

#### State-paid Teacher Assistants

Currently, there are 4,686 State-paid teacher assistants that would be affected by this bill. Using the assumptions detailed above, the following chart summarizes the estimated change in expenditures from this bill stemming from use of personal leave days by state-paid teacher assistants:

#### **Fiscal Impact of Granting Personal Leave to State-Paid Teacher Assistants**

	2007-08		2008-09		2009-10		2010-11		2011-12	
State-paid TAs	4,769		4,853		4,939		5,027		5,116	
% using personal days	40%	100%	40%	100%	40%	100%	40%	100%	40%	100%
Total personal days used	3,815	9,538	3,883	9,707	3,951	9,879	4,021	10,053	4,093	10,231
Substitute costs	\$320,156	\$800,390	\$329,081	\$822,702	\$338,255	\$845,637	\$347,684	\$869,211	\$357,377	\$893,442
Substitute deductions	\$190,758	\$476,894	\$194,134	\$485,335	\$197,570	\$493,926	\$201,067	\$502,668	\$204,626	\$511,565
<b>Net cost of personal days</b>	<b>\$129,398</b>	<b>\$323,496</b>	<b>\$134,947</b>	<b>\$337,367</b>	<b>\$140,684</b>	<b>\$351,711</b>	<b>\$146,617</b>	<b>\$366,543</b>	<b>\$152,751</b>	<b>\$381,876</b>

These additional expenditures on substitutes would either have to be absorbed by the LEAs from local funds, or the State would need to appropriate more funding to cover the costs of substitute teacher pay. *While the bill has no net impact on State General Fund expenditures, it seems likely that there will be pressure for the State to appropriate more in the non-instructional support allotment that LEAs can use to pay substitute teachers. Therefore, the box at the top of the analysis assumes that the General Assembly will increase General Fund appropriations accordingly.*

#### Locally and Federally Paid Teacher Assistants

There are currently 3,243 locally-paid and 579 federally-paid teacher assistants that would gain personal leave days as a result of this bill. LEA expenditures for substitutes for locally- and federally-paid teacher assistants will similarly increase. LEA's expenditures for substitutes will increase with each personal leave day taken by an amount equal to the difference between the rate of pay for a substitute, and the \$50 substitute reduction. Because substitutes must be paid from the same source of funds as the teacher assistant that he or she is replacing, the result will be fewer local and federal resources available to LEAs to be used for various other purposes (such as local teacher supplements and federally funded services for children with special needs).

#### **Fiscal Impact of Granting Personal Leave to Locally-Paid Teacher Assistants**

	2007-08		2008-09		2009-10		2010-11		2011-12	
Locally-paid TAs	3,300		3,359		3,418		3,479		3,540	
% using personal days	40%	100%	40%	100%	40%	100%	40%	100%	40%	100%
Total personal days used	2,640	6,601	2,687	6,718	2,735	6,837	2,783	6,958	2,832	7,081
Substitute costs	\$221,568	\$553,919	\$227,744	\$569,361	\$234,093	\$585,233	\$240,619	\$601,547	\$247,327	\$618,317
Substitute deductions	\$132,016	\$330,040	\$134,353	\$335,882	\$136,731	\$341,827	\$139,151	\$347,877	\$141,614	\$354,035
<b>Net cost of personal days</b>	<b>\$89,552</b>	<b>\$223,879</b>	<b>\$93,392</b>	<b>\$233,479</b>	<b>\$97,362</b>	<b>\$243,406</b>	<b>\$101,468</b>	<b>\$253,670</b>	<b>\$105,713</b>	<b>\$264,282</b>

## Fiscal Impact of Granting Personal Leave to Federally-Paid Teacher Assistants

	2007-08		2008-09		2009-10		2010-11		2011-12	
Federally-paid TAs	589		600		610		621		632	
% using personal days	40%	100%	40%	100%	40%	100%	40%	100%	40%	100%
Total personal days used	471	1,178	480	1,199	488	1,221	497	1,242	506	1,264
Substitute costs	\$39,558	\$98,896	\$40,661	\$101,653	\$41,795	\$104,487	\$42,960	\$107,399	\$44,157	\$110,393
Substitute deductions	\$23,570	\$58,925	\$23,987	\$59,968	\$24,412	\$61,029	\$24,844	\$62,109	\$25,284	\$63,209
<b>Net cost of personal days</b>	<b>\$15,988</b>	<b>\$39,971</b>	<b>\$16,674</b>	<b>\$41,685</b>	<b>\$17,383</b>	<b>\$43,457</b>	<b>\$18,116</b>	<b>\$45,290</b>	<b>\$18,874</b>	<b>\$47,184</b>

**SOURCES OF DATA:** Department of Public Instruction

**FISCAL RESEARCH DIVISION:** (919) 733-4910

**PREPARED BY:** Kristopher Nordstrom

**APPROVED BY:** Lynn Muchmore, Director  
Fiscal Research Division



**DATE:** May 1, 2007

**Signed Copy Located in the NCGA Principal Clerk's Offices**