

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: SB 605aa

52nd Legislature, 1st Session, 2015

Tracking Number: .200354.1

Short Title: Index Charter School Head Admin Salary

Sponsor(s): Senator Michael S. Sanchez

Analyst: David Craig

Date: March 19, 2015

AS AMENDED

The Senate Public Affairs Committee amendments:

- strike the Senate Education Committee amendment; and
- amend the *Charter Schools Act* to require that the compensation of a charter school head administrator not exceed the lesser of the following percentages of compensation received in the school district where the charter school is geographically located:
 - 80 percent of a local superintendent's salary; or
 - 110 percent of the average salary received by:
 - non-charter elementary school principals for a head administrator of a charter school whose highest grade level is 6;
 - non-charter middle school principals for a head administrator of a charter school whose highest grade level is 8; or
 - non-charter high school principals for a head administrator of a charter school whose highest grade level is 12;
- specify that a charter school head administrator shall not receive total compensation that exceeds the percentages provided regardless of the number of charter schools employing or contracting with the head administrator; and
- defines the term "Compensation" to mean, "gross salary for personal services rendered while on the payroll of a charter school or under contract with a charter school, and other forms of compensation, benefits and additional compensation as defined in the Public Education Department Uniform Chart of Accounts, including stipends, bonuses or incentive that are in addition to standard compensation."

The Senate Education Committee amendment:

- removes the proposed changes to the *Charter Schools Act*;
- amends the *Charter Schools Act* to require that the compensation of a charter school head administrator not exceed the lesser of:

- **80 percent of a local superintendent’s salary; or**
- **110 percent of the average salary for school principals in the school district where the charter school is located, received by:**
 - **elementary school principals for a head administrator whose highest grade level is grade 6;**
 - **middle school principals for a head administrator of a charter school whose highest grade level is grade 8; or**
 - **high school principals for a head administrator of a charter school whose highest grade level is grade 12; and**
- **expands the definition of the term “compensation” to mean “salary, benefits, merit-based supplemental compensation, and any other forms of compensation.”**

Original Bill Summary:

SB 605 amends the *Charter Schools Act* to require that the compensation of a charter school head administrator:

- not exceed 80 percent of a local superintendent’s salary; or
- be more than 10 percent of the average salary for school principals in the school district where the charter school is located.

Fiscal Impact:

According to analysis of administrator salary data provided by the Public Education Department (PED), as provided in the **Attachment, School Year 2014-15 Charter School Head Administrator or Principal Salaries and Salary Caps as Provided for in SB 605**, the provisions of SB 605 are estimated to reduce 69 charter school head administrators’ and principals’ salaries by \$914,375 (see page 4, line 70). This estimate assumes that:

- charter schools without an administrator assignment would have the salary of the highest paid principal in the charter school be subject to the provisions of SB 605;
- locally chartered charter school head administrators or principals would not be in the calculation of the average salary for school principals in the school district where the charter school is located; and
- a charter school head administrator’s or principal’s total salary would be subject to the caps, regardless of any partial calculation of salary attributed to administrator assignment or across multiple sites (see “**Fiscal Issues,**” below).

Fiscal Issues:

According to data from PED, often a charter school will not identify a head administrator, instead coding the assignment of the highest paid administrator as “principal.” This practice may result in a recursive calculation for the average salary for school principals in the school district where the charter school is located because the charter school administrator salaries would be included in the average. To clarify the intent of the bill, the sponsor may wish to consider:

- clarifying that the compensation of a charter school head administrator cannot exceed more than 10 percent of the average salary for *non-charter school* principals in the school district where the charter school is located [emphasis added];
- providing a definition of head administrator that requires the identification of such an individual at each charter school; or
- expanding the provisions of SB 605 to include the highest paid principal at a charter school.

Another challenge to applying the provisions of SB 605 to charter school head administrator salaries is the practice of an administrator or principal dividing a full-time equivalent (FTE) salary across multiple schools for which they have oversight (i.e., one administrator drawing a portion of their salary from two locations). In this instance, a charter school head administrator's salary, reported by FTE, may not be interpreted to be subject to the provisions of SB 605, when the aggregate salary would be captured under the current provisions of SB 605. The sponsor may wish to clarify that the provisions of SB 605 apply to total compensation provided to a charter school head administrator, regardless of the number of school sites the head administrator oversees.

Substantive Issues:

Information on administrator salaries is available at PED in the Student Teacher Accountability Reporting System (STARS) database. Charter schools may need to work with PED in the development or revision of charter school contracts to ensure a charter school head administrator's salary complies with the provisions of SB 605 should it be enacted.

On page 7, lines 5 through 6, the words "with an educational or charter management organization" may be unnecessary. Existing provisions of the *Charter Schools Act* require charter schools enter into a contract with the governing authority.

Background:

Legislative Education Study Committee (LESC) Charter Schools Subcommittee

Since the enactment of the original legislation in 1993, the LESC has maintained an interest in charter schools, with hearings during every interim, frequent participation in work groups, and committee-endorsed legislation in virtually every session. During the 2014 interim, this interest led to the designation of charter schools as a focus area for the 2014 interim and to the creation of a subcommittee on charter schools, which heard extensive testimony on a range of issues and concerns. The subcommittee heard a variety of testimony regarding the governance of charter schools; however, administrator salaries were not discussed.

Committee Referrals:

SEC/SPAC

Related Bills:

CS/SB 8 *Charter School Education Tech Equipment*
SB 148aa *Charter School Responsibilities*
SB 236 *Charter School Lease Approval*
SB 257a *Charter Schools & Public Audit Changes*
SB 273a *Charter School Governance*
SB 418a *Charter School Governing Body Elections*
*SB 429 *Charter School Fiscal Performance Reports*
*SB 518 *Charter School Enrollment Policies*
SM 117 *Charter School Public & Private Grants*
CS/CS/HB 19 *Charter School Educational Tech Equipment*
HB 74 *Public Education Commission as Independent*
HB 166 *Charter School Transportation Agreements*
HB 253a *Charter School Facility 4 Year Plans*
HB 352 *Charter School Capital Outlay Assistance*
*HB 449 *Charter School Fiscal Reporting*