

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**  
Revision 1

**February 26, 2003**

**TO:** Honorable Kent Grusendorf, Chair, House Committee on Public Education

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB316** by Grusendorf (Relating to the allotment of funds for programs for gifted and talented students.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB316, As Introduced: a negative impact of (\$88,800,000) through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2004	(\$44,000,000)
2005	(\$44,800,000)
2006	(\$45,700,000)
2007	(\$46,600,000)
2008	(\$47,500,000)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Revenue Gain/(Loss) from FOUNDATION SCHOOL FUND 193</b>
2004	(\$44,000,000)
2005	(\$44,800,000)
2006	(\$45,700,000)
2007	(\$46,600,000)
2008	(\$47,500,000)

**Fiscal Analysis**

The bill would change the requirements for eligibility for the Foundation School Program gifted and talented allotment. It would require that gifted and talented students be identified using an objective assessment, as guided by commissioner of education's rules. The bill would also remove a 5 percent ceiling on the number of students in average daily attendance (ADA) that may be funded under the gifted and talented allotment.

**Methodology**

In fiscal year 2002, school districts identified 339,342 students as gifted or talented, or about 8.8 percent of the total ADA, compared to the 189,239 students that used to determine the gifted and

talented allotment in that fiscal year. Growth in the funded population is expected to follow the trend of the total ADA population, approximately 1.8-2.0 percent each year.

For purposes of this estimate, it is assumed that the percentage of students identified for gifted and talented allotment will be at least seven percent of total ADA, although the percentage could rise to 8.8 percent depending on the identification guidance provided by the commissioner of education.

The increased population would increase both Tier 1 and Tier 2 of the Foundation School Program. The change could also decrease the amount of payments required from Chapter 41 school districts. Both effects are shown as additional cost to the Foundation School Fund. The costs shown reflect an assumption of a 40% increase in the population that would be funded (seven percent of total ADA, compared to the current five percent limit).

### **Local Government Impact**

School districts revenue would increase by the amounts reflected in the fiscal impact table (starting at \$44 million in fiscal year 2004).

**Source Agencies:** 701 Central Education Agency

**LBB Staff:** JK, JO, CT, UP, RN