

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

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

**March 25, 2003**

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

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

**IN RE: HB451** by Hochberg (Relating to the selection and purchase of certain textbooks by a school district or open-enrollment charter school.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB451, As Introduced: a negative impact of (\$8,800,000) 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	(\$8,000,000)
2005	(\$800,000)
2006	(\$800,000)
2007	(\$8,000,000)
2008	(\$800,000)

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

<b>Fiscal Year</b>	<b>Probable Revenue Gain/(Loss) from STATE TEXTBOOK FUND 3</b>
2004	(\$8,000,000)
2005	(\$800,000)
2006	(\$800,000)
2007	(\$8,000,000)
2008	(\$800,000)

**Fiscal Analysis**

The bill would amend current law to eliminate the waiver process required for Texas Education Agency reimbursements to school districts for purchases of non-adopted textbooks used in Advanced Placement (AP), International Baccalaureate (IB), and dual high school-college credit classes. If a school selects a textbook in a course for which the State Board of Education (SBOE) has adopted a similar textbook, the state pays the district the lesser cost of the two textbooks. If a school selects a textbook in a course for which there is no similar textbook adopted, the state pays the district the actual cost of the textbook. Lastly, the bill allows districts to select college-level textbooks for its AP, IB, and dual credit courses.

**Methodology**

During the 2001-02 school year, there were approximately 240,000 enrollments in either AP or IB courses. For 94,000 of these enrollments, the SBOE has adopted an AP-specific textbook (e.g. English Literature and English Language Arts) and the state currently is paying the cost of providing them, at roughly \$4 million per year. It is assumed that for these courses, districts will continue to select the already-adopted AP textbooks which are fully paid by the state.

Of the remaining 146,000 enrollments, approximately 100,000 are in courses for which the SBOE has adopted a similar non-AP/IB textbook (e.g. US Government, US History). According to the bill, the state pays the district the lesser cost of the Board-adopted book or the book selected by the district. For the purposes of this fiscal note, it is assumed that the Board-adopted books will be less expensive given that districts would be allowed by the bill to select more expensive, college-level textbooks. At an average of \$60 per book, these enrollments will have an initial cost of \$6 million, to be incurred in 2004.

The final 46,000 enrollments are in courses for which there is no similar textbook adopted (e.g. Music Theory, Statistics), in which case the state must pay the actual cost of the books selected by the district. Since the bill permits districts to select college-level books, it is assumed that college-level books are selected for all of these 46,000 enrollments. TEA estimates these books to be slightly more expensive, averaging approximately \$75 per book, making the cost for these enrollments \$3.5 million for 2004.

Total initial costs therefore are \$9.5 million. TEA currently provides reimbursements for AP/IB textbook costs not covered by the Board-adopted list for districts that apply, at an annual cost of \$1.5 million. Therefore the net impact of the bill in 2004 is \$8 million. TEA states that AP and IB curriculum changes occur every three years, causing these textbooks to go out of date more rapidly than standard books. Therefore a three-year cycle is assumed for the purposes of this fiscal note. Finally, it is assumed that there will be additional costs in the years between the cyclical purchase of the textbooks for enrollment growth in AP/IB courses and replacements for lost or damaged books. These costs are estimated to be approximately 10% of the 2004 purchase total, or \$800,000 per year in 2005, 2006 and 2008.

### **Local Government Impact**

Local school districts would realize cost savings as a result of the bill. The bill shifts the burden of paying for a majority of textbook costs for AP/IB and dual credit programs from districts to the state. Actual district savings would depend on the cost of the textbooks selected by the district. It is assumed that statewide district savings would resemble the cost estimates for the state: \$8 million for each purchase cycle year (2004 and 2007) and \$800,000 in the intervening years.

**Source Agencies:** 701 Central Education Agency

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