

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 6, 2003

TO: Honorable Jaime Capelo, Chair, House Committee on Public Health

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB764 by Wohlgemuth (Relating to the health of school-age children.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB764, As Introduced: a negative impact of (\$2,876,118) 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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$1,463,059)
2005	(\$1,413,059)
2006	(\$1,413,059)
2007	(\$1,413,059)
2008	(\$1,413,059)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1	Change in Number of State Employees from FY 2003
2004	(\$1,463,059)	1.0
2005	(\$1,413,059)	1.0
2006	(\$1,413,059)	1.0
2007	(\$1,413,059)	1.0
2008	(\$1,413,059)	1.0

Fiscal Analysis

The bill would create a variety of programs related to student health, physical activity and education, nutrition and obesity.

The bill would require TEA to adopt or develop physical fitness standards that the physical education teacher can implement in the classes in order to assess the physical fitness of students in kindergarten through grade 12. Additionally, the provisions of the bill would require that a TAKS assessment for health be administered annually to students in grades three through nine. The bill would require TEA to adopt a comprehensive list of objectives relating to the promotion of the health of public school students.

Methodology

Sec. 7.027 as added by the bill would direct the Texas Education Agency (TEA) to conduct a study and make recommendations concerning incentives that could be provided to the board of trustees of a school district to provide access to school campuses after regular school hours for indoor and outdoor recreational activities. The study would be conducted on a contract basis at a cost of \$50,000 in fiscal year 2004.

The agency is required to to maintain a list of programs that school districts have implemented that include the objectives. The agency must also annually designate schools as Lone Star Healthy Plus Schools if they meet certain criteria. As a result of this role for the agency, it is expected that one FTE professional staff member would need to be added, plus additional operating funds to manage the list and designations.

Administrative costs associated with the support of the obesity council would mean travel for their meetings (\$400 per trip, 6 members, minimum four meetings) as well as operating costs for printing reports. This fiscal note presumes that there would be no significant increase staff workload, and that the costs of the committee would be borne by the Department of Health as the lead agency. However, if implementation of the bill and support of the committee implies significant research or program development activity, rather than just meeting support, additional staff would be needed.

The bill would require that a TAKS assessment for health be administered annually to students in grades three through nine. At an annual cost of \$1,000,000 per test per grade, the total cost to add a TAKS assessment for health would be \$7,000,000. This cost is not included in the fiscal impact table, as it would be funded from a set aside from the Compensatory Education Allotment. While this would have no impact on state costs, it would reduce the allotment amount available to local school districts.

State costs shown in the tables include the Teacher Retirement System (TRS) employer’s share of retirement contributions at a cost of \$950,000 per year for approximately 400 additional FTEs to expand teaching of physical education in middle and junior high schools. There would also be costs for the employee supplemental compensation or health insurance benefits adopted by the 77th Legislature. The cost of the \$1,000 pass-through would be about \$400,000 per year.

Local Government Impact

Estimates developed for this fiscal note conclude that implementation of the provisions of this bill would cost districts approximately \$24 million annually in either higher expenses or lost state aid.

A campus-by-campus analysis of the middle school PE requirements indicates that at least 400 FTE teachers would be needed at an annual cost of approximately \$16 million. Additionally, districts would see a decrease of approximately \$7 million in compensatory education funding as a result of the TAKS tests for health. With additional local staffing, there would be increased benefit costs estimated at \$1 million per year.

Source Agencies: 501 Department of Health, 701 Central Education Agency

LBB Staff: JK, JO, UP, EB, PQ