

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 15, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1133 by Grusendorf (Relating to free textbooks for private school students.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1133, As Introduced: a negative impact of (\$65,028,820) 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	(\$55,708,910)
2005	(\$9,319,910)
2006	(\$9,319,910)
2007	(\$9,319,910)
2008	(\$9,319,910)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from STATE TEXTBOOK FUND 3	Change in Number of State Employees from FY 2003
2004	(\$55,708,910)	1.0
2005	(\$9,319,910)	1.0
2006	(\$9,319,910)	1.0
2007	(\$9,319,910)	1.0
2008	(\$9,319,910)	1.0

Fiscal Analysis

The bill would require the State Board of Education to provide, upon request, free textbooks to students enrolled in private schools. It should be noted that Article 7, section 5(a) of the Texas Constitution provides that the Available School Fund (ASF) shall be applied to the support of the public free schools, and further states that no ASF funds may be appropriated to or used for the support of any sectarian school.

Methodology

2001 data from the National Center for Education Statistics indicate that there are approximately 230,000 students in private school in Texas. For the purpose of this fiscal note, it is assumed that the vast majority of private school students, or private schools on behalf of their students, would request

free textbooks. The Texas Education Agency (TEA) estimates an average textbook cost per requesting student of \$240. This assumes that students would request a full set of textbooks, which is estimated to average, across all grades K-12, 6 textbooks at \$40 per textbook. Elementary grade costs per student would be somewhat lower than this average; costs for the high school grades would be higher. The total for 2004 under these assumptions would be \$55,200,000.

Because textbooks go out of adoption and new books come into use on a cycle of approximately 6 years, this fiscal note assumes that continuing costs for new books would be about \$9,200,000 annually.

TEA estimates that resources for contract and administrative expenses would be needed to handle requests for free textbooks. The agency estimates that the most efficient way to register textbook orders from private school students or their schools is to modify the existing textbook order processing system (EMAT), at a one-time cost of \$14,000 in 2004. Also, the agency estimates the need for one full-time equivalent position (with \$44,910 in supporting administrative costs) to verify and track orders and to coordinate delivery to various private schools across the state. Lastly, it is assumed that freight charges incurred by the agency would increase due to the greater number of shipping points that would be handled by the agency under the provisions of the bill. These are estimated to be \$450,000 in 2004, and \$75,000 each year thereafter.

Technology

The agency estimates a one-time cost to its textbook order processing system.

Local Government Impact

No significant fiscal implication to units of local government is anticipated. Because textbooks are paid for through distributions to the Textbook Fund from the ASF, public school districts will lose some ASF funds. However, for a vast majority of districts the loss of ASF funds will be compensated with a like increase in general revenue funds through the Foundation School Program.

Source Agencies: 701 Central Education Agency

LBB Staff: JK, WP, CT, UP, JGM