

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 31, 2003

TO: Honorable David Dewhurst , Lieutenant Governor, Senate
Honorable Tom Craddick, Speaker of the House, House of Representatives

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB894 by Bivins (Relating to the reporting and auditing requirements relating to school dropouts and to the use of compensatory education funds.), **Conference Committee Report**

No significant fiscal implication to the State is anticipated.

The Texas Education Agency currently conducts electronic analysis of dropout data accuracy and has desk audit indicators related to compensatory education funding employed in a risk-based assessment system. Assuming that these systems are sufficient to meet the provisions of the bill concerning the electronic management of dropout and compensatory education funding data, significant additional costs for Texas Education Agency operations would not be anticipated. If these systems are not sufficient, it is assumed that an auditing and reporting system could be added to the agency's data systems with minimal additional costs.

Local Government Impact

Local school districts not determined to be at-risk in either dropout data accuracy or compensatory education expenditures would realize substantial local savings due to the elimination of external audits of dropout records and compensatory education expenditures. While individual district costs for these audits vary widely, anecdotal evidence suggests that on average, districts would save the average annual cost of a dropout or compensatory education audit, approximately \$9,000 - \$10,000.

Source Agencies: 701 Central Education Agency

LBB Staff: JK, CT, UP, JGM