

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 21, 2003

TO: Honorable Florence Shapiro, Chair, Senate Committee on Education

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB929 by Shapiro (Relating to regional education service centers.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB929, As Introduced: a negative impact of (\$750,000) 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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$750,000)
2005	\$0
2006	\$0
2007	\$0
2008	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1
2004	(\$750,000)
2005	\$0
2006	\$0
2007	\$0
2008	\$0

Fiscal Analysis

The bill would prohibit the use of funds in the Foundation School Program for financing core services at Regional Education Service Centers (ESC's). The bill would distribute any appropriations for educational services currently provided at ESC's directly to school districts for use in obtaining those services from ESC's or other providers.

The bill requires that the Comptroller contract with a consultant to perform a comprehensive review of the services and funding mechanisms of ESC's. Findings shall be reported to the Legislature not later than December 1, 2004.

Methodology

The bill has no net fiscal implications for the Texas Education Agency or the Foundation School

Program, as funds currently distributed to ESCs are rerouted to school districts.

The Comptroller estimates the contract cost for a consultant to perform the ESC review to be a one-time expenditure of \$750,000 in 2004.

Technology

The bill has no fiscal implications for the state's technology costs.

Local Government Impact

The fiscal implications of the bill for school districts are uncertain. Districts would receive an increase in direct funding from the state as funds formerly distributed to ESC's are transferred to districts. Districts then would need to purchase the services formerly provided by ESC's from either the ESC's or another service provider. Districts may be able to acquire the same set of services they currently are receiving for less than the provided amount, yielding a net savings. However, some districts may have to pay more than the provided amount to purchase the same level or quality of services. Because some districts may not contract with ESC's for services, reduced revenue may cause those ESC's to increase fees, costing more to the districts that, out of choice or necessity, purchase their services.

Source Agencies: 701 Central Education Agency

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