

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATURE 2nd CALLED SESSION - 2005

August 8, 2005

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

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB62 by Grusendorf (Relating to public school instructional materials and instructional technology; making an appropriation.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB62, Committee Report 1st House, Substituted: a negative impact of (\$692,880,189) through the biennium ending August 31, 2007.

Appropriations:

Fiscal Year	Appropriation out of <i>GENERAL REVENUE FUND</i> 1
2006	\$391,088,189
2007	\$300,000,000

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	(\$391,984,189)
2007	(\$300,896,000)
2008	(\$8,894,000)
2009	(\$535,494,000)
2010	(\$12,494,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1	Change in Number of State Employees from FY 2005
2006	(\$391,984,189)	11.0
2007	(\$300,896,000)	11.0
2008	(\$8,894,000)	7.0
2009	(\$535,494,000)	7.0
2010	(\$12,494,000)	7.0

Fiscal Analysis

The following sections are estimated to have a fiscal impact.

Section 20 would overhaul the system by which the state reviews and approves instructional materials. The bill would allow publishers of instructional materials to submit materials to the State Board of Education (SBOE) at any time, with a statement identifying which Texas Essential Knowledge and Skills (TEKS) curriculum standards the material covers. The Texas Education Agency would be

required to promptly review those materials, and the SBOE would meet biannually to approve or reject each material based solely on whether or not it covers the TEKS the publisher claims it covers. The bill also would provide for periodic review and removal of items contained on the list of approved instructional materials.

Section 36 would convert the current technology allotment to an instructional materials and technology allotment, starting in fiscal year 2007. The allotment amount would be \$100 per ADA in 2007, and \$150 per ADA in 2008 and beyond. In 2007, districts would be required to use \$50 of the \$100 per ADA for targeted technology programs for selected campuses or grade levels; this amount would increase to \$60 per ADA in 2008 and beyond.

Section 40 would establish a technology grant program, with grants to eligible campuses and charters in the amount of \$300 per enrolled student. Schools are eligible if they are identified as meeting the goals of the long-range plan for technology, and if they commit to using other available funds for the program equal to \$50 per enrolled student.

Section 42 would expand the technology immersion pilot project to high schools receiving students from middle schools who participated in the project during the 2004-05 school year.

Section 45 would require the agency to design its Texas Assessment of Knowledge and Skills (TAKS) exams to be computer-adaptive, with implementation required by May 1, 2007.

Sections 48-50 would make appropriations for instructional materials and technology programs related to the bill's provisions.

Methodology

Section 20: Under current structures, textbook review is an annual process, comprising expert panels who review materials over the summer, followed by several public hearings, an errors and corrections process, formal adoption, and notice to school districts. Under the bill, the instructional material review process may be started at any time by the submission of material by a publisher, and the approval process would be on a biannual rather than annual basis. Associated agency costs to convene and support this enhanced panel activity would be anticipated to be \$300,000 per year. Also, currently 6 full-time employees (FTEs) provide staff support for the annual panel review process. With the change to a quarterly system, it is estimated that approximately 8 additional FTEs would be needed, including the need to support the bill's requirement for periodic review and removal of items contained on the list of approved instructional materials. Costs associated with the additional staffing would be approximately \$445,000 annually.

Although the bill as substituted would shift responsibility for negotiations and contracting with publishers to Department of Information Resources (DIR), TEA would retain some contractual obligations for instructional materials through the 2006-07 biennium. TEA estimates that the 4 FTEs associated with the textbook purchasing function would continue to be needed during fiscal years 2006 and 2007 to administer and close out current contracts. These 4 FTEs would be eliminated beginning in fiscal year 2008, and the associated cost savings would be approximately \$172,000 annually. DIR estimates that the agency could assume publisher negotiating and contracting responsibilities with no significant fiscal impact to their operations.

Section 36: The \$100 per ADA Instructional Materials and Technology Allotment in 2007, approximately \$70 per ADA above the current technology allotment, is a cost to the state of approximately \$300 million. In 2008, the \$150 per ADA allotment is estimated to cost an additional \$523 million, increasing in the out years with student growth. However, given that the state would have appropriated funds for instructional materials in the 2008-09 biennium – estimated to be \$515 million for the biennium – the net increase in state costs for the 2008-09 biennium is \$543 million.

Section 40: TEA has estimated an administrative cost for the implementation of the technology grant program, related to the review of campuses and whether they meet the goals of the long-range plan for technology. The agency estimates a need of 3 additional FTEs and approximately \$151,000 in

supporting costs, starting in 2006.

Section 48 would appropriate \$291,088,189 for instructional materials under Proclamation 2002 and \$35 million for the technology immersion pilot project expansion.

Section 49 would appropriate \$300 million for the instructional materials and technology allotment in 2007.

Section 50 would appropriate \$65 million for the technology grant program, contingent upon availability of funds appropriated to or in control of the General Land Office. Should such funds not be available, this provision would have no fiscal impact to the state.

Technology

This bill would have no significant fiscal impact on technology for the state.

Local Government Impact

All districts would see revenue increases due to the instructional materials and technology allotment referenced above. Eligible districts would see revenue increases from the technology grant program and the technology immersion pilot project.

Source Agencies:

LBB Staff: JOB, CT, JGM