

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

March 15, 2005

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

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

IN RE: HB4 by Grusendorf (Relating to the use of technology by public schools.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB4, As Introduced: a negative impact of (\$451,605,000) through the biennium ending August 31, 2007.

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
2006	(\$216,115,000)
2007	(\$235,490,000)
2008	(\$256,940,000)
2009	(\$280,535,000)
2010	(\$306,489,500)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1	Change in Number of State Employees from FY 2005
2006	(\$216,115,000)	(15.0)
2007	(\$235,490,000)	(15.0)
2008	(\$256,940,000)	(15.0)
2009	(\$280,535,000)	(15.0)
2010	(\$306,489,500)	(15.0)

Fiscal Analysis

Section 1 of the bill would require the Texas Education Agency to conduct a review of certain state-funded grant programs to assess the extent to which those funds are used, or could be used, for electronic diagnostic assessments, technology devices or other electronic resources. The bill would require the agency to report its findings to the legislature by December 1, 2006.

Section 14 would require the agency to develop or acquire electronic assessment tools, and authorize the agency to make grants to school districts or charter schools for the use of these tools, in an amount not to exceed \$20 million a year.

Section 19 would direct the State Board of Education (SBOE) and the agency to review the subjects and grade levels with curriculum standards but for which electronic instructional materials have not yet been adopted. Based on the review, the bill would direct the SBOE to revise adoption cycles to

ensure electronic instructional materials are available for each reviewed subject and grade level beginning with the 2007-08 school year.

Section 34 would establish within the agency a "group for technology implementation."

Section 35 would provide districts identified by the agency as meeting the goals of the long-range plan for technology with an increased technology allotment of \$300 per student in average daily attendance (ADA) in grades 6-12 and \$30 per ADA in remaining grade levels. Districts would be required to certify a matching funds amount of \$50 per ADA in grades 6-12.

Methodology

Section 1: The agency estimates that it could contract the review of grant programs for a one-time cost of \$75,000 in fiscal year 2006.

Section 14: The bill specifies that the grants to districts for online diagnostic assessment tools shall come from appropriations made for that purpose, not to exceed \$20 million a year. For the purposes of this fiscal note, it is assumed that the legislature would appropriate \$20 million each year. It is assumed that any staff resources required by this section, in terms of the management of the agency's development/acquisition of diagnostic tools and the grant program, would be satisfied by the group for technology implementation established by section 34.

Section 19: It is assumed that the SBOE and agency review of subjects and grade levels for which electronic instructional materials have not been adopted would be completed by the newly formed group for technology implementation. Regarding the bill's requirement that the instructional materials adoption cycles be revised to ensure the availability of electronic materials by the 2007-08 school year, it is assumed that the reference to the adoption cycle indicates that the state would pay for these materials. Because some of the paper materials have only recently been purchased and distributed, the replacement earlier than the anticipated useful life of these books represents an inefficiency in the purchasing process. Because it is unclear how many districts would have the technological capacity to give all students full access to electronic materials, the state cost of this requirement is unclear, but it could add tens of million dollars to the state's instructional materials costs starting in fiscal year 2008 and continuing until all the paper textbooks currently in circulation end their useful life.

Section 34: It is assumed that the duties of the newly formed group for technology implementation would include the subject area instructional materials review required by section 19 and determination of district eligibility for enhanced technology allotment funding established in section 35, among other tasks. The evaluation of the technology capacity of approximately 1,227 school districts and charter schools, along with other responsibilities, is estimated to require a full-time staff of 15 beginning in 2006, with supporting operating resources of \$840,000 annually.

Section 35: To estimate the number of ADA in districts that potentially would qualify for the enhanced technology allotment (\$300 per ADA in grades 6-12 for districts meeting technology goals), Texas Star Chart data is used, which is self-reported district data concerning technology capacity. For purposes of this estimate, districts that rated "advanced" or "on target" in both technology infrastructure and technology-related educator preparation were considered as meeting the goals of the long-range plan for technology. Based on these data, it is estimated that approximately 721,392 ADA (approximately 1/3 the total ADA in that grade range) would generate the additional \$270 (over the current \$30) for a net cost increase of \$195 million in 2006, increasing based on ADA growth of 2 percent each year thereafter. This cost could vary from this estimate considerably based on the actual criteria used to identify districts as eligible.

The collection and analysis of the data required by the determination of the technological capacity of each school district and charter school is estimated to require the development and maintenance of a computer system, with a development cost of \$200,000 in 2006 and \$150,000 each year thereafter.

Technology

The data system required by Section 35 is estimated to require the development and maintenance of a computer system, with a development cost of \$200,000 in 2006 and \$150,000 each year thereafter. The bill may require adjustments to other agency data systems, including the EMAT system for instructional materials ordering, but it is assumed the agency could cover the costs of such changes with existing resources.

Local Government Impact

Section 14 would provide \$20 million in grant funding to school districts for electronic diagnostic assessment tools.

Section 35 would provide eligible districts with \$270 million in additional technology funding for ADA in grades 6-12. These districts would need to certify \$50 per ADA in local funds for technology in order to receive the enhanced funding.

Section 38 would require all assessments required under section 39.023, Texas Education Code, to be computer-adaptive to the extent practicable and appropriate by March 1, 2006. It is estimated that the tests, including a system for ordering the material, training, technical/call center support, and standard-setting activities would cost approximately \$11 million annually. Because the cost of assessments are funded by a set-aside from the Foundation School Program, there is a local impact associated with the reduced Compensatory Education allotment. At such time as the agency believes it could eliminate paper administrations of the assessments, there would be some cost savings associated with such an elimination.

Source Agencies:

LBB Staff: JOB, CT, UP, JGM