

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 21, 2005

TO: Honorable Florence Shapiro, Chair, Senate Committee on 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.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4, Committee Report 2nd House, Substituted: a negative impact of (\$101,340,000) 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	(\$100,670,000)
2007	(\$670,000)
2008	(\$515,000,000)
2009	(\$528,000,000)
2010	(\$540,000,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1	Change in Number of State Employees from FY 2005
2006	(\$100,670,000)	3.0
2007	(\$670,000)	3.0
2008	(\$515,000,000)	0.0
2009	(\$528,000,000)	0.0
2010	(\$540,000,000)	0.0

Fiscal Analysis

Section 1 of this bill would increase the technology allotment from \$30 per student to \$150 per student beginning with the 2007-08 school year. The bill would require that districts use an amount equal to \$60 per student to fund targeted technology programs.

Section 2 of the bill would direct districts to establish targeted technology programs, to include educational and technology elements as specified by the bill.

Section 3 of the bill would permit the commissioner to enter into agreements with public broadcasting stations to provide online instructional content and educational materials. The commissioner would be permitted to use federal funds or other unexpended balances for purposes of providing high-quality online instructional materials.

Sections 4-6 of the bill would expand the existing technology immersion pilot program to high schools served by feeder schools in the current technology immersion pilot. The bill would also expand the technology immersion pilot to one middle or junior high school and one high school in each state senatorial district. The expansion would apply beginning with the 2005-06 school year. The bill does not alter the statutory expiration date of the pilot program, which is the end of fiscal year 2007.

The bill would take effect immediately upon enactment with the necessary voting majorities or September 1, 2005.

Methodology

Section 1: State costs of increasing the technology allotment from \$30 to \$150 per ADA is estimated to be approximately \$515 million in fiscal year 2008, increasing each year thereafter by an estimated 2.2 percent due to student enrollment growth.

Section 3: According to the Texas Education Agency (TEA), some federal funds may be available to support a program that would spend approximately \$100,000-\$200,000 for this purpose, and staff support through a regional service center would be available to coordinate the project. Therefore, there would be no significant state cost to this section.

Sections 4-6: TEA estimates that expanding the existing technology immersion program -- to each high school that regularly serves students from current immersion middle/junior high schools and to one middle/junior high and one high school campus in each state senatorial district -- would cover approximately 71,500 students across about 84 schools. Based on the current pilot program, the technology costs per student are estimated to be \$1,400. Under these assumptions, the pilot program expansion would cost approximately \$100 million over the 2006-07 biennium. It is assumed that awards would be made in fiscal year 2006 with expenditures of awarded amounts occurring in fiscal years 2006-07.

The agency also would incur additional administrative costs to implement the expanded program. TEA estimates the need for 3 program administrators, with \$170,000 in supporting administrative costs in each year of the 2006-07 biennium. Additionally, the technology immersion program currently includes a very rigorous evaluation component involving a matched control group. Based on the current cost for the evaluation component, it is assumed that evaluation costs associated with the expansion group would be approximately \$500,000 for each year of the biennium.

Technology

No significant implications for the Agency technology expenditures are anticipated.

Local Government Impact

School districts would experience additional revenue under the technology allotment beginning in 2007-2008. On a statewide basis, the gain in revenue over the current \$30 technology allotment would be anticipated to range from about \$515 million in fiscal year 2008 to \$540 million in fiscal year 2010.

Additionally, it is estimated that approximately \$100.0 million over the fiscal years 2006 and 2007 biennium in additional revenue would be realized by school districts that are selected to participate in the expanded technology immersion program.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, CT, UP, JGM