

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**May 9, 2005**

**TO:** Honorable Geanie Morrison, Chair, House Committee on Higher Education

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

**IN RE: HB2372** by King, Tracy (Relating to a college entrance examination preparation pilot program. ), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2372, Committee Report 1st House, Substituted: a negative impact of (\$2,000,000) 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2006	(\$1,000,000)
2007	(\$1,000,000)
2008	\$0
2009	\$0
2010	\$0

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable (Cost) from GENERAL REVENUE FUND 1</b>
2006	(\$1,000,000)
2007	(\$1,000,000)
2008	\$0
2009	\$0
2010	\$0

**Fiscal Analysis**

The bill would direct the Texas Education Agency to establish a pilot program consisting of grants to enable eligible school campuses to provide college entrance preparation program to participating students. A participating campus would be entitled to receive a grant from the agency in an amount sufficient to pay for the program.

Campuses with at least 40 percent of students identified as educationally disadvantaged or are defined as at risk of dropping out of school would be eligible to participate. TEA would establish rules for the selection of participating students. The bill would direct the agency to compile a list of approved vendors from which campuses may select a program.

Funding would be limited to \$2 million for the 2006-07 biennium, and the pilot would expire August

1, 2007. TEA would conduct an evaluation of the program, and report findings to the legislature no later than December 31, 2006.

### **Methodology**

An agency analysis suggests that commercially-available SAT/ACT preparation programs designed for a classroom setting currently retail for approximately \$900 per student on average. Given the large number of potential participants due to the provisions of the bill, it is assumed for the purpose of this fiscal note that some discounting would be able to be obtained, reducing the average program cost to an estimated \$750 per student. Data from the 2004-05 school year indicate that approximately 1,112 campuses would be eligible to participate. Given this, it is assumed that the agency would design a program which would distribute the maximum amount of grants allowed by the bill: \$2 million, assumed to be split evenly between years in the 2006-07 biennium. At this level, approximately 1,333 students would participate in the pilot program statewide.

Given the short-term nature of the pilot program, it is assumed that the agency would be able to absorb new responsibilities established by the bill within existing resources.

### **Technology**

The bill would have no significant fiscal impact to technology at the agency.

### **Local Government Impact**

Participating campuses would receive grant funding under the bill in amounts, as determined by the Texas Education Agency, sufficient to cover the costs of the program.

**Source Agencies:** 701 Central Education Agency

**LBB Staff:** JOB, CT, UP, JGM