

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 23, 2007

TO: Honorable Rob Eissler, Chair, House Committee on Public Education

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

IN RE: HB185 by Hochberg (relating to gang-related activity in and around public schools; providing a criminal penalty.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would require that a student who engages in conduct related to assault, deadly conduct, terroristic threat, coercing, soliciting, or inducing gang membership while on school property or while attending a school-sponsored or school-related activity on or off school property be expelled. A student could also be expelled for soliciting another student to participate in gang activities or become a member of a criminal street gang, while on or within 300 feet of a school's real property boundary line, or while attending a school-sponsored or school-related activity on or off school property.

The bill would increase the number of mandatory expulsions to Juvenile Justice Alternative Education Programs (JJAEPs). The Juvenile Probation Commission estimates that under the provisions of the bill, mandatory student attendance days would increase by an estimated 66,929 in FY2008 and 79,667 in subsequent fiscal years. The state funds mandatory placements in JJAEPs at a rate of \$59 per day, which would equate to an additional state cost of \$3,948,811 in FY2008 and \$4,700,359 in subsequent fiscal years.

Under current law, state funding for mandatory JJAEP placements is provided as a set aside from the Foundation School Program, which prior to passage of House Bill 1, 79th Legislature, 3rd Called, would have resulted in no net fiscal impact to the state. However, due to the changes in school finance made by House Bill 1(79-3) a reduction in a district's Tier 1 state aid would simply increase its hold harmless state aid in order to reach a total revenue target. Therefore, increases in appropriations for set-aside programs result in increased state cost. In the event Education Code 42.2516 were changed to restore set-aside funding to its pre-House Bill 1 (79-3) functionality, the bill would have no net state fiscal impact.

Local Government Impact

The state funding rate for JJAEP mandatory placements is \$59 per day. The average cost per day for operating a JJAEP is reported to be \$125.90. The difference between state funding levels for additional mandatory placements and the local JJAEP operations costs associated with those additional placements would accrue to local government.

To the extent that state aid earned through the Foundation School Program on behalf of a student placed in a JJAEP under the provisions of the bill is less than the cost to the district of funding the JJAEP placement, local school district cost could be incurred.

The fiscal impact to local governmental entities would be expected to vary significantly.

Source Agencies: 665 Juvenile Probation Commission, 701 Central Education Agency

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