

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 16, 2007

TO: Honorable Florence Shapiro, Chair, Senate Committee on Education

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

IN RE: HB426 by Madden (Relating to applicability of provisions of the Education Code to and standards for the operation of school district disciplinary alternative education programs.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB426, As Engrossed: a negative impact of (\$1,688,208) through the biennium ending August 31, 2009.

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 |
|-------------|--|
| 2008 | (\$1,131,479) |
| 2009 | (\$556,729) |
| 2010 | (\$475,229) |
| 2011 | (\$475,229) |
| 2012 | (\$475,229) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1 | Change in Number of State Employees from FY 2007 |
|-------------|--|---|
| 2008 | (\$1,131,479) | 5.0 |
| 2009 | (\$556,729) | 5.0 |
| 2010 | (\$475,229) | 5.0 |
| 2011 | (\$475,229) | 5.0 |
| 2012 | (\$475,229) | 5.0 |

Fiscal Analysis

The bill would require that public or private community-based dropout recovery programs used by school districts to provide alternative education to students identified as at-risk and Disciplinary Alternative Education Programs (DAEPs) operated by school districts provide at least the minimum required daily instructional time and that faculty and administrators meet state educator certification requirements.

The bill would require the Texas Education Agency (TEA) to adopt standards for the operation of a DAEP. Adopted standards would apply beginning in the 2007-2008 school year.

The bill would require TEA to develop a compliance monitoring system for DAEPs that includes on-

site visits to ensure compliance with standards adopted under the provisions of the bill.

The bill would require TEA to submit a report to the legislature in FY2009 regarding the cost of enforcing standards adopted under the provisions of the bill including the cost of conducting on-site monitoring.

The bill would allow a DAEP to provide for a student's transfer to certain off-campus alternative education programs and stipulates that such programs are exempt from certain provisions of the Education Code.

Methodology

The development of the monitoring system would require the purchase of hardware and software licenses at a cost of \$65,000 in FY2008 and \$10,000 in on-going annual costs in subsequent years. TEA estimates that the contracted services of a business analyst, a report writer, a tester, a technical writer, and two application developers would be required in FY2008 to develop the system at a cost of \$691,000. In fiscal year 2009, contracted services of one full-time application developer and one part-time tester would be required at an estimated cost of \$196,250. In subsequent years, contracted services of a part-time application developer and a part-time software tester would be required at an estimated annual cost of \$114,750.

TEA estimates that 5 FTEs would be required to conduct on-site monitoring visits as part of the compliance monitoring system at an estimated cost of \$345,479 in FY2008 and \$320,479 annually in each subsequent year. For purposes of this estimate, it is assumed that the number of DAEPs identified by the risk assessment component of the compliance monitoring system plus randomly selected DAEPs would generate the need for twelve 7-day site visits per year. Travel costs for teams of two to conduct the visits are estimated at \$2,500 per visit, for a total annual travel cost of \$30,000. TEA assumes staff not traveling for monitoring visits would provide assistance to DAEPs and conduct desk audits.

Technology

The development of the monitoring system would require the purchase of hardware and software licenses at a cost of \$65,000 in FY2008 and \$10,000 in on-going annual costs in subsequent years.

Local Government Impact

The bill would require school districts and public and private entities providing alternative education programs for at-risk students to comply with standards for operating alternative education programs stipulated by the bill. To the extent that instructional time must be extended, uncertified personnel must be replaced with certified personnel, or additional personnel must be hired to comply with the provisions of the bill, local costs would be incurred. Those costs would be expected to vary statewide.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, JSp, UP, JSc