

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 24, 2007

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

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

IN RE: HB1137 by Hochberg (Relating to eligibility and attendance requirements in public schools.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1137, As Passed 2nd House: a negative impact of (\$3,400,000) 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	(\$1,700,000)
2009	(\$1,700,000)
2010	(\$1,700,000)
2011	(\$1,700,000)
2012	(\$1,700,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>FOUNDATION SCHOOL FUND</i> 193	Probable Savings/(Cost) from <i>FED HEALTH ED WELF FD</i> 148
2008	(\$1,700,000)	(\$1,000,000)
2009	(\$1,700,000)	\$0
2010	(\$1,700,000)	(\$1,000,000)
2011	(\$1,700,000)	\$0
2012	(\$1,700,000)	(\$1,000,000)

Fiscal Analysis

The bill would change the eligibility of students for admission to public school to permit students who are at least 21 years of age and under 26 years of age on the first day of September of any school year to be eligible for funding under the Foundation School Program for the purposes of completing the requirements for a high school diploma. Persons are not eligible if they engage in conduct that would require a disciplinary placement if the person were under the age of 21.

The bill would require that the Texas Education Agency (TEA) provide routine updates to documents that explain the process for developing an individualized education plan (IEP) for a student who is receiving special education services. Updates would be required within one year of any changes in the federal Individuals with Disabilities Education Act (IDEA), and within 180 days of the effective date of any changes in federal regulations or state law or rules governing IDEA that relate to the

development or content of an IEP. TEA would be required to adopt the new document and distribute the document to school districts. School districts would be required to distribute written notice of the availability of the updated document to parents of children enrolled in special education programs and to provide a copy of the document.

Methodology

The bill has the potential to increase costs for the Foundation School Program (FSP) by making students who between the ages of 21 and 26 eligible to draw FSP funding. Under current law and practice, the state provides state funding for special education students who are 21 years old at some point during the school year, even if that student turns 22 during the school year. According to the Fall 2006 enrollment data reported to the Public Education Information Management System (PEIMS), the number of students enrolled in public schools who are aged 21 or older is 1,126, and 867 of these are special education students. It is assumed for the purposes of this fiscal note that the majority of these students are 21 or turned 22 years old during the school year and thus currently receiving state aid; as a result, they do not represent an additional cost to the state. The remaining students would increase state costs, estimated to be less than \$2.0 million in each year.

To the extent that districts enroll more students between the ages of 21 and 26 who are not currently earning state aid, state FSP costs would increase proportionately.

Based on the cost of a similar update of special education information that was conducted in 2003, at a cost of \$2 per document, assuming distribution of 500,000 documents, and assuming that an updated document would be produced every other year to reflect changes made to state and federal law, costs associated with the requirement is estimated at \$1 million in federal funds in FY2008 and every other subsequent year.

Local Government Impact

School districts would generate additional FSP funding for serving students between the ages of 21 and 26 who are not currently earning state aid. School districts would be prohibited from placing a student who is 21 years of age or older who has not attended school in the three preceding school years in a classroom, cafeteria, or school activity with students who are 18 years of age or younger.

School districts would be required to distribute written notice of the availability of the updated special education document to parents of children enrolled in special education programs and to provide a copy of the document.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, JGM, JSp, UP