

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 20, 2007

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

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

IN RE: HB2080 by Phillips (Relating to statewide assessment instruments for public school students and requirements for grade level promotion and receiving a high school diploma.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2080, As Introduced: a negative impact of (\$43,963,710) 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	(\$19,769,355)
2009	(\$24,194,355)
2010	(\$19,194,355)
2011	(\$30,994,355)
2012	(\$33,194,355)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from FOUNDATION SCHOOL FUND 193	Change in Number of State Employees from FY 2007
2008	(\$19,769,355)	29.0
2009	(\$24,194,355)	29.0
2010	(\$19,194,355)	29.0
2011	(\$30,994,355)	29.0
2012	(\$33,194,355)	29.0

Fiscal Analysis

The following sections of the bill are estimated to have a state fiscal impact:

Section 13 of the bill would amend Section 39.022, Education Code, to require the State Board of Education (SBOE) to designate two courses in the foundation curriculum for grade eight and four courses in the foundation curriculum for grade nine or above to be assessed with end-of-course (EOC) instruments. The commissioner of education could designate additional courses in the foundation curriculum to require end of course (EOC) assessments for students in grades six or above. The bill would eliminate certain assessments currently given, like grade 8-11 math, grade 9 reading, grade 7 writing and grades 8 and 10 social studies, as well as the grade 11 exit level exams, to be replaced with end-of-course tests.

The commissioner, by rule, would be required to adopt a transition plan for EOC assessment instruments or applicable authorized alternatives to be administered beginning with students entering the sixth grade during the 2008-2009 school year. During the transition period to EOC assessment instruments, students entering a grade above sixth grade during the 2008-2009 school year would continue to be subject to current assessment requirements.

Section 17 of the bill would amend Section 39.027(a) and (e), Education Code, to allow a student eligible for a special education program to be exempt from EOC assessment instruments and would strike language allowing limited English proficient students any exemptions on the basis of limited knowledge of the English language.

Methodology

Under current law, assessment costs are paid for through reductions to districts' Tier 1 compensatory education allotments. However, due to the changes in school finance made by House Bill 1, 79th Legislature, 3rd Called, a reduction in a district's Tier 1 state aid would result in a corresponding increase in hold harmless state aid in order to reach the district's 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.

The bill would create dual administrations for a minimum of 6 years to accommodate students under the current test administration and students under the new test administration provisions. The new assessment requirements will first affect students entering the 6th grade in 2008-2009. New assessments are currently under contract and it is assumed that the SBOE would adopt these assessment instruments already in the process of being developed.

The development of some EOC assessments is already underway, including assessments for Algebra I, biology, geometry, U.S. history, chemistry, and physics. TEA currently has a contract with an assessment development contractor that includes development of these tests through 2009-2010 at a cost of \$45 million. In order to develop the array of EOC exams required by the bill, TEA estimates that an additional \$17 million will be needed in 2010-2011 and an additional \$32 million in 2011-2012 in order to complete the development of these assessments. In addition, an estimated \$1 million in FY2008 and \$2.5 million in FY2009 would be required for study guides.

Additional staff resources would be necessary to develop multiple end-of-course exams and to continue administration of existing tests through 2014-2015. Other staff resources would be needed to redesign quality control processes, reporting, and analysis systems; and for managing the production of increased amounts of administrative materials. TEA estimates the increase in full-time equivalent positions needed by the agency to implement the provisions of the bill is 29, with an associated salary and other administrative costs of approximately \$1.7 million annually. TEA has estimated the positions in the following areas:

Analysis and Reporting – 1 Manager and 4 Systems Analysts

Alternative Assessments – 2 Manager and 2 Program Specialists

English language limited Assessments - 2 Managers and 2 Program Specialists

TAKS Assessments (English Language Arts and Social Studies) – 1 Manager and 3 Program Specialists

TAKS Assessments (Mathematics and Science) – 3 Managers and 2 Program Specialists

Test Administration – 4 Managers and 2 Program Specialists

In addition, 1 Research Specialist II would be required to be added to the administrative staff.

After the transition from TAKS to end-of-course exams is completed in FY2014, it is expected that staffing and administrative costs at TEA could be reduced.

Technology

TEA does not expect the bill to have a significant impact on the agency's technology costs.

Local Government Impact

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 reduce school districts' compensatory allotment state aid in a statewide amount estimated above as the cost of the bill's provisions.

The bill may have other fiscal impact in terms of possible additional remediation due to increased number of graduation exams and the potential impact on elective course offerings; these potential costs cannot be estimated and would vary from district to district.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, JSp, UP, JGM