

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: HB2237 by Eissler (Relating to high school success and college and workforce readiness programs in public schools.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2237, As Engrossed: a negative impact of (\$72,143,083) 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	(\$36,338,849)
2009	(\$35,804,234)
2010	(\$35,654,234)
2011	(\$35,654,234)
2012	(\$35,654,234)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1	Change in Number of State Employees from FY 2007
2008	(\$36,338,849)	9.0
2009	(\$35,804,234)	9.0
2010	(\$35,654,234)	9.0
2011	(\$35,654,234)	9.0
2012	(\$35,654,234)	9.0

Fiscal Analysis

The following sections have fiscal implications for the state:

Section 2 of the bill would require the commissioner of education to contract with one or more education research centers to study best practices for dropout prevention in this state and others, with a report due to the Legislature by December 1, 2008.

Section 3 would establish grants to provide technical assistance and professional development activities for teachers and administrators.

Section 4 would require the commissioner, from appropriated funds, to establish a mathematics instructional coaches pilot program for middle schools, junior high schools, and high schools.

Section 5 would require the Texas Higher Education Coordinating Board (THECB) to establish and fund mathematics, science, and technology teacher preparation academies at institutions of higher education..

Section 8 would create a number of new programs:

New Section 29.095 would create a pilot program to provide grants to school districts to fund student club activities for students at risk of dropping out of school. The fund would be limited to \$5 million per state fiscal biennium.

New Section 29.096 would establish a pilot program to implement a local collaborative dropout reduction grant program, to be funded from appropriated funds.

New Section 29.097 would establish an intensive technology-based academic intervention pilot program from funds appropriated for this purpose. Grants could not exceed \$50 per participating student and would have to be matched by other funds.

New Section 29.098 would establish a pilot program to award grants to participating campuses to provide intensive academic instruction during the summer semester to promote college and workforce readiness to students at risk of dropping out of school, with state grant awards not exceeding \$750 per student. The commissioner of education and the commissioner of higher education would be required to jointly adopt assessment instruments to diagnose students' readiness to perform college-level work, cumulative knowledge, and quality of instruction provided.

Section 9 would require the commissioner to award grants to organizations that provide volunteers for programs to enhance college readiness, workforce readiness, dropout prevention, and personal financial literacy. The section also would require the commissioner to review and approve dropout prevention strategies in districts meeting certain criteria.

Section 10 provides authority to the High School Completion and Success Initiative Committee to provide grants in support of innovative research-based high school improvement programs and to enhance education practices.

Section 11 would establish the High School Completion and Success Initiative Committee (HSCSIC), composed of the commissioner of education, the commissioner of higher education, and seven members appointed by the commissioner of education. The HSCSIC would be staffed by the TEA and the THECB. The HSCSIC would be directed to set aside up to \$500,000 annually to contract with one or more experienced persons to review and score grant applications and make funding recommendations.

The bill would require the commissioner of education to set aside, from appropriated funds, not more than \$1.5 million annually to contract with centers for education research to evaluate programs supported by grants approved by the board.

The bill would require the THECB to contract for research and recommendations relating to minority student achievement.

This bill would take effect immediately upon passage of the necessary voting margins or September 1, 2007 and would apply to the 2007-2008 school year.

Methodology

Section 2: The Texas Education Agency (TEA) estimates the contracted cost to study and report on best practices for dropout prevention would be \$500,000 in FY2008.

Section 3: TEA estimates the cost to provide grants for technical assistance and professional development activities for teachers and administrators would be approximately \$5 million annually.

Section 4: It is estimated that the cost to establish a mathematics instructional coaches pilot program

would be approximately \$1 million annually.

Section 5: The bill would direct that an amount of \$8.75 million annually be transferred from TEA to the THECB to implement both the mathematics, science, and technology teacher preparation academies and the summer instruction programs established under section 29.098. The THECB estimates that the teacher preparation academies would need approximately \$1.25 million annually, representing 5 academies funded at \$250,000 each.

Section 8:

Section 29.095: It is assumed that the pilot program to provide grants to school districts to fund student club activities for at-risk students would be funded at the limit established in the bill: \$2.5 million a year, or \$5 million per state fiscal biennium.

Section 29.096: TEA estimates that the pilot program to implement a local collaborative dropout reduction grant program would cost approximately \$10 million annually.

Section 29.097: It is estimated that 10% of the high school at-risk population, or approximately 67,500 students, would be served by an intensive technology-based academic intervention pilot program. At the per student amount of \$50 established by the bill, the total state cost would be \$3.4 million annually.

Section 29.098: Assuming the teacher preparation academies would cost \$1.25 million annually, the remaining \$7.5 million would be available for the summer program for intensive academic instruction, under the bill's designation of \$8.75 million for both programs. At the per student amount of \$750 established by the bill, this would serve approximately 10,000 at-risk students annually. The bill also requires the adoption and administration of an assessment instrument for these students. Based on other assessments currently administered to high school students in other settings, TEA assumes a test could be developed and administered at the cost of \$10 per student, yielding a state cost of \$100,000 annually.

Section 9: TEA assumes that the higher education and workforce readiness programs would serve 80,000 students at 24 sites, each funded with a \$100,000 grant, for total annual statewide grant award of \$2.4 million. It is estimated that the evaluation authorized by the bill would cost \$150,000 in FY2009.

Section 10: The authority granted to the HSCSIB appears to codify current practice at the Texas Education Agency and as a result is anticipated to have no fiscal impact. The agency currently expends \$28.7 million in each year on the High School Initiative, which in the 2006-07 biennium is authorized under Rider 59 of the General Appropriations Act. The appropriations process for fiscal years 2008 and 2009 anticipates continuation of that expenditure, contingent on passage of legislation providing a statutory basis to do so. The contingency provision is Rider 53, Texas High School Project, in House Bill 1.

Section 11: The bill creates 8 new grant programs: 2 at TEA, 1 at the THECB, and 5 administered by both agencies on behalf of the High School Completion and Success Initiative Committee (HSCSIC). The bill directs funds to be set-aside for the external review of grant applications for the programs created by the bill. For the remainder of the administrative duties related to the programs and to the review of district dropout prevention strategies, it is estimated that, between TEA and the THECB, 9 additional positions would be required to implement the programs with a FY 2008 cost of \$530,849 decreasing slightly in the out years. It is also estimated that travel expenses for board members would cost approximately \$33,000 annually.

The contracted cost for the external review and scoring of grant applications, and the development of funding recommendations, is assumed to be the maximum amount permitted under the bill: \$500,000 annually.

The contracted cost to evaluate programs supported by grants under this bill is assumed to be the maximum permitted under the bill: \$1.5 million annually.

It is estimated that the cost to THECB to contract for research on minority student achievement would be \$150,000 in FY 2008.

Technology

This bill has no significant impact on the TEA's technology costs.

Local Government Impact

Eligible districts and campuses would receive additional state funds through a variety of new grant programs. A portion of these funds would be used to cover potential administrative costs related to the development of college readiness curricula, individualized graduation plans, provision of counseling for students, and the collection and reporting of the data necessary to evaluate the effectiveness of high school programs.

Source Agencies: 701 Central Education Agency, 781 Higher Education Coordinating Board

LBB Staff: JOB, JSp, UP, JGM