

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 18, 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 grants and programs for dropout prevention, high school success, and college workforce readiness in public schools.), **Committee Report 2nd House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2237, Committee Report 2nd House, Substituted: a negative impact of (\$76,307,931) 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2008	(\$38,356,273)
2009	(\$37,951,658)
2010	(\$37,801,658)
2011	(\$37,801,658)
2012	(\$37,801,658)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from GENERAL REVENUE FUND 1</b>	<b>Change in Number of State Employees from FY 2007</b>
2008	(\$38,356,273)	13.0
2009	(\$37,951,658)	13.0
2010	(\$37,801,658)	13.0
2011	(\$37,801,658)	13.0
2012	(\$37,801,658)	13.0

**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.

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.

New Section 29.919 in Section 9 of the bill would require the commissioner to establish a pilot program to provide grants to rural campuses for technology-based supplemental instruction. State funds for the program would be limited to \$4 million a year, or greater amount as provided by appropriations.

Section 10 provides authority to the High School Completion and Success Initiative Council to provide grants and technical assistance 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 Council (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 bill would require the commissioner of education to set aside, from funds appropriated for high school completion and success, not more than 5 percent to contract for an evaluation of the programs supported by grants approved by the HSCSIC.

Section 12: The bill would allocate an additional \$1 million annually to supplement the new instructional facilities allotment (NIFA) to minimize the impact of proration.

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.

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.

New Section 29.919: The bill would limit funding for technology-based supplemental instruction in rural campuses to \$4 million annually. The cost of the required evaluation would be paid from this appropriation.

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. The bill would require funds for technical assistance to districts receiving initiative funding, and funds for program evaluation, to be allocated from appropriations for this program. Because technical assistance and evaluation are components of the initiative as it is currently implemented, it is assumed that these functions would not represent an additional cost to TEA.

Section 11: The bill creates 9 new grant programs, individually or jointly implemented by TEA, the THECB, and the High School Completion and Success Initiative Council (HSCSIC). For the administrative duties related to the programs and for the review of district dropout prevention strategies, it is estimated that, between TEA and the THECB, 13 additional positions would be required to implement the programs with a FY 2008 cost of \$798,273, decreasing slightly in the out years. It is also estimated that travel expenses for board members would cost approximately \$33,000 annually.

Section 12: However, due to changes made by House Bill 1, 79th Legislative Session, Third Called, increases to a district's NIFA allotment simply reduce that district's hold harmless state aid for tax relief, resulting in no net state fiscal impact. Should a change in law restore the ability of NIFA allotment increases to impact a district's total revenue entitlement under Texas Education Code 42.2516, this provision would incur a state cost of \$1,000,000 annually.

### **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