

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 1, 2007

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

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

IN RE: HB2238 by Eissler (relating to the establishment of the Texas Education Data System (TEDS).), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2238, Committee Report 1st House, Substituted: a negative impact of (\$20,194,647) 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	(\$5,178,495)
2009	(\$15,016,152)
2010	(\$34,012,921)
2011	(\$31,532,921)
2012	(\$14,376,521)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1
2008	(\$5,178,495)
2009	(\$15,016,152)
2010	(\$34,012,921)
2011	(\$31,532,921)
2012	(\$14,376,521)

Fiscal Year	Change in Number of State Employees from FY 2007
2008	4.0
2009	18.0
2010	22.0
2011	22.0
2012	22.0

Fiscal Analysis

The bill substantively revises the information management systems for public and higher education.

The bill establishes the System Board to oversee the establishment, implementation and administration of an electronic public and higher education data storage system (TEDS). The Board is comprised of 15 members, chaired by the commissioner of education and the commissioner of higher education.

The new system would encompass the systems and data currently managed by the Texas Education Agency, the Higher Education Coordinating Board, and the State Board for Educator Certification. All higher education institutions and agencies of education are required to participate in the system. The board is directed to create the system capable of generating student achievement, curricular, instructional, managerial, and educational policy data. The system shall also be capable of connecting data elements among all involved state agencies and institutions as well as connecting to other state and federal data systems. The system shall include analytical tools allowing educators, policy makers, and researchers to evaluate student achievement, programs, and operational efficiencies.

The board is directed to consider using the TexasOnline project to administer the system, and also has the authority to issue requests for proposals and award contracts.

The Department of Information resources is directed to assist the board with the design, coordination, implementation and management of projects for the system.

The system is to be complete by September 1, 2011.

The bill also requires that the board contract with one or more established centers for education research to develop recommendations for establishing indicators for identifying students likely to drop out of school, and also to develop recommendations for using the system to measure student improvement in assessment instruments.

The bill requires the board to release annual reports on the data elements and parameters used in the system, and biennial reports to the legislature on potential system improvements.

Methodology

State costs associated with the bill would be incurred by both the Higher Education Coordinating Board (HECB) and the Texas Education Agency (TEA). Costs described below are for the full scope of the project; administrative costs limited to the two affected agencies are described separately.

It is assumed that development of the TED system would be contracted. Contract costs associated with the system described by the bill are estimated by the Texas Education Agency to be \$2 million in FY 2008, \$3 million in FY 2009 increasing to \$27 million in FY 2010 and FY 2011. This contract would include costs for requirements gathering, system design and integration, technology frameworks, data definitions, data quality, selection of an analytical tool and data element mapping, and testing and verification. Costs associated with contract services for the RFP for a vendor are estimated to be \$324,000 in FY 2008 and in FY 2009.

The bill's requirement for education research centers to develop particular indicators and measurement tools is estimated to cost \$750,000 per study; it is assumed that the study for the measure of student improvement would be paid from funds currently budgeted by the agency for such a purpose.

Hardware costs associated with the system are estimated by TEA to be \$1 million in FY 2008 and \$8 million in FY 2009. Network and contract services are estimated to be an additional \$700,000 in FY 2008 and \$1 million in FY 2009.

TEA estimates that the costs associated with integrating the student performance measurement models and drop-out identification models with the required analytical tool and generating reports would be \$1 million in FY 2009 increasing to \$4 million in FY 2010.

For the Texas Education Agency, estimated administrative, board travel and reimbursement, and service contract costs are estimated to be \$400,000 in FY 2008, increasing to \$900,000 in FY 2009.

HECB estimates that they would incur no additional administrative costs in FY 2008, but starting in FY 2009 would require an estimated \$830,364 in order to address internal data requirements associated with the bill.

Technology

The Texas Education Agency and the Higher Education Coordinating Board would incur costs associated with the programs and activities described above.

Local Government Impact

Local school district data systems would need to be modified to meet the data element and connectivity requirements and to interface with the new system. The Texas Education Agency estimates that these changes would cost an estimated \$45,000 per school district, or \$55.5 million statewide.

Regional Education Service Centers would likely increase staffing in order to assist local school districts with system requirements.

Source Agencies: 313 Department of Information Resources, 701 Central Education Agency, 781 Higher Education Coordinating Board

LBB Staff: JOB, JSp, UP