

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: HB2383 by Lucio III (Relating to the provision of certain subsidies and scholarships to particular public school students or graduates.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2383, As Passed 2nd House: a negative impact of (\$20,588,606) 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	(\$10,296,803)
2009	(\$10,291,803)
2010	(\$10,291,803)
2011	(\$10,291,803)
2012	(\$10,291,803)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND 1</i>	Probable Savings/(Cost) from <i>FOUNDATION SCHOOL FUND 193</i>	Change in Number of State Employees from FY 2007
2008	(\$396,803)	(\$9,900,000)	1.0
2009	(\$391,803)	(\$9,900,000)	1.0
2010	(\$391,803)	(\$9,900,000)	1.0
2011	(\$391,803)	(\$9,900,000)	1.0
2012	(\$391,803)	(\$9,900,000)	1.0

Fiscal Analysis

The bill would entitle a student to reimbursement for the cost of a certification examination upon completion of a school district's career and technology program in which a student receives instruction for employment in a certain trade or occupation if the student passes the examination and demonstrates financial need.

The bill also would provide an additional allotment under the Foundation School Program (FSP) equal to \$650 for (1) each student in average daily attendance who has a parent or guardian who is serving on active duty in a combat zone as a member of the United States armed forces, and (2) each student with a parent who is a member of the United States armed forces on active duty and who has

transferred to a campus in the district as a result of actions taken under the Defense Base Closure and Realignment Act of 1990.

The total cost of the allotments on a statewide basis may not exceed \$9.9 million annually. If entitlements exceed this amount, each district's allotment would be reduced proportionately. The bill would take effect September 1, 2007. The allotment would expire at the end of fiscal year 2012.

Methodology

Based upon information submitted to the Texas Education Agency (TEA) by local school districts, approximately 14,000 students earned industry certifications in 2005-2006.

In establishing financial need, the College Board uses the federal guidelines for eligibility to participate in the national free and reduced meal program. Forty eight percent of students enrolled in career and technology programs would be considered eligible for financial need based upon these guidelines. It is estimated that 6,748 students could be eligible to apply for subsidies each year.

It is difficult to estimate the cost because of the very wide variation in certification costs. Many computer certifications are available for around \$100 an exam. Assuming for purposes of this estimate that the amount of the subsidy would be \$100 per exam and that half the eligible population would apply for the subsidy, the estimated cost of providing the subsidies would be \$337,500 per year. If a larger proportion of eligible students applied, actual costs may be higher.

TEA estimates that one FTE would be required to administer the program at an annual cost of about \$55,000.

The bill would limit the state cost of the \$650 per eligible student allotment to \$9.9 million each year. Based on current estimates of eligible students, this maximum amount would be expended each year and provide districts the full \$650 per eligible student in average daily attendance.

TEA would be required to collect information from districts on eligible students and modify the FSP payment system, but this cost is not expected to be significant.

Technology

The bill would require TEA to modify its FSP payment system, but this cost is not expected to be significant.

Local Government Impact

School districts serving eligible students would realize additional state aid under the bill. Those funds must be spent to provide supplemental programs and services for the eligible students.

Source Agencies: 320 Texas Workforce Commission, 701 Central Education Agency

LBB Staff: JOB, JSp, JGM, UP, JSc