

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

Estimated Two-year Net Impact to General Revenue Related Funds for HB2383, As Engrossed: a negative impact of (\$788,606) 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	(\$396,803)
2009	(\$391,803)
2010	(\$391,803)
2011	(\$391,803)
2012	(\$391,803)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1	Change in Number of State Employees from FY 2007
2008	(\$396,803)	1.0
2009	(\$391,803)	1.0
2010	(\$391,803)	1.0
2011	(\$391,803)	1.0
2012	(\$391,803)	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 would amend an eligibility provision of the Early High School Graduation Scholarship Program that currently requires a student to have attended high school exclusively in one or more public high schools in Texas. The bill would continue to require that a student graduate from a public high school in Texas but would extend eligibility to include students who have attended one or more Texas high schools for the majority of their high school enrollment. The Texas Higher Education Coordinating Board indicates that of 239,716 graduates in fiscal year 2005, 4,272 or 1.78% received

awards through the program with an average award of \$1,176. The Board estimates that an additional .05% of graduates or about 120 students would receive awards under the provisions of the bill. Using the same average award of \$1,176 would result in an additional \$141,120 awarded per year which is not significant to the overall appropriation for the program. The program is financed through transfers from the Foundation School Fund, with an estimated appropriation of \$8.6 million for the 2006-2007 biennium.

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.

Local Government Impact

No fiscal implication to units of local government is anticipated.

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

LBB Staff: JOB, JSp, UP, JSc