

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 12, 2007

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

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

IN RE: HB2835 by Strama (Relating to discipline and security in primary and secondary schools; providing a criminal penalty.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2835, As Introduced: a negative impact of (\$17,068,983) 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	(\$7,854,596)
2009	(\$9,214,387)
2010	(\$9,132,887)
2011	(\$9,132,887)
2012	(\$9,132,887)

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	(\$7,854,596)	5.0
2009	(\$9,214,387)	5.0
2010	(\$9,132,887)	5.0
2011	(\$9,132,887)	5.0
2012	(\$9,132,887)	5.0

Fiscal Analysis

The bill would reenact and substantially revise Chapter 37, Texas Education Code.

The bill would amend the offenses requiring mandatory expulsion to include possession of a stun gun, possession of a hazardous substance, possession of the components of an explosive, assault on a school employee or volunteer, attempting to commit Title 5 Penal Code felony offenses, and other felony offenses. The provision would eliminate provisions requiring expulsion for offenses related to a "legal knife."

The bill would require the Commissioner of Education to adopt rules regarding minimum standards for the operation of a disciplinary alternative education program (DAEP) and would require the commissioner to develop a compliance monitoring system for DAEPs that includes on-site monitoring

of DAEPs identified as high risk.

Methodology

The provisions of the bill would expand mandatory expulsions to JJAEPs. The state funds mandatory placements at a rate of \$59 per student attendance day. The Texas Juvenile Probation Commission (TJPC) estimates that the provisions of the bill would result in 5,043 additional students served in JJAEPs for 232,595 additional student attendance days in FY2008 and 6,978 additional students served for 306,062 additional student attendance days in FY2009. At the state funding rate of \$59 per student attendance day, the provisions of the bill would cost an estimated \$13.7 million in FY2008 and \$18.1 million in FY2009. For purposes of this estimate, it is assumed that costs in subsequent years would be similar.

These additional appropriations to JJAEPs would be paid through reductions to districts' Tier 1 compensatory education allotments under the Foundation School Program. However, due to the changes in school finance made by House Bill 1, 79th Legislature, 3rd Called, a reduction in a district's Tier 1 state aid would increase its hold harmless state aid in order to reach a total revenue target. Therefore, increases in appropriations for set-aside programs result in increased state cost.

Since school districts are not permitted to count students who are placed in JJAEPs under mandatory expulsion criteria in average daily attendance (ADA) for state funding purposes, the state costs noted above would be offset in part by a reduction in the amount of state aid generated by school districts. If it is assumed that the days counted in the calculation of average daily attendance for Foundation School Program purposes would decline by the same amount as the estimated increase in days of attendance in JJAEPs, costs for state aid under the Foundation School Program would be reduced by an estimated \$7.1 million in FY2008 and \$9.4 million in FY2009. The resulting net increase in state cost associated with provisions related to mandatory placements in JJAEPs would be approximately \$6.6 million in FY2008 and \$8.7 million in FY2009. In the event Education Code 42.2516 were changed to restore set-aside funding to its pre-House Bill 1 (79-3) functionality, the bill would have no net state fiscal impact.

The Texas Education Agency (TEA) estimates that five FTEs would be required to conduct on-site monitoring visits of DAEPs required under the provisions of the bill at a cost of \$345,500 in FY2008 and \$320,479 in each subsequent year. Assuming that teams of two staff make 12 on-site visits of 7 days each per year, incurring travel costs of \$2,500 per visit, the estimated travel costs associated with the on-site monitoring of DAEPs would be about \$30,000 per year.

The development of the DAEP compliance monitoring system required under the provisions of the bill would require the purchase of hardware, estimated at \$50,000 in FY2008, and software licenses, estimated at \$15,000 in FY2008. Maintenance of hardware and software licenses is estimated to cost \$10,000 in each subsequent year. Contracted services from a business analyst, report writer, tester, technical writer, and two application developers in FY2008 would be required to develop the system at an estimated cost of \$691,000. Contracted services of one application developer and 0.25 FTE tester would be required in FY2009 at an estimated cost of \$196,250. In subsequent years, contracted services of 0.5 FTE application developer and 0.25 FTE software tester would be required at an estimated cost of \$114,750.

Technology

The development of the DAEP compliance monitoring system required under the provisions of the bill would require the acquisition of hardware and software licenses, software development, and associated professional services at a total estimated cost of \$756,000 in FY2008, \$206,250 in FY2009, and \$124,750 in each subsequent year.

Local Government Impact

Local school districts would be required to adopt and update various policies and procedures related to the provisions of Texas Education Code, Chapter 37. Technology costs associated with updates required to comply with the provisions of the bill would be estimated at \$2.4 million statewide. Other

costs would vary significantly.

The average cost of operating a JJAEP is \$125 per student attendance day. To the extent that state reimbursements are not sufficient to cover the cost of additional placements, local costs may be incurred. Local costs would be expected to vary widely.

Source Agencies: 323 Teacher Retirement System, 665 Juvenile Probation Commission, 701 Central Education Agency, 758 Texas State University System

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