

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

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

**April 25, 2007**

**TO:** Honorable Florence Shapiro, Chair, Senate Committee on Education

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

**IN RE: SB1016** by West, Royce (Relating to providing a method for assessing the annual improvement in achievement of public school students on certain assessment instruments.),  
**As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1016, As Introduced: a negative impact of (\$10,000,000) 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	\$0
2009	(\$10,000,000)
2010	(\$10,000,000)
2011	(\$10,000,000)
2012	(\$10,000,000)

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

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from FOUNDATION SCHOOL FUND 193</b>
2008	\$0
2009	(\$10,000,000)
2010	(\$10,000,000)
2011	(\$10,000,000)
2012	(\$10,000,000)

**Fiscal Analysis**

The bill would require the Texas Education Agency (TEA) to adopt or develop appropriate criterion-referenced assessment instruments, separate from existing assessments, that are designed to assess reading progress by tracking changes in a student's performance during the school year. School districts would be permitted, but not required, to administer this assessment, but schools that do administer the assessment would be required to report the results to TEA.

The bill would first apply beginning with the 2008-2009 school year.

**Methodology**

Under current law, assessment costs are paid for through reductions to districts' Tier 1 compensatory education allotments. 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 result in a corresponding increase in hold harmless state aid in order to reach the district's total revenue target. Therefore, increases in appropriations for set-aside programs result in increased state cost. 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.

TEA estimates that it would likely adopt a commercially available off-the-shelf assessment to measure student reading progress. According to the agency, the average cost for these assessments is about \$5 per student. The bill does not specify which grade levels of students would be tested with this assessment; for the purposes of this fiscal note, it was assumed that all students who are currently tested in reading could be tested with this reading assessment. This includes all students in grades three through eight, who currently total 2,027,864 students. Based on the assumption that 2 million students would be tested each year, annual costs for this assessment are estimated at \$10 million. Actual costs could differ if the actual number of students tested is different or if alternate tests for students with limited English proficiency or for students with special needs are required.

TEA estimates that the changes to the Academic Excellence Indicator System to incorporate the new indicators and revise the automated analysis system can be managed within existing agency resources.

### **Local Government Impact**

To the extent that districts currently pay for assessments of student reading progress, the bill could defray those costs for participating districts. There may be some additional software costs related to the reporting of assessment results for participating districts.

**Source Agencies:** 701 Central Education Agency

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