

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 30, 2007

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

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

IN RE: SB2035 by West, Royce (Relating to dropout prevention and intervention in public schools and compulsory school attendance.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2035, As Introduced: a negative impact of (\$32,654,516) 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	(\$17,349,758)
2009	(\$15,304,758)
2010	(\$15,304,758)
2011	(\$15,304,758)
2012	(\$15,304,758)

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	(\$17,349,758)	9.0
2009	(\$15,304,758)	9.0
2010	(\$15,304,758)	9.0
2011	(\$15,304,758)	9.0
2012	(\$15,304,758)	9.0

Fiscal Analysis

The following sections have potential fiscal implications for the state:

Section 2 of the bill would require the commissioner of education to contract with one or more education research centers to study best practices for dropout prevention in this state and others, with a report due to the Legislature by December 1, 2008.

Section 3 would require the commissioner, from appropriated funds, to establish a mathematics instructional coaches pilot program for middle schools, junior high schools, and high schools.

Section 4 would require the Texas Higher Education Coordinating Board (THECB) to establish and fund mathematics, science, and technology teacher preparation academies at institutions of higher

education.

Section 7 has a number of provisions with potential fiscal impact:

New Section 29.095 would create a pilot program to provide grants to school districts to fund student club activities for students at risk of dropping out of school. The fund would be limited to \$5 million per state fiscal biennium.

New Section 29.096 would establish an early warning data system to identify students in grades six through 12 likely to drop out of school.

New Section 29.097 would establish a pilot program to implement a local collaborative dropout reduction grant program, to be funded from appropriated funds.

Section 8 would require the commissioner to review and approve submitted plans on districts' intended use of the compensatory education allotment for dropout prevention.

Section 9 would require the commissioner to conduct studies of available dropout data and student characteristics, and analytical tools for identifying and providing dropout prevention strategies, with a report due to the legislature by September 1, 2008.

This bill would take effect immediately upon passage of the necessary voting margins or September 1, 2007 and would apply to the 2007-2008 school year.

Methodology

Section 2: The Texas Education Agency (TEA) estimates the contracted cost to study and report on best practices for dropout prevention would be \$500,000 in FY2008.

Section 3: It is estimated that the cost to establish a mathematics instructional coaches pilot program would be approximately \$1 million annually.

Section 4: HECB estimates the cost to establish and fund mathematics, science, and technology teacher preparation academies to be approximately \$1.25 million annually, representing 5 academies funded at \$250,000 each.

Section 7:

Section 29.095: It is assumed that the pilot program to provide grants to school districts to fund student club activities for at-risk students would be funded at the limit established in the bill: \$2.5 million a year, or \$5 million per state fiscal biennium.

Section 29.096: TEA estimates that the development of the at-risk indicators that comprise the early warning data system, as well as the related at-risk study required by Section 9 of the bill, would represent a one-time cost of \$1.5 million in FY2008.

Section 29.097: TEA estimates that the pilot program to implement a local collaborative dropout reduction grant program would cost approximately \$10 million annually.

TEA anticipates the need for 9 additional full-time equivalent positions to implement the provisions of the bill, at an annual cost of \$599,758 in FY2008, and \$554,658 each year thereafter. The agency estimates that 1 grant manager and 2 grant specialists would be needed to administer the student club grant, assuming the program could generate approximately 1,000 applications per biennium. One grant manager and 2 grant specialists would be needed to administer the remaining grant programs. Finally, TEA estimates the need for one staff member to review and approve district compensatory education allotment expenditures, and 2 program evaluators to complete the study and evaluation requirements of the bill.

Technology

This bill has no significant impact on the TEA's technology costs.

Local Government Impact

Eligible districts and campuses would receive additional state funds through a variety of new grant programs. Districts receiving grants would be required to collect and report data required to complete an evaluation of the effectiveness of various grant programs. Certain districts not meeting commissioner standards on dropout prevention strategies may be restricted in their use of state compensatory education allotment funds.

Source Agencies: 701 Central Education Agency, 781 Higher Education Coordinating Board

LBB Staff: JOB, JSp, UP, JGM