

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 2, 2009

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

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

IN RE: HB552 by Madden (Relating to the provision of competitive grants to fund programs for certain public school students assigned to disciplinary alternative education programs or in-school suspension.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB552, As Introduced: a negative impact of (\$16,000,000) through the biennium ending August 31, 2011.

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
2010	(\$8,000,000)
2011	(\$8,000,000)
2012	(\$8,000,000)
2013	(\$8,000,000)
2014	(\$8,000,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1
2010	(\$8,000,000)
2011	(\$8,000,000)
2012	(\$8,000,000)
2013	(\$8,000,000)
2014	(\$8,000,000)

Fiscal Analysis

This bill would direct the Commissioner of Education to award grants to school districts to fund case-management programs targeted at youth violence prevention, drug abuse prevention, or delinquency prevention programs serving students at risk of dropping out of school, and who are assigned to in-school suspension or disciplinary alternative education programs (DAEPs). The primary fiscal implication to the state is a twelve-month case management program.

The bill would authorize the Commissioner of Education to outsource the management of the program to regional education service centers (RESCs). The Texas Education Agency (TEA) and any RESCs to which program management is delegated could experience some administrative costs associated with implementation, but these costs are not expected to be significant on a statewide basis.

Methodology

TEA reports that in 2008, school districts made 100,000 referrals to DAEPs for students in grades 6 through 12 and placed 532,000 students in in-school suspension. TEA estimates the cost of a twelve-month case management program, which would include referrals to violence and drug prevention programs and counseling as appropriate, to be \$400 per student on average.

Assuming the rate that students are placed in DAEPs is similar from year to year and assuming that grants made under the provisions of the bill would provide twelve-month case management services to 20 percent of the population of students placed in DAEPs each year, the estimate of the annual cost of grant awards is \$8 million. To the extent that the grant program would provide services to more students, costs would increase.

Local Government Impact

School districts could apply for grants and receive funding for case management programs for at-risk students in certain disciplinary settings.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, JSp, JGM, WG