

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

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**March 30, 2009**

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

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

**IN RE: HB1692** by Hochberg (Relating to accountability for gifted and talented programs.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1692, As Introduced: a negative impact of (\$41,439,106) through the biennium ending August 31, 2011.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$20,000)
2011	(\$41,419,106)
2012	(\$42,154,137)
2013	(\$42,910,542)
2014	(\$43,680,563)

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

Fiscal Year	Probable Savings/(Cost) from <i>Foundation School Fund</i> 193	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1
2010	\$0	(\$20,000)
2011	(\$41,279,504)	(\$139,602)
2012	(\$42,022,535)	(\$131,602)
2013	(\$42,778,940)	(\$131,602)
2014	(\$43,548,961)	(\$131,602)

Fiscal Year	Change in Number of State Employees from FY 2009
2010	1.5
2011	1.5
2012	1.5
2013	1.5
2014	1.5

**Fiscal Analysis**

The bill would require the commissioner of education to adopt standards for the evaluation of gifted and talented programs. Under the bill's provisions, a school that used these standards, or another commissioner-approved program that met the requirements of the state plan for the education of gifted and talented students, and received a satisfactory rating under the standards set by the commissioner

would be exempt for the next two school years from the limitation prohibiting more than 5 percent of a district's students in average daily attendance (ADA) from being eligible to generate gifted and talented allotment funding.

The bill would require the commissioner to adopt standards for the evaluation of gifted and talented programs by September 1, 2010.

The bill would take effect September 1, 2009.

## **Methodology**

The Texas Education Agency (TEA) estimates that it would require a new Program Specialist VII and a half-time Administrative Assistant II to develop and implement the gifted and talented evaluation standards and to provide related technical assistance, at an annual cost of approximately \$139,602 beginning in FY2010.

It is assumed that the commissioner would adopt gifted and talented evaluation standards in time for the start of FY2011, pursuant to the timeline of the bill. As a result, no districts would earn additional funding through the Foundation School Program (FSP) until FY2011.

This bill's provision exempting eligible districts from the 5 percent limitation on gifted and talented allotment funding would have fiscal implications for the Foundation School Program (FSP). Based on TEA enrollment data, districts reported 355,847 students enrolled in gifted and talented programs in FY2009. Assuming a 95 percent attendance rate, without the 5 percent limitation the FY09 gifted and talented enrollment would be equivalent to 338,055 ADA that could earn the 0.12 weight. However, current estimates suggest that, under the 5 percent current law limitation, only 211,729 gifted and talented ADA will be eligible to earn weighted funding in FY 2009, for a difference of 126,326 in gifted and talented ADA not generating FSP funding. Assuming 1.8 percent general enrollment growth and a stable trend with regard to the proportion of students identified as gifted and talented, the estimated number of unfunded gifted and talented ADA would be 130,914 in FY2011.

If every district were to earn a satisfactory rating under the commissioner's gifted and talented education standards, these additional 130,914 ADA would generate an additional \$82.6 million in FSP costs statewide in FY2011. For the purposes of this estimate, it is assumed that districts representing only 50 percent of these unweighted gifted and talented ADA would achieve a satisfactory rating under the commissioner's standards. This assumption produces an estimated \$41.3 million cost in FY2011, increasing by 1.8 percent with student growth in each year thereafter. Should the actual percentage of districts receiving satisfactory ratings differ from this estimate, the state cost would increase or decrease in a corresponding manner.

TEA estimates that it would require the collection of a new flag to identify eligible districts. It is estimated that \$20,000 in FY 2010 would be required to make the necessary software updates.

## **Local Government Impact**

A school district that met the requirements of the state plan for the education of gifted and talented students and received a satisfactory rating under the standards set by the commissioner could generate more gifted and talented allotment funding than is under current law.

**Source Agencies:** 701 Central Education Agency

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