LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 7, 2009

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

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

IN RE: **HB3714** by King, Susan (Relating to public school career and technology education program curriculum and funding and to development of a list of high-demand occupations for career and technology education students.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3714, As Introduced: a negative impact of ($36,394,934) 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	($18,019,269)
2011	($18,375,665)
2012	($17,736,769)
2013	($17,392,297)
2014	($17,366,789)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from *General Revenue Fund* 1	Probable Savings/ (Cost) from *Foundation School Fund* 193	Probable Savings/ (Cost) from *Wrkforce Commission Fed* 5026	Change in Number of State Employees from FY 2009
2010	($6,375,601)	($11,643,668)	$0	0.5
2011	($6,931,021)	($11,444,644)	$0	0.5
2012	($6,958,071)	($10,778,698)	$0	0.5
2013	($6,985,663)	($10,406,634)	($100,000)	0.5
2014	($7,013,806)	($10,352,983)	$0	0.5

Fiscal Analysis

Since the legislation contains multiple sections with a fiscal impact, each will be considered separately.

Section 1 would require the State Board of Education (SBOE) to revise the relevant Texas Essential Knowledge and Skills (TEKS) when the Texas Higher Education Coordinating Board (THECB) revises the Internet database of the statewide inventory of workforce education courses.

Section 2 would require the Texas Workforce Commission (TWC) to develop a list of high-demand,

high-wage, high-skill occupations that have industry certifications.

Section 3 would remove the requirement that students demonstrate financial need to qualify for subsidies for industry certification exams provided to students enrolled in a career and technology program who pass an exam and earn a certification for employment in high-demand, high-wage, or high-skill fields. The bill would extend subsidies to any student served through special education who passes a certifcation examination to qualify for employment.

Section 4 would provide a Foundation School Program (FSP) allotment of $50 per student enrolled in two or more advanced career and technology courses or an advanced course as part of a tech-prep program.

Section 7 would require THECB to award $1 million grants to institutions of higher education to develop mathematics and science courses to prepare students for work in high-demand occupations. The total amount of grants awarded could not exceed $10 million in a biennium.

Methodology

Assuming that the SBOE would be required to revise 1/3 of the career and technology education TEKS every four years, TEA estimates the annual cost at $539,700 beginning in fiscal year 2011. This estimate assumes review of 75 courses per year by one committee of five people per course. Travel expenses are estimated at $440 per committee member per meeting, and room rental and supplies costs of $10,000 per meeting for 3 meetings per year are assumed. TEA estimates a need for 7 experts to assist the committees in developing the revised TEKS and assumes a $1,500 stipend and $600 in travel costs per expert.

TWC estimates a cost of $100,000 in federal funds in fiscal year 2013 associated with updating an existing database to comply with the provisions of the bill regarding providing a list of certain occupations requiring industry certifications.

Recent data show that approximately 25,000 students earned industry certifications by examination in fiscal year 2007, and that approximately 52 percent of students enrolled in career and technology education programs are also identified as economically disadvantaged. Assuming a 2 percent annual increase in the number of students earning industry certifications by examination, the cost of the expansion of subsidies for industry certification examinations to non-economically disadvantaged students is estimated at $1.33 million in fiscal year 2010, $1.35 million in fiscal year 2011, and increasing to $1.44 million by fiscal year 2014.

TEA estimates the cost of the FSP allotment of $50 per student enrolled in certain career and technology and tech-prep courses and the resulting impact on the calculation of the number of students in weighted daily attendance (WADA) at $11.6 million in fiscal year 2010, $11.4 million in fiscal year 2011, and decreasing to $10.4 million by fiscal year 2014. The decline is due to the declining impact of the allotment on the WADA calculation as the assumed basic allotment in the FSP increases with district property values over time.

It is estimated that an additional 0.5 FTE at the Higher Education Coordinating Board would be required to implement the grant program for course development established by the bill at a cost of $49,601 in fiscal year 2010 and $38,801 in each subsequent fiscal year, inclusive of salary, benefits, and other operating expenses. The grants are estimated at $5,000,000 per year in accordance with the provisions of the bill.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 320 Texas Workforce Commission, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 769 University of North Texas System Administration, 781

Higher Education Coordinating Board, 783 University of Houston System Administration, 304 Comptroller of Public Accounts, 701 Central Education Agency

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