

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 28, 2009

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

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

IN RE: HB3740 by Hochberg (relating to the establishment of a statewide education data management system.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3740, Committee Report 1st House, Substituted: a negative impact of (\$34,558,827) 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	(\$12,142,945)
2011	(\$22,415,882)
2012	(\$21,649,033)
2013	(\$21,619,485)
2014	(\$19,749,341)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2009
2010	(\$12,142,945)	31.0
2011	(\$22,415,882)	51.0
2012	(\$21,649,033)	51.0
2013	(\$21,619,485)	51.0
2014	(\$19,749,341)	51.0

Fiscal Analysis

The bill would require the Commissioner of Education and the Commissioner of Higher Education to establish two to three Regional Education Data Collaboratives to work with school districts, charter schools, and institutions of higher education to improve collection, reporting, and analysis of education-related data and to assist the Texas Education Agency (TEA) and the Higher Education Coordinating Board (THECB) in the establishment of data management systems required by the bill.

The bill would require TEA to establish a Public School Student Information Management System (SIMS) to support local operations and state reporting. The bill would require the Regional Education Data Collaboratives, with assistance from TEA and THECB, to establish an operational data store (ODS) to maintain student, human resource, and financial data for school districts, charter schools, other public schools, and institutions of higher education. The bill would require TEA and THECB to

extract data from the SIMS and maintain it in the operational data store. Except where specified elsewhere in the bill, the use of data in the operational data store would be prohibited without consent from the entities from which the data are derived.

The bill would require TEA and THECB to extract data from the operational data store and maintain it in an aggregated data warehouse (the warehouse). The bill would direct TEA and THECB to make data in the warehouse available to Education Research Centers and would require that data in the warehouse be available on the Internet.

The bill would permit the Commissioners to solicit and accept gifts, grants, and federal funds for purposes of funding the provisions of the bill.

The bill would require the SIMS to be implemented by September 1, 2011. The bill would require the warehouse to be implemented by September 1, 2013.

Methodology

THECB estimates that 6.0 FTEs would be required in FY2010 and 13.0 FTEs would be required in each subsequent year to provide support to the Regional Education Data Collaborative and to abide by timeframes for data availability prescribed by the bill. Personnel costs are estimated at \$512,000 in FY2010, \$964,164 in FY2011, and \$894,164 in each subsequent year, inclusive of salary, benefits, and other expenses. THECB estimates technology costs associated with establishment of business intelligence tools for institutions of higher education and compliance with data availability timelines at \$1.3 million annually.

For purposes of this estimate, it is assumed that the Public Education Information Management System (PEIMS) would continue to operate parallel to the systems established by the bill until after FY2014.

TEA estimates that establishing the Public School Student Information Management System (SIMS) would require 7.0 FTEs at a cost of \$0.7 million in each fiscal year, inclusive of salary, benefits, and other operating expenses. TEA estimates that establishing the SIMS would require the services of 6.0 contractors in FY2010 at a cost of \$1.2 million, 16.0 contractors in FY2011 and FY2012 at an annual cost of \$3.0 million, and 17.0 contractors in FY2013 and FY2014 at an annual cost of \$3.1 million. TEA estimates hardware costs at \$1.0 million in FY2011, \$0.8 million in each subsequent year. Hardware service charges are estimated at \$0.4 million annually beginning in FY2012. TEA estimates software license costs of \$1.7 million in FY2011, \$0.6 million in FY2012, \$1.3 million in FY2013, and \$1.0 million in FY2014. Software maintenance is estimated at \$0.3 million in FY2012, increasing to \$0.5 million by FY2014.

TEA estimates that establishing the operational data store (ODS) would require 8.0 FTEs at a cost of \$0.8 million in FY2010 and 12.0 FTEs in each subsequent fiscal year at a cost of \$1.2 million in FY2011 and \$1.1 million in each subsequent fiscal year, inclusive of salary, benefits, and other operating expenses. TEA estimates that establishing the ODS would require the services of 3.0 contractors in FY2010 at a cost of \$0.6 million and 10.0 contractors in each subsequent fiscal year at an annual cost of \$1.9 million. TEA estimates hardware costs at \$0.1 million in FY2010, \$0.3 million in FY2011, \$0.4 million in FY2012, and \$0.7 million per year in FY2013 and FY2014. Hardware service charges are estimated at \$49,000 in FY2011, \$0.1 million in FY2012 and FY2013, and \$0.2 million in FY2014. TEA estimates software license costs of \$0.2 million in FY2010, \$0.4 million in FY2011, \$0.2 million in FY2012, and \$0.5 million in FY2013. Software maintenance is estimated at \$34,000 in FY2011, increasing to \$0.1 million by FY2014.

TEA estimates that establishing a data extraction portal as part of the functionality of the ODS and the Aggregated Data Warehouse would require 2.0 FTEs at a cost of \$0.2 million annually beginning in FY2010, inclusive of salary, benefits, and other operating expenses. TEA estimates that establishing the portal would require the services of 7.0 contractors in FY2010 at a cost of \$1.3 million and 2.0 contractors in FY2011 at a cost of \$0.3 million. TEA estimates hardware costs at \$0.2 million in FY2010 and \$0.8 million in FY2011. Hardware service charges are estimated at \$27,000 in FY2011 and \$0.3 million in each subsequent fiscal year. TEA estimates software license costs of \$0.2 million

in FY2010, \$0.7 million in FY2011, \$0.6 million in FY2012, and \$0.3 million in FY2013 and FY2014. Software maintenance is estimated at \$34,000 in FY2011, increasing to \$0.5 million by FY2014.

TEA estimates that establishing a data collection system as part of the functionality of the ODS and the Aggregated Data Warehouse would require 4.0 FTEs at a cost of \$0.4 million annually beginning in FY2010, inclusive of salary, benefits, and other operating expenses. TEA estimates that establishing the data collection system would require the services of 19.0 contractors in FY2010 at a cost of \$3.7 million, 10.0 contractors in FY2011 at a cost of \$1.8 million, and 5.0 contractors in each subsequent fiscal year at a cost of \$1.0 million. TEA estimates hardware costs at \$1.1 million in FY2011. Hardware service charges are estimated at \$0.2 million annually beginning in FY2012. TEA estimates software license costs of \$0.2 million in FY2010, \$1.0 million in FY2011, and \$2.2 million in FY2012. Software maintenance is estimated at \$37,000 in FY2011, increasing to \$0.4 million by FY2014. TEA estimates that training related to the data collection system provided to Regional Education Service Centers, school districts, and charter schools at a cost of \$0.8 million in FY2012, \$1.0 million in FY2013, and \$0.2 million in FY2014.

TEA estimates that the provision of business intelligence and reporting for use by school districts would require 9.0 FTEs beginning in FY2011 at a cost of \$0.9 million in each fiscal year. TEA estimates that the provision of business intelligence and reporting would require the services of 7.0 contractors in FY2011 at a cost of \$1.3 million and 8.0 contractors in each subsequent fiscal year at a cost of \$1.4 million.

TEA estimates that the addition of the technical FTEs and contractors referenced above would require 4.0 support staff FTEs at a cost of \$0.3 million annually, and 2.0 full-time contracted support staff at a cost of \$0.1 million annually beginning in FY2010, increasing to 5.0 contracted support staff in FY2011 at a cost of \$0.3 million, and 4.0 contracted support staff in each subsequent fiscal year at an annual cost of \$0.3 million. Contractor costs are inclusive of professional fees, rent, and other operating expenses such as equipment and supplies.

Technology

THECB estimates technology costs associated with establishment of business intelligence tools for institutions of higher education and compliance with data availability timelines at \$1.3 million annually.

Public School Student Information Management System technology costs are estimated at \$1.0 million in FY 2010, increasing to \$5.6 million in FY 2014. Technology costs associated with establishing the operational data store are estimated at \$0.9 million in FY 2010, increasing to \$2.6 million in FY 2014. Technology costs associated with establishing a data extraction portal are estimated at \$1.6 million in FY 2010 and \$1.1 million in FY 2014. Technology costs associated with establishing a data collection system would be an estimated \$3.5 million in FY 2010 and \$1.4 million in FY 2014. The technology costs associated with providing business intelligence services are estimated at \$1.8 million in FY 2011 and \$2.4 million in FY 2014.

Technology costs are inclusive of technical contractor professional fees, equipment, hardware service charges, software licenses, and software maintenance fees.

Local Government Impact

School districts may be required to make significant changes to the way their data are extracted and reported to the TEA.

School districts would be required to ensure that data extracted from the district's existing student information systems, financial systems, and staff data systems would be compatible with requirements of the new system and could incur significant local costs.

School districts would be required to support interfaces between their local financial systems and staff systems and the operational data store. They would also be required to support interfaces between any

local student information management systems and the operational data store. This would require effort both on the part of the educational entities and the agencies to collaborate on automated data extraction and transmission capabilities for each educational entity.

School districts would require training to learn how to use business intelligence tools to best take advantage of the operational data store and the aggregated data warehouse.

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

LBB Staff: JOB, JSp, JGM, JSc