

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 25, 2009

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

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

IN RE: SB1313 by Shapiro (Relating to the quality and accessibility of public school career and technical education programs.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1313, As Introduced: a negative impact of (\$50,440,730) 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	(\$28,408,717)
2011	(\$22,032,013)
2012	(\$21,543,117)
2013	(\$21,048,645)
2014	(\$21,023,137)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from <i>General Revenue Fund</i> 1	Probable Savings/ (Cost) from <i>Foundation School</i> <i>Fund</i> 193	Probable Savings/ (Cost) from <i>Wrkforce Commission</i> <i>Fed</i> 5026	Change in Number of State Employees from FY 2009
2010	(\$16,765,049)	(\$11,643,668)	\$0	37.0
2011	(\$10,587,369)	(\$11,444,644)	\$0	37.0
2012	(\$10,764,419)	(\$10,778,698)	\$0	37.0
2013	(\$10,642,011)	(\$10,406,634)	(\$100,000)	37.0
2014	(\$10,670,154)	(\$10,352,983)	\$0	37.0

Fiscal Analysis

Section 1 would extend the Best Practices Clearinghouse to include career and technology education and would allow open-enrollment charter schools and certain campuses and school districts rated academically acceptable to submit practices. The bill would require the Texas Education Agency (TEA) to conduct a study and develop recommendations regarding potential uses of the Best Practices Clearinghouse for the purposes of providing technical assistance and support.

Section 2 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 3 would require the Texas Workforce Commission (TWC) to develop a list of high-demand, high-wage, high-skill occupations that have industry certifications.

Section 4 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 certification examination to qualify for employment.

Section 6 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 9 would require THECB to conduct an economic impact study to determine the economic impact to the state of secondary and post-secondary training and education.

Section 10 would require THECB to establish education resource centers to provide information to students regarding attendance at institutions of higher education, including providing assistance in completing the Free Application for Federal Student Aid, and information regarding career and technical education programs and industry certification requirements. The bill stipulates that centers may be located on a middle or high school campus, at a community-based site, or as a mobile center.

Section 10 would require THECB to establish mobile career centers that visit schools and other locations where students are likely to gather to provide career-planning information.

Section 11 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

Expanding the Best Practices Clearinghouse to include career and technology education is estimated to require 1.5 additional FTEs at TEA at a cost of \$110,584 in FY2010 and \$102,584 in each subsequent fiscal year inclusive of salary, benefits, and other operating expenses. TEA estimates a \$100,000 annual contract cost associated with reviewing the additional practices submitted as a result of the provisions of the bill, and a one-time cost of \$150,000 in FY2012 for the required study.

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 FY2011. 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 FY2013 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 FY2007, 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 FY2010, \$1.35 million in FY2011, and increasing to \$1.44 million by FY2014.

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 FY2010, \$11.4 million in FY2011, and decreasing to \$10.4 million by FY2014. 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 the economic impact study would require a cost of \$200,000 in each year from FY2010 to FY2014, and 2.0 contract FTEs, to contract with a research organization to implement the provisions of the bill.

For purposes of this estimate it is assumed that THECB would provide training to high school counselors or other appropriate school district personnel to provide the services required of the education resource centers. Assuming that one school district employee per high school is trained, it is estimated that 20.0 trainer FTEs and 1.0 program director FTE would be required at THECB at a cost of \$1,779,381 in FY2010 and \$1,695,381 in each subsequent fiscal year, inclusive of salary, benefits, and other operating expenses. Assuming that trainees are paid a stipend of \$1,000 and that \$500 in training materials are supplied per trainee, other costs associated with the training are estimated at \$2,566,500 in FY2010 with on-going training costs of \$256,650 in each subsequent fiscal year. It is assumed that each high school would require \$1,000 in informational materials to establish the education research center at an estimated cost of \$1,711,000 in FY2010 with on-going costs estimated at \$427,000 per year to maintain, replace, and update materials.

THECB estimates establishing the mobile career centers would require an additional 12.0 FTEs at a cost of \$821,983 in FY2010 and \$773,983 in each subsequent fiscal year, inclusive of salary, benefits, and other operating expenses. THECB estimates a one-time cost of \$3,000,000 in FY2010 to establish 12 mobile career centers and on-going maintenance and operations cost of \$100,000 per year beginning in FY2011.

THECB estimates 0.5 FTEs would be required to implement the grant program for course development established by the bill at a cost of \$49,601 in FY2010 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.

Technology

THECB estimates a technology impact estimated at \$3,000,000 in FY2010 associated with establishing mobile career centers.

Local Government Impact

School counselors would be required to provide information regarding career and technology education programs when providing graduation planning information to students and parents. To the extent that school districts may need to provide training to counselors to implement the provisions of the bill, local costs could be incurred.

Source Agencies: 304 Comptroller of Public Accounts, 320 Texas Workforce Commission, 701 Central Education Agency, 781 Higher Education Coordinating Board

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