

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 7, 2011

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

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

IN RE: SB3 by Shapiro (Relating to the flexibility of the board of trustees of a school district in the management and operation of public schools in the district.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB3, As Introduced: a negative impact of (\$1,123,200) through the biennium ending August 31, 2013.

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
2012	(\$518,400)
2013	(\$604,800)
2014	(\$662,400)
2015	(\$720,000)
2016	(\$777,600)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Foundation School Fund</i> 193
2012	(\$264,384)	(\$254,016)
2013	(\$308,448)	(\$296,352)
2014	(\$337,824)	(\$324,576)
2015	(\$367,200)	(\$352,800)
2016	(\$396,576)	(\$381,024)

Fiscal Analysis

The bill would prohibit the commissioner of education from limiting the number of virtual school network courses taken by a student who is enrolled full-time in a public school district or open-enrollment charter school. As a matter of policy, such students are currently limited to enrollment in no more than two courses per semester in the virtual school network. It is assumed that the bill's prohibition would require the current policy to be rescinded and would result in a marginal increase in the number of virtual course enrollments beginning in FY12. The increased course enrollments would generate additional state aid under the Foundation School Program's virtual school network allotment and also would increase general revenue costs associated with the program.

The bill would also repeal Section 1951.212, Occupations Code pertaining to integrated pest management systems in school districts. Section 1951.212(g) currently requires the Texas Department

of Agriculture to inspect each school district at least once every five years for compliance with statutory requirements including the local adoption of an integrated pest management program and designation of an integrated pest management coordinator. The Texas Department of Agriculture indicates that elimination of the requirement would not significantly affect the Department's operating costs.

Methodology

Virtual school network enrollment data for school year 2010-11 and projected enrollments for fiscal years 2012-2016 were analyzed to estimate the incremental effect on course enrollment under the bill. For the purpose of this estimate, it is assumed that virtual course enrollments would be about 3% higher each year in the absence of the two-course limitation policy beginning in FY12, with increases over time proportionate to the overall growth expected in the program. Under current law, the Foundation School Program provides an allotment of \$400 for each semester course completed through the virtual school network to the providing school district and an allotment of \$80 to the resident district. For students whose virtual school network course enrollments represent more than a normal course-load, payments are made from separately appropriated general revenue funds. Based on virtual course enrollment data from the 2010-11 school year, the Texas Education Agency estimates that about 49% of virtual enrollments are payable under the Foundation School Program allotment and the remainder are payable through general revenue funding appropriated for that purpose.

The additional state cost resulting from the marginal increase in virtual course enrollments under the bill would be estimated to total \$518,400 in FY12 for an additional 1,080 course enrollments and \$604,800 in FY13 for 1,260 course enrollments. Approximately 49% of each year's cost would be anticipated to be paid through increased state aid under the Foundation School Program allotment, with the remainder representing increased demand for general revenue funding.

Local Government Impact

The bill would lengthen the time period afforded to school districts for notifying teachers of contract renewal or nonrenewal by extending the date by which notice must be provided from no later than the 45th day prior to the last day of instruction to no later than the 10th day after the last day of instruction. Beginning with the 2012-13 school year, the bill would repeal a provision currently entitling employees subject to the minimum salary schedule a salary that is at least equivalent to the salary they received in 2010-11 for the duration of their employment with the district in which they were employed during 2010-11. To the extent that the bill would allow school districts to reduce salary-related costs, local savings could be realized.

Effective with the 2011-12 school year, the bill would remove a requirement limiting accelerated instruction groups to a 10:1 student-teacher ratio. School districts could experience some cost savings related to the elimination of this limit. The Texas Education Agency indicates that during 2010, there were a total of 854,670 test failures in grades 3–8 requiring accelerated instruction. Assuming that the students requiring accelerated instruction received two hours of instruction per week for four weeks and that the per-hour cost to provide teachers was \$50, a change from 10 students per class to 15 students per class, for example, would result in estimated local savings of about \$11 million annually on a statewide basis. Actual savings realized by an individual school district would be expected to vary depending on the number of students requiring accelerated instruction and other local circumstances.

Beginning with the adoption of tax rates for tax year 2011, the bill would relax school district publication and hearing requirements pertaining to the effective interest and sinking fund rate in situations where the effective rate decreases after the initial publication. Under the bill, school districts would be clearly authorized to adopt a lower interest and sinking fund rate without republishing or rehearing the proposed lower rate. The number of districts that would no longer have to republish or rehear proposed tax rates would vary each year but is likely limited to no more than 50 districts each year. The Texas Education Agency estimates an average savings of \$140 per republication avoided.

The bill would repeal statutes that currently require school districts to adopt integrated pest management programs and designate integrated pest management coordinators. To the extent that school districts may currently be paying for the six hours of continuing education required for designated pest management coordinators every three years, it is assumed that modest local savings could be realized.

In the absence of a limitation on the number of virtual school network courses taken by a student enrolled in a school district, it is assumed that any additional costs incurred by those school districts providing a greater number of courses through the virtual school network or those districts with students enrolling in higher numbers of virtual courses would be offset by the additional revenues generated by successful course completions.

Source Agencies: 551 Department of Agriculture, 701 Central Education Agency

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