

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

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**March 21, 2011**

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

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

**IN RE: SB518** by Shapiro (Relating to initiatives designed to improve performance of public school students enrolled at the sixth, seventh, and eighth grade levels.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB518, As Introduced: a negative impact of (\$5,634,450) 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	(\$5,273,761)
2013	(\$360,689)
2014	(\$360,689)
2015	(\$360,689)
2016	(\$360,689)

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

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Certif &amp; Assessment Fees</i> 751	Change in Number of State Employees from FY 2011
2012	(\$400,721)	(\$4,873,040)	5.0
2013	(\$296,849)	(\$63,840)	5.0
2014	(\$296,849)	(\$63,840)	5.0
2015	(\$296,849)	(\$63,840)	5.0
2016	(\$296,849)	(\$63,840)	5.0

**Fiscal Analysis**

The bill would require the State Board for Educator Certification (SBEC) to require teachers seeking to teach a subject in the foundation curriculum above grade 5 hold a subject specific credential ensuring mastery of the subject area. This provision would be effective for initial certificates issued beginning in fiscal year 2013.

The bill would establish a high school readiness pilot program requiring that schools with students in grades 6, 7, and 8 enroll those students in a student advisory class. Under the program, participating high schools would be required to provide annual high school orientation sessions for parents of students enrolled in grades 6, 7, and 8 in the high school's attendance zone.

The bill would direct the Texas Education Agency (TEA) to develop standards for both the student advisory class and the high school orientation session.

The bill would require school districts that receive funding under the Compensatory Education Allotment of Foundation School Program to identify annually students enrolled in grades 6, 7, or 8 who are at risk of dropping out of school or likely to become at risk of dropping out and to provide each high school to which students would be promoted a list of students scheduled to enter the high school in the following school year who have been identified.

The bill would require schools with students enrolled in grades 6, 7, or 8 to report annually to the TEA interventions they will use to address needs of students at risk of dropping out, the amount of Compensatory Education Allotment funding that will be used to fund the costs of interventions, and the total Compensatory Education Allotment funding allocated to the school by the district.

The bill would direct the Commissioner of Education to develop an accountability system to ensure that Compensatory Education Allotment funding used to fund interventions for students in grades 6, 7, or 8 who are at risk of dropping out is used effectively. The bill would require the system to include academic progress standards aimed at closing the achievement gap between students at risk and students not at risk and financial sanctions to be imposed on districts if students fail to meet the standards.

The bill would direct that a form of financial sanction shall be the withholding of an amount not to exceed 10 percent of the school district's Compensatory Education Allotment funding attributable to students enrolled in grades 6, 7, or 8.

The provisions related to the high school readiness pilot program, school reporting requirements, accountability standards and financial sanctions would be effective beginning in fiscal year 2013.

## **Methodology**

The additional requirements for educator certification would require expenditures of \$4,750,000 in fiscal year 2012 for the development of eight new certification examinations and realignment of the pedagogy and professional responsibilities examination and \$51,200 in contracted programming costs in fiscal year 2012 for computer systems testing associated with the new examinations. TEA estimates that one additional FTE would be required for administration requirements related to the new examinations at a cost of \$71,840 in fiscal year 2012 and \$63,840 in each subsequent fiscal year, inclusive of benefits. SBEC is authorized to charge fees to recover costs associated with educator certification, including the cost of certification examinations.

TEA estimates costs of \$9,597 in fiscal year 2012 to convene an advisory committee of experts to develop standards for the student advisory class and high school orientation program as required under the provisions of the bill.

TEA estimates a need for 4.0 additional FTEs to implement and manage the accountability system and financial sanctions established by the bill at a cost of \$327,849 in fiscal year 2012 and \$295,849 in each subsequent fiscal year, inclusive of benefits. TEA estimates programming costs in fiscal year 2012 of \$58,000 for modifications to the Public Education Information Management System (PEIMS) that would be required to implement the accountability system and \$5,275 for modifications to Foundation School Program (FSP) systems to implement withholding of the Compensatory Education Allotment as part of the financial sanctions provisions of the bill. Maintenance costs to the FSP system are estimated at \$1,000 annually beginning in fiscal year 2013.

## **Technology**

Technology costs would include \$5,275 in estimated cost to update the FSP System in fiscal year 2012 and \$58,000 in estimated cost to update PEIMS in fiscal year 2012.

Systems testing for the new educator certification exams is estimated at \$51,200 in fiscal year 2012.

## **Local Government Impact**

The bill would require school districts that receive funding under the Compensatory Education Allotment of Foundation School Program to identify annually students enrolled in grades 6, 7, or 8 who are at risk of dropping out of school or likely to become at risk of dropping out and to provide each high school to which students would be promoted a list of students scheduled to enter the high school in the following school year who have been identified.

The bill would require schools with students enrolled in grades 6, 7, or 8 to report annually to the TEA interventions will use to address needs of students at risk of dropping out, the amount of Compensatory Education Allotment funding that will be used to fund the costs of interventions, and the total Compensatory Education Allotment funding allocated to the school by the district.

Schools meeting certain eligibility requirements could participate in the high school readiness pilot program.

School districts with students who fail to meet the academic progress standards established under the bill could be sanctioned and could lose up to 10 percent of the Compensatory Education Allotment funding under the Foundation School Program to which they would otherwise be entitled associated with students in grades 6, 7, and 8.

**Source Agencies:** 701 Central Education Agency

**LBB Staff:** JOB, LXH, JGM, JSc