

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 4, 2011

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

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

IN RE: SB975 by Hinojosa (Relating to the operation of dropout recovery programs by certain public junior colleges in partnership with school districts.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB975, As Introduced: a negative impact of (\$80,532,003) 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	(\$39,906,840)
2013	(\$40,625,163)
2014	(\$41,356,416)
2015	(\$42,100,832)
2016	(\$42,858,647)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 193
2012	(\$39,906,840)
2013	(\$40,625,163)
2014	(\$41,356,416)
2015	(\$42,100,832)
2016	(\$42,858,647)

Fiscal Analysis

The bill would allow a public junior college located in a county with a population of 750,000 or more in which less than 65 percent of the population aged 25 years or older has graduated from high school to partner with school districts in the junior college district to provide a dropout recovery program for people aged less than 26 years who must complete three or fewer credits to obtain a high school diploma or who has failed to perform satisfactorily on a state assessment instrument.

An eligible public junior college providing a dropout recovery program that meets the requirements of the bill would be entitled to state funding equal to the total average Foundation School Program funding per student for operations for which the school district in which the student would otherwise have attended school in the preceding school year would have been entitled, excluding funding from the Available School Fund.

The bill would allow the school district in which a student enrolled in a dropout recovery program authorized by the bill to include that student in attendance counts for purposes of determining Foundation School Program funding entitlement.

Methodology

Based on data from the U.S. Census Bureau, Hidalgo County is the only county that would meet the eligibility requirements related to population size and educational attainment specified by the bill.

Using data from the Public Education Information System (PEIMS), TEA identified an average of 6,564 dropouts in Hidalgo County per year over the last three years. Based on this data, TEA estimates an eligible population of dropouts aged 18 to 26 in Hidalgo County of 52,509.

Assuming that 5 percent of this population would attend a dropout recovery program authorized by the bill and based on the average FSP funding in Hidalgo County school districts of \$7,600, the cost of school district FSP entitlement is estimated at \$20.0 million in FY2012. Costs are estimated to increase at the same rate as student growth projections (1.8 percent annually), yielding costs of \$20.3 million in FY2013 and increasing to \$21.4 million by FY2016.

The bill would entitle public junior colleges offering the dropout recovery program to funding equal to those generated by the school district. Therefore, total state cost would be twice the projected cost to the FSP identified above, estimated at \$39.9 million in FY2012, increasing for student growth each year thereafter.

Local Government Impact

School districts in Hidalgo County could enter into partnerships with public junior colleges to provide dropout recovery programs and could earn state funding through the FSP for participating students.

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

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