

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 11, 2011

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

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

IN RE: SB1871 by Davis (Relating to a contracted services program for certain students with pervasive developmental disorder or intellectual disability.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1871, As Introduced: a negative impact of (\$1,333,868) 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	\$0
2013	(\$1,333,868)
2014	(\$2,667,737)
2015	(\$4,001,605)
2016	(\$5,335,473)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>Foundation School Fund</i> 193	Change in Number of State Employees from FY 2011
2012	\$0	0.0
2013	(\$1,333,868)	3.0
2014	(\$2,667,737)	3.0
2015	(\$4,001,605)	3.0
2016	(\$5,335,473)	3.0

Fiscal Analysis

The bill would create a contracted services program under which children with pervasive developmental disorders could be served by nongovernmental community-based educational establishments. Services provided would be financed using state resources determined in the same manner as Foundation School Program state aid is determined for an open enrollment charter school. The bill specifies that students would not be required to attend a public school for any period of time in order to establish eligibility to participate in the program.

Methodology

The provisions of the bill would have fiscal impact for the Foundation School Program (FSP) to the extent that students with pervasive development disorder not currently eligible for FSP funding would

receive services from qualifying community institutions claiming funding on their behalf. The bill would also have fiscal implications for the operations of the Texas Education Agency (TEA).

In 2010–2011, there were 34,987 students enrolled in Texas public schools who were identified as having autism. Of these, 34,558 students were eligible for FSP funding and the remaining 429 students were reported not eligible. In general, the primary reason for an enrolled student to not be eligible for FSP funding is that the student is served for fewer than a minimum number of hours each day.

The TEA conservatively estimates that it would receive and process applications from approximately 3 to 10 percent of eligible students. To process and approve the estimated 1,030 to 3,455 applications each year, three additional full-time equivalent (FTE) staff would be required. In addition to application processing and approval, it is assumed the staff would provide technical assistance concerning the program to school districts, charter schools, and qualifying institutions. Based on current growth rates for this population, it is estimated that more than 57,665 students could be eligible for the program by FY2016, increasing the estimated number of applications to between 1,729 and 5,760 a year.

The TEA would be permitted to retain some of the funding from the amounts due to the qualifying institutions to cover the agency's cost to administer the program. The TEA assumes that it would retain funds sufficient to cover the costs of the staff necessary to administer the program and to cover the costs to develop the data collection and payment distribution systems. These costs would amount to \$499,251 in FY2013 and would decline to \$257,651 in FY2014 and beyond as initial systems development activities for data collection and payment distribution systems are assumed to be completed in the first year of implementation.

The bill would require an external evaluation of the program annually, subject to available funding, with the initial evaluation to be completed by December 2014. However, the bill would prohibit the use of state funds for the purpose of conducting the evaluation. As such, the estimate of state costs to administer the program does not include evaluation costs. Based on the cost of similar evaluations, the Agency estimates that approximately \$200,000 in non-state resources would be needed to fulfill this requirement.

Under new Section 29.404, Education Code, the bill would provide funding for student participation in the program in the same manner as Foundation School Program funding is determined for open-enrollment charter schools. While the determination of funding level is based on Foundation School Program formula funding on a statewide average entitlement basis, the source of the state funding provided under the bill is unspecified. For the purpose of this estimate it is assumed that the source of state aid provided to qualifying institutions is intended to be the Foundation School Program.

The TEA assumes that some of the 429 students who are currently ineligible for FSP funding would find qualifying institutions that met their needs sufficiently to attend a full day program. For the purpose of this fiscal note, the Agency assumed that 25 percent of the 429 students who are currently served less than full-time in public schools would become eligible for full-time FSP funding under the program each year beginning in FY2013. This population is assumed to grow at 25 percent each year through FY2016 until all 429 of these students would be served. These students would generate funding at the same level as a student at an open-enrollment charter school, which would include the weighted funding for students receiving special education services. This funding is based on the instructional setting of the special education service delivery. Currently, students with pervasive developmental disorders are most frequently served in instructional settings that generate funding for services delivered in a resource room or self-contained classroom. Students receiving funding through these instructional settings currently receive an average per student FSP entitlement of \$12,437 in FY2011. Assuming that 25 percent of the students currently enrolled but not eligible for FSP funding became eligible for the program in the first year, the cost to the FSP in FY2013 is estimated at \$ 1.3 million. The cost would rise to \$5.3 million by FY 2016 when an estimated 429 additional students would be served by qualifying institutions.

Technology

The Agency estimates systems modifications and maintenance costs would be incurred to implement

the program established under the bill. Specifically, the FSP payment system would require modification to calculate and deliver funding to qualifying institutions. An estimated \$272,000 in professional fees for 3,200 hours of work from business analysts, developers and testers would be required in the first year to build the new module to receive data from the provider institutions and make payments to them. An estimated \$54,400 in maintenance costs would be required annually in subsequent years.

Local Government Impact

School districts and open-enrollment charter schools would be required to provide annual notification of program availability to parents and to complete records transfers to qualifying institutions within 10 days of request. The school district in which a participating child resides would also be required to biannually review the continued presence of the child's original diagnosis and the child's continued eligibility for the program. Costs associated with these activities would vary among school districts depending upon the number of resident children participating in the program and the processes necessary to establish continued presence of the diagnosis and compliance with other eligibility criteria, such as qualification for special education services.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, LXH, JGM, JSp