

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 9, 2013

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** **HB5** by Aycock (Relating to public school accountability, assessment and curriculum requirements for high school graduation, and funding in support of certain curriculum authorized for graduation; providing a criminal penalty. ), **As Passed 2nd House**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB5, As Passed 2nd House: a positive impact of \$18,509,444 through the biennium ending August 31, 2015.

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
2014	\$10,380,697
2015	\$8,128,747
2016	\$8,397,647
2017	\$8,678,747
2018	\$10,888,947

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from Foundation School Fund 193
2014	\$1,730,697	\$8,650,000
2015	(\$521,253)	\$8,650,000
2016	(\$252,353)	\$8,650,000
2017	\$28,747	\$8,650,000
2018	\$2,238,947	\$8,650,000

<b>Fiscal Year</b>	<b>Change in Number of State Employees from FY 2013</b>
2014	8.0
2015	8.0
2016	8.0
2017	8.0
2018	8.0

**Fiscal Analysis**

The bill would eliminate the Minimum, Recommended, and Advanced High School graduation programs, and would create the Foundation High School Program. The bill would create endorsements on a student's diploma and transcript if the student completes certain courses. The endorsements would include business and industry; academic achievement in arts and humanities; academic achievement in science, technology, engineering, and mathematics; and distinguished achievement. The bill would require four credits in mathematics to earn any endorsement and would require each student to identify an endorsement the student intends to earn upon entering the ninth grade.

The bill would require the Commissioner of Education to develop a transition plan to implement the bill with respect to replacing the Minimum, Recommended, and Advanced High School graduation programs with the Foundation High School Program beginning with the 2013-14 school year.

The bill would require the Texas Education Agency (TEA) to redevelop assessment instruments administered to students with significant cognitive disabilities in alignment with federal law.

The bill would limit end-of-course assessments to Algebra I, Biology, English I, English II, and United States History. The bill would require the English I and II end-of-course assessments to assess both reading and writing in the same assessment. The bill would eliminate the requirement that a student's performance on an end-of-course assessment shall account for 15 percent of the student's final grade for the course.

The bill would require the administration of post-secondary readiness assessment instruments for Algebra II and English III.

The bill would require the release of questions and answer keys to certain assessment instruments in fiscal years 2014-2017.

The bill would modify the terms of payment for the Instructional Materials Allotment.

The bill would require each district to administer, at a state cost, to tenth grade students the PSAT or the ACT-Plan, and to eleventh graders the SAT or the ACT. The bill would eliminate the requirement that a school district shall administer to students in the eighth grade a preliminary college preparation assessment at a state cost.

The bill would prohibit the Commissioner of Education from appointing a person to a committee or panel that advises the Commissioner or TEA regarding state accountability systems if the person is reimbursed, retained, or employed by an assessment instrument vendor.

The bill would exclude a student who is reported as a dropout, reenrolls, and drops out again in

computing dropout and completion rates.

The bill would require TEA to develop and maintain an internet website known as the Texas School Accountability Dashboard which would provide performance indexes on certain criteria for each campus.

The bill would authorize the Commissioner of Education to approve for credit for high school graduation a discipline-based course in the foundation or enrichment curriculum.

The bill would modify the calculation of dropout and completion rates for a subset of campuses.

The bill would require TEA, in collaboration with the HECB and the Texas Workforce Commission, to evaluate, through an external evaluator, the implementation of the changes to the curriculum requirements for high school graduation that would be required by this bill.

## **Methodology**

The bill would reduce the number of end-of-course assessments from 15 to 5.

Reducing the number of end-of-course assessments would result in savings of \$8.7 million annually. The estimated savings for eliminating the Geometry, Chemistry, Physics, World Geography, and World History end-of-course assessments would be \$1.15 million per fiscal year, per end-of-course assessment. The estimated savings of combining the reading and writing end-of-course assessments into one assessment each for English I, English II, would be \$0.9 million annually.

This analysis assumes that the July and December administrations of the Algebra II and English III assessments would be eliminated. The estimated savings from eliminating the July and December administrations of the Algebra II assessment would be \$300,000 per fiscal year, and the estimated savings from eliminating the July and December administrations of the English III assessment would be \$1.7 million annually.

Based on information provided by TEA, the modification to PEIMS to collect information required by the bill would cost \$87,050 in fiscal year 2014.

Based on information provided by TEA, changes would be required to the educational materials system related to the modified terms of payment from the Instructional Materials Allotment at an estimated cost of \$5,000 in fiscal year 2014.

Based on information provided by TEA, the cost to redevelop assessment instruments administered to students with significant cognitive disabilities would be \$550,000 in fiscal year 2014 and \$550,000 in fiscal year 2015.

Based on information provided by TEA, one FTE would be required to modify the calculation of dropout and completion rates for a subset of campuses and districts and would cost \$95,471 in fiscal year 2014 and \$87,471 in subsequent years, inclusive of salary, benefits, and other operating expenses.

This analysis assumes the cost to release the questions and answer keys to certain assessment instruments would be \$2.4 million in fiscal year 2015, fiscal year 2016, and fiscal year 2017.

The bill would prohibit the Commissioner of Education from appointing a person to a committee

or panel that advises the Commissioner or TEA regarding state accountability systems if the person is reimbursed, retained, or employed by an assessment instrument vendor. Based on information provided by TEA, these costs are currently funded out of the contract with the vendor that administers the state assessments. For the purpose of this analysis, it is assumed that these costs would be borne by TEA and there would be a corresponding decrease in the costs paid to the vendor for these services. Based on information provided by TEA, the agency would need one full-time equivalent (FTE) to conduct all actions related to organizing and reimbursing the committee.

Based on information provided by TEA, one FTE would be required to calculate the non-cohort based graduation rate required by the modification to the calculation of completion and dropout rates. The estimated cost of this FTE, including salary, benefits, and other operating expenses, would be \$95,471 in fiscal year 2014 and \$87,471 in subsequent years.

Based on information provided by TEA, one FTE would be required to develop and maintain the Texas School Accountability Dashboard. The estimated cost of this FTE, including salary, benefits, and other operating expenses, would be \$112,161 in fiscal year 2014 and \$104,161 in subsequent years.

This analysis assumes a savings of \$3.0 million per fiscal year to eliminate the requirement that a school district shall administer to students in the eighth grade a preliminary college preparation assessment at a state cost.

Based on information provided by TEA, four FTEs would be required to approve for credit for high school graduation a discipline-based course in the foundation or enrichment curriculum and would cost \$341,654 in fiscal year 2014 and \$309,654 in subsequent years, inclusive of salary, benefits, and other operating expenses.

Based on information provided by TEA, the estimated cost to study the implementation of the changes to the curriculum requirements for high school graduation required by this bill would be \$0.3 million in fiscal year 2016 and \$0.2 million in fiscal year 2018.

To the extent that as a result of the bill, students will take additional developmental education classes at public institutions of higher education, there could be formula funding costs beginning in fiscal year 2016. The institutions may also realize additional tuition revenue tied to these students.

**Technology**

TEA estimates \$0.1 million in fiscal year 2014 to amend PEIMS.

**Local Government Impact**

The bill would create a Class B misdemeanor. A Class B misdemeanor is punishable by a fine of not more than \$2,000, confinement in jail for a term not to exceed 180 days, or both. Costs associated with enforcement, prosecution, and confinement could likely be absorbed within existing resources. Revenue from fines imposed and collected is not anticipated to have a significant fiscal impact.

A school district might experience savings from the reduced number of end-of-course assessments, although a district might incur some additional costs related to implementing the provisions of the bill.

**Source Agencies:** 320 Texas Workforce Commission, 701 Central Education Agency, 781 Higher Education Coordinating Board

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