

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 15, 2013

TO: Honorable Dan Patrick, Chair, Senate Committee on Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB5** by Aycock (Relating to public school accountability, including assessment, and curriculum requirements.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB5, As Engrossed: a positive impact of \$24,429,603 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	\$12,531,080
2015	\$11,898,523
2016	\$11,961,392
2017	\$12,290,794
2018	\$14,505,906

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
2014	(\$2,357,992)	\$14,889,072
2015	(\$3,037,963)	\$14,936,486
2016	(\$2,979,916)	\$14,941,308
2017	(\$2,698,816)	\$14,989,610
2018	(\$488,616)	\$14,994,522

Fiscal Year	Change in Number of State Employees from FY 2013
2014	2.0
2015	2.0
2016	2.0
2017	2.0
2018	2.0

Fiscal Analysis

The bill would eliminate the requirement that an end-of-course assessment developed under Section 28.014 of the Education Code shall account for 15 percent of the student's final grade for the course, and instead allow each school district to determine whether the assessment shall be used in determining the student's final grade for the course.

The bill would require each school district to partner with at least one institution of higher education to develop and provide courses in college preparatory mathematics and English language arts.

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 science, technology, engineering, and math (STEM); business and industry; public services, arts and humanities; and distinguished performance. The bill would require four credits in mathematics to earn any endorsement.

The bill would create the Distinguished Level of Achievement under the Foundation High School Program by completing four credits in mathematics, four credits in science, the remaining curriculum requirements of the Foundation High School Program, and the curriculum requirements of at least one endorsement. The bill would make the Distinguished Level of Achievement under the Foundation High School Program the default graduation plan for all students.

The bill would require each district to report the number of students who were enrolled in the Foundation High School Program; how many students pursued the Distinguished Level of Achievement; and how many enrolled in a program to earn an endorsement through the Public Education Information Management System.

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 2014-15 school year.

The bill would reduce the number of required end-of-course assessments from 15 to 5, including Algebra I, Biology, English II reading and writing, and United States History. The bill would require TEA to adopt end-of-course assessments in Algebra II and English III to be administered at a student's request. The modifications to end-of-course assessments would apply beginning in the 2013-14 school year.

The bill would eliminate the cumulative score on the end-of-course assessments, and require the Commissioner of Education to adopt a rule that all scores be based on, or converted to, a 100-

point scale scoring system.

The bill would require TEA to redevelop assessment instruments administered to students with significant cognitive disabilities in alignment with federal law.

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

The bill would require TEA and the Texas Higher Education Coordinating Board (HECB) to conduct a study of the feasibility and costs of assessing college readiness of high school students through the use of instruments designated for use by institutions of higher education and providing for a school district or open-enrollment charter school to develop a college readiness preparation plan for certain students.

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 require the Commissioner of Education to adopt a district and campus performance rating system of A, B, C, D, or F.

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 the Commissioner of Education to adopt rules, in consultation with the Comptroller of Public Accounts, to determine the criteria to be used in assigning a district or open-enrollment charter school a financial accountability rating of A, B, C, D, or F and would require that ratings be released no later than August 8 of each year.

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

Reducing the number of end-of-course assessments would result in savings of \$12.1 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 from eliminating the English I Reading end-of-course assessment would be \$2.1 million annually, and the estimated savings of eliminating the English I Writing end-of-course assessment would be \$4.25 million annually.

The Algebra II, English III Reading, and English III Writing assessments would be optional. This analysis assumes that 25 percent of the students would choose not to take the optional assessment, and that the student population eligible to take these exams would grow by 1.7 percent per fiscal year. According to information provided by the Texas Education Agency, the average cost to administer the Algebra II assessment is \$10, the average cost to administer the English II Writing assessment is \$15.26, and the average cost to administer the English II writing assessment is \$12.16 per assessment. Under these assumptions, the savings related to making the English III and Algebra II assessments optional would be \$2.8 million in fiscal year 2014 and \$2.8 million in fiscal year 2015, and would grow to \$2.9 million in fiscal year 2018.

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, the cost to redevelop assessment instruments administered to students with significant cognitive disabilities would be \$1.1 million in fiscal year 2014.

Based on information provided by TEA, 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.

Based on information provided by TEA, the cost to conduct a study of the feasibility and costs of assessing college readiness of high school students would be \$60,000 in fiscal year 2014.

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.

According to information provided by TEA, amending the financial accountability system for school districts and charter schools would require changes in the data collection system for school districts and charter schools related to their annual financial reports. The estimated related costs are \$1.2 million in fiscal year 2014 and \$0.7 million in fiscal year 2015, and \$0.4 million per fiscal year in subsequent years.

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.

Technology

TEA estimates \$1.2 million in fiscal year 2014, \$0.7 million in fiscal year 2015, and \$0.4 million in subsequent years in information technology costs associated with amending the financial accountability system, and \$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, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 781 Higher Education Coordinating Board

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