

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

February 19, 2013

TO: Honorable Jimmie Don Aycock, Chair, House Committee on Public Education

FROM: Ursula Parks, Director, Legislative Budget Board

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

Estimated Two-year Net Impact to General Revenue Related Funds for HB5, As Introduced: a positive impact of \$27,893,711 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	\$13,682,659
2015	\$14,211,052
2016	\$12,240,969
2017	\$12,289,271
2018	\$12,294,183

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>Tuition and Fees</i> 997	Probable Savings/(Cost) from <i>Foundation School Fund</i> 193
2014	(\$1,206,413)	\$4,038,923	\$14,889,072
2015	(\$725,434)	\$4,038,923	\$14,936,486
2016	(\$2,700,339)	\$4,038,923	\$14,941,308
2017	(\$2,700,339)	\$4,038,923	\$14,989,610
2018	(\$2,700,339)	\$4,038,923	\$14,994,522

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 to determine the student's final grade for the course.

The bill would eliminate the Minimum, Recommended, and Advanced High School graduation programs, and would create the Foundation High School Program, which would be similar to the current Minimum 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 allow a student to complete an advanced math course after successfully completing Algebra I and Geometry, and would allow a student to substitute an advanced English course after completing English III.

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, retaining 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 allow, but not require, a student who fails to achieve a minimum score on a required assessment to retake the assessment. The bill would limit the students able to retake an assessment to those who failed to achieve a minimum score on a required assessment or those who do not meet the college readiness standard in Algebra II or English III.

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 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 eliminate recognized and exemplary ratings for districts and campuses, and instead would require the Commissioner of Education to establish an academic distinction designation for districts and campuses for outstanding performance in attainment of postsecondary readiness.

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.

According to information provided by the Texas Education Agency, 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.

The Higher Education Coordinating Board has estimated that based on the difference in college readiness between the Recommended High School Program and the Foundation High School Program (minimum program) an additional 5,953 students would need additional developmental education courses. They have estimated that of this amount, 4,677 would attend community colleges and 1,276 would attend four-year universities. They estimate that this would result in an additional \$1.8 million in General Revenue formula funding and \$2.5 million in additional tuition and fees at community colleges and \$0.5 million in General Revenue formula funding and \$1.6 million in additional tuition and fees at four year universities. The total General Revenue cost for community colleges and four year institutions would be \$2.3 million per year. Because formula funding is based on a historical base period, the General Revenue impact would not be realized until beginning in fiscal year 2016. The additional tuition and fees would be \$4 million per year starting in fiscal year 2014.

Local Government 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: 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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