

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 22, 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, assessment and curriculum requirements for high school graduation, and funding in support of certain curriculum authorized for graduation; providing a criminal penalty.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB5, Committee Report 2nd House, Substituted: a negative impact of (\$147,086,314) 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	(\$60,094,682)
2015	(\$86,991,632)
2016	(\$88,549,430)
2017	(\$92,968,330)
2018	(\$93,358,130)

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	Probable Revenue Gain/(Loss) from <i>Other Funds</i> 997
2014	(\$844,682)	(\$59,250,000)	\$0
2015	(\$3,141,632)	(\$83,850,000)	\$1,722,052
2016	(\$3,899,430)	(\$84,650,000)	\$1,722,052
2017	(\$3,618,330)	(\$89,350,000)	\$1,722,052
2018	(\$1,408,130)	(\$91,950,000)	\$1,722,052

Fiscal Year	Change in Number of State Employees from FY 2013
2014	3.0
2015	3.0
2016	3.0
2017	3.0
2018	3.0

Fiscal Analysis

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 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 release of questions and answer keys to certain assessment instruments in fiscal years 2014-2017.

The bill would require each district to administer, at a state cost, to middle school students in the eighth grade either the SAT Subject Tests or the ACT Explore, and to tenth grade students the PSAT or the ACT-Plan, and to eleventh graders the SAT or the ACT.

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 amend Section 42.154, Education Code to expand Foundation School Program weighted funding for career and technology education courses, currently earned by students in grades 9-12, to include students in grade 8 beginning with the 2013-14 school year. The bill would also amend Sections 28.002 and 42.154, Education Code to require each 7th or 8th grade student to enroll in a career explorations course beginning with the 2014-15 school year and would provide weighted Foundation School Program for the course if taken beginning with the 2013-14 school 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

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 \$14.2 million annually. The estimated savings for eliminating the Geometry, Algebra II, 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 III Reading end-of-course assessments would be \$2.1 million annually, the estimated savings from eliminating the English III Writing Assessment would be \$4.3 million annually, and the estimated savings of combining the reading and writing end-of-course assessments into one assessment each for English I, English II, and English III would be \$0.9 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, 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, 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 estimate assumes that career and technology education (CTE) participation by 8th grade students would be similar to participation by 9th grade students, with about 20 percent enrolled in at least one CTE course at full implementation. The estimate assumes that participation by 8th grade students would phase-in over several years as schools expand course offerings and adjust scheduling options to accommodate increased grade 8 CTE enrollment. Participation in fiscal year 2014 is assumed at 10 percent, increasing incrementally each year until reaching 20 percent in fiscal year 2018. Under these assumptions, the estimated state cost to the Foundation School Program would be \$15.9 million in fiscal year 2014 and \$20.2 million in fiscal year 2015, increasing incrementally to \$30.7 million by fiscal year 2018 when full implementation is attained.

It is assumed that 50 percent of 7th grade students and 50 percent of 8th grade students would enroll in a career explorations course each year to meet the requirements of the bill beginning with the 2014-15 school year. Although the requirement to take the course would not begin until the 2014-15 school year, weighted funding would be provided for 7th or 8th grade students enrolled in the course beginning with the 2013-14 school year. For the purpose of this estimate, it is assumed that 50 percent of 7th grade students and 25 percent of 8th grade students would enroll in the course during the 2013-14 school year. The additional cost to the Foundation School Program was modeled assuming the course would be a one-hour, one semester course. Under these assumptions, the estimated state cost to the Foundation School Program would be \$57.5 million in fiscal year 2014 and \$77.8 million in fiscal year 2015, increasing each year due to student population growth in school districts and charter schools.

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.

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, an additional 2,652 students would need additional developmental education courses because the Foundation High School Program would not require Algebra II. They have estimated that of this amount, 2,194 would attend community colleges and 458 would attend four-year universities. They estimate that this would result in an additional \$0.8 million in general revenue formula funding and \$1.2 million in additional tuition and fees at community colleges and \$0.2 million in general revenue formula funding and \$0.6 million in additional tuition and fees at four year universities. The total general revenue cost for community colleges and four year institutions would be \$1.0 million per year. Because formula funding is based on a historical base period, the general revenue impact would not be realized until fiscal year 2016. The additional tuition and fees would be \$1.7 million per year starting in fiscal year 2015. To the extent that students satisfied the math requirements of the Foundation High School Program with Algebra II, the anticipated developmental education costs would decrease.

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: 701 Central Education Agency, 781 Higher Education Coordinating Board

LBB Staff: UP, JBi, AH, GO