

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 11, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1724 by Patrick (Relating to high school graduation requirements, including end-of-course assessment instruments.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1724, As Introduced: a positive impact of \$17,600,000 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	\$8,800,000
2015	\$8,800,000
2016	\$7,773,302
2017	\$7,773,302
2018	\$7,773,302

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	\$0	\$8,800,000	\$0
2015	\$0	\$8,800,000	\$1,722,052
2016	(\$1,026,698)	\$8,800,000	\$1,722,052
2017	(\$1,026,698)	\$8,800,000	\$1,722,052
2018	(\$1,026,698)	\$8,800,000	\$1,722,052

Fiscal Analysis

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 business and industry; academic achievement in arts and humanities; academic achievement in science, technology, engineering, and mathematics (STEM); and distinguished achievement.

The bill would require the Commissioner of Education to adopt a transition plan to implement the bill beginning with the 2013-14 school year.

The bill would allow STEM courses to be substituted for other math and certain science courses required for graduation under the Foundation High School Program.

The bill would reduce the number of end-of-course assessments to Algebra I, Algebra II, Biology, English I, English II, English III, and United States History. The bill would require the English I, II, and III assessments to test reading and writing in the same assessment.

The bill would require the Commissioner of Education to determine the performance level for "distinguished performance" on assessments.

The bill would require students to take the English I end-of-course (EOC) assessment and each other EOC for a course in which they are enrolled.

The bill would eliminate the requirement that a student achieve a minimum cumulative score on EOCs to graduate. The bill would require satisfactory performance on the English II, Algebra I, Biology, and United States History EOCs as a requirement for graduation under the Foundation High School Program.

The bill would apply beginning with the 2013-14 school year.

Methodology

Under current law, the default graduation plan is the Recommended High School Program, which requires four credits each in English language arts, mathematics, science, and social studies, among other requirements. A student graduating under the Recommended High School Program is also required to pass 15 EOC assessments, including 3 EOC assessments each in reading, writing, mathematics, science, and social studies. The bill would change the default graduation plan to the Foundation High School Program and would require four credits of English language arts, and 3 credits each of mathematics, science, and social studies, among other requirements. The bill would also reduce the number of EOCs required for graduation from 15 to 7.

Reducing the number of end-of-course assessments would result in savings of \$9.3 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 retests for English I Reading and Writing end-of-course assessments would be \$1.68 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 \$1.37 million annually.

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 without endorsements an additional 2,652 students would need additional developmental education courses. 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.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 701 Central Education Agency, 781 Higher Education Coordinating Board

LBB Staff: UP, JBi, JSc, AH