

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 12, 2015**

**TO:** Honorable Larry Taylor, Chair, Senate Committee on Education

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

**IN RE: HB256** by Howard (Relating to compensatory education allotment funding.), As Engrossed

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB256, As Engrossed: a negative impact of (\$30,477,778) through the biennium ending August 31, 2017.

The estimated two-year net impact to General Revenue Related funds increases to a negative (\$62,753,501) through the biennium ending August 31, 2019 due to the cost elements of the bill starting in the second year of the 2016-17 biennium.

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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2016	\$0
2017	(\$30,477,778)
2018	(\$31,001,545)
2019	(\$31,751,956)
2020	(\$32,183,771)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from Foundation School Fund 193</b>
2016	\$0
2017	(\$30,477,778)
2018	(\$31,001,545)
2019	(\$31,751,956)
2020	(\$32,183,771)

## **Fiscal Analysis**

The bill would amend the Education Code to change the calculation of the number of educationally disadvantaged students for purposes of calculating the compensatory education allotment within the Foundation School Program. The bill would change the calculation from averaging the best six months' enrollment in the National School Lunch Program for the preceding school year to averaging the best six months' number of students eligible for enrollment in the National School Lunch Program.

The bill would authorize the Commissioner of Education to determine the number of educationally disadvantaged students eligible for the compensatory education allotment, regardless of whether the campus is participating in the National School Lunch Program.

The bill would prohibit a student receiving a full-time virtual education through the state virtual school network from being included in the calculation of a school's compensatory education allotment.

The bill would allow the use of compensatory education allotment funding to provide assistance with child care costs and other costs to students who are participating in a life skills program or who are at risk of dropping out of school.

The bill would take effect September 1, 2015.

## **Methodology**

The bill authorizes the Commissioner to determine by rule the eligibility for compensatory education funding. The Texas Education Agency (TEA) indicates the new rules would allow students participating in a locally funded nutrition program to be eligible for compensatory education funding. TEA estimated that 24,246 students would qualify for the compensatory education allotment in fiscal year 2016 by participation in a locally funded nutrition program. The agency based this estimate on a snapshot indicator of economically disadvantaged status reported for each student each school year through the Public Education Information Management System (PEIMS), combined with the aggregate counts of students provided by the Department of Agriculture, to determine the count of students for calculation of the district's compensatory education data. TEA estimated that 75 percent of 32,327 students, or 24,246 students, meeting certain criteria would then participate in a locally funded nutrition program.

Since compensatory education allotment is based on prior year student counts, there would be no cost to the state in fiscal year 2016. In fiscal year 2017, the cost of providing the compensatory allotment to this student group would result in a cost to the state of \$30.5 million and because student enrollment is anticipated to grow 1.7 percent annually, would increase to \$32.2 million in fiscal year 2020.

The bill's provision changing the determination of educationally disadvantaged students from enrolled to eligible NSLP participants is anticipated to have a cost. However, TEA does not maintain the monthly status of students' eligibility for the NSLP, and therefore, the total cost to the state of providing the compensatory allotment to all eligible non-participants cannot be determined. However, this analysis assumes that this cost would likely have a significant fiscal impact to the state due to the potentially large number of eligible non-participants.

## **Local Government Impact**

Some districts would receive additional funding under the modified calculation of the compensatory education allotment under the provisions of this bill, although amounts would vary by district. School districts would also have the option to use compensatory education allotment funding on child-care services or other services provided through a life skills program.

**Source Agencies:** 701 Central Education Agency, 551 Department of Agriculture

**LBB Staff:** UP, JBi, AM, AH, JSp