

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 14, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1305 by Bonnen, Greg (Relating to a program to provide a free or reduced-price breakfast to eligible students attending a public school, the method of determining the number of educationally disadvantaged students for the compensatory education allotment, and the use of compensatory education allotment funds.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1305, As Engrossed: a negative impact of (\$27,731,653) through the biennium ending August 31, 2017.

Due to the fiscal implications of the bill beginning in the second year of the 2016-17 biennium, the estimated net impact to General Revenue Related funds will increase to a negative (\$56,015,995) through the biennium ending August 31, 2019.

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
2016	\$0
2017	(\$27,731,653)
2018	(\$27,768,907)
2019	(\$28,247,088)
2020	(\$28,940,782)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 193
2016	\$0
2017	(\$27,731,653)
2018	(\$27,768,907)
2019	(\$28,247,088)
2020	(\$28,940,782)

Fiscal Analysis

The bill would authorize a school district which would otherwise be required to participate in the National School Breakfast Program to instead develop and implement a locally funded program to provide a free or reduced-price breakfast to all students in the school or schools eligible for the national program.

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 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 apply beginning in the 2015-16 school year.

Methodology

The bill authorizes the Commissioner to allow students participating in a locally funded program to be eligible for compensatory education funding. The agency estimated that 24,246 students would qualify for the compensatory education allotment in fiscal year 2016 by participation in a locally funded 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 29,454 students, or 22,091 students, meeting certain criteria would then participate in a locally funded 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 \$27.8 million and because student enrollment is anticipated to grow 1.7 percent annually, would increase to \$28.9 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.

To the extent that districts choose not to offer the National School Breakfast Program, and instead chose to develop and implement a locally funded program, there would be a reduction in federal funds.

Local Government Impact

School districts who chose not to offer the National School Breakfast Program, and instead choose to develop and implement a locally funded program, could incur some administrative costs and experience a loss of federal revenue, but such action would be voluntary and amounts would vary by district. Some districts would receive additional funding under the modified calculation of the compensatory education allotment under the provisions of this bill.

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

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