

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

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

**May 22, 2015**

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

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

**IN RE: HB1842** by Aycock (relating to public school accountability, including the expansion of or renewal of the charter of an open-enrollment charter school and the intervention in and sanction of a public school that has received an academically unsuccessful performance rating for at least two consecutive school years.), **Committee Report 2nd House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1842, Committee Report 2nd House, Substituted: a negative impact of (\$2,149,031) through the biennium ending August 31, 2017.

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	(\$1,036,112)
2017	(\$1,112,919)
2018	(\$1,112,919)
2019	(\$1,116,252)
2020	(\$1,112,919)

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

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from General Revenue Fund</b>
	<b>1</b>
2016	(\$1,036,112)
2017	(\$1,112,919)
2018	(\$1,112,919)
2019	(\$1,116,252)
2020	(\$1,112,919)

<b>Fiscal Year</b>	<b>Change in Number of State Employees from FY 2015</b>
2016	8.0
2017	10.0
2018	10.0
2019	10.0
2020	10.0

## **Fiscal Analysis**

The bill would amend the Education Code related to the intervention in and sanction of a public school that has received an academically unsuccessful performance rating for at least two consecutive school years. The bill would require the commissioner to order a campus identified as unacceptable for two consecutive years to prepare and submit a campus turnaround plan. The bill phases in these interventions. The bill specifies the required elements of campus turnaround plans and allows a district to request assistance from a regional education service center (RES-C) or partner with an Institute of Higher Education (IHE) to develop and implement the plan.

The bill would only allow the commissioner to approve a campus turnaround plan if the commissioner determines that the campus will satisfy student performance standards not later than the second year the campus will receive a performance rating following the plan's implementation. If the commissioner does not make this determination, the commissioner has the option to appoint a board of managers to govern the district.

The bill would require the commissioner of education to adopt a transition plan allowing a public school campus with an unacceptable academic performance rating for three or more consecutive school years before the effective date of the bill to continue with interventions and sanctions already applied, to be closed, or for a board of managers to be appointed if the campus receives an academically unacceptable performance rating for the two school years following the effective date of this Act.

The bill would require the Legislative Budget Board to publish an evaluation report of the bill's impact not later than December 1, 2018.

The bill would apply beginning with the 2015-2016 school year.

This bill would take effect immediately if passed with the necessary voting margins, or September 1, 2015.

## **Methodology**

The bill is expected to result in a cost of \$1,036,112 in fiscal year 2016; \$1,112,919 in fiscal year 2017 and 2018; \$1,116,252 in 2019; and \$1,112,919 in fiscal year 2020. According to information provided by the Texas Education Agency (TEA), the turnaround plans required under the bill would be significantly more customized and detailed than the current plans, which are based on a template, and TEA reports they would require a new staff division to approve and monitor campus turnaround plans.

This analysis assumes that one Director full-time equivalent (FTE), six Program Specialist FTEs, and one Administrative Assistant FTE in fiscal year 2016 would be required to approve and

monitor campus turn-around plans, adopt transition plans, conduct on-site investigations, identify deficiencies and possible solutions, and provide technical assistance. Once full implementation begins, it is assumed that two additional Program Specialist FTEs will be needed in FY 2017 and subsequent years.

The estimated cost to expand the network capacity for the leased space is \$12,828 in FY 2016 and \$12,000 per year to maintain.

The TEA would contract with RESCs at an estimated cost of \$200,000 per year to develop and deliver training on school reform planning processes.

The commissioner would also be required to provide each board of managers member with training in effective leadership strategies at a cost of \$5,000 per board. Currently, two districts would require a board of managers creating a total training cost of \$10,000. Every third year, one-third of the board would be replaced generating a cost of \$3,333. In the future, the number of districts requiring a board of managers could vary significantly based on the number of campuses with turnaround plans that the commissioner does not approve. Because of this, costs could also vary significantly.

The Legislative Budget Board reporting provisions in the bill can be accomplished with existing resources.

### **Local Government Impact**

Districts would be required to provide notification to parents of students enrolled at a low performing campus seven days prior to a public hearing regarding the targeted improvement plan.

Districts may contract with RESCs or IHE for services and may be required to retain other expertise or board of managers.

There may be some administrative costs for required postings or notifications, hiring of special experts, or extensions of conservators or management teams. However, such costs would only apply to districts with low performing campuses and would vary depending on the individual circumstances.

**Source Agencies:** 701 Central Education Agency

**LBB Staff:** UP, SL, JBi, AM, AW