

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 18, 2017

TO: Honorable Dan Huberty, Chair, House Committee on Public Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB23 by Huberty (Relating to a grant program to fund innovative programs for public school students with autism.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB23, Committee Report 1st House, Substituted: a negative impact of (\$258,408) through the biennium ending August 31, 2019.

Beginning in fiscal year 2020, costs are anticipated to be \$10.1 million in each fiscal year.

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
2018	(\$150,964)
2019	(\$107,444)
2020	(\$10,107,444)
2021	(\$10,107,444)
2022	(\$10,107,444)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable (Cost) from <i>Foundation School Fund</i> 193	Probable Savings from <i>Foundation School Fund</i> 193
2018	(\$150,964)	(\$10,000,000)	\$10,000,000
2019	(\$107,444)	(\$10,000,000)	\$10,000,000
2020	(\$10,107,444)	\$0	\$0
2021	(\$10,107,444)	\$0	\$0
2022	(\$10,107,444)	\$0	\$0

Fiscal Analysis

The bill would create a program to provide grants for innovative services to students with

autism. The bill would establish criteria for eligibility of a grant award and activities not allowed as part of the grant and allow the Commissioner of Education to adopt rules creating a grant application and selection process. The bill would require the Commissioner to create an external panel of stakeholders to provide assistance in the selection and application of grant awards.

The bill would require the Commissioner to award grants to not more than 10 recipients and to prioritize grant awards for programs that are a collaboration between multiple public schools. The bill would require the Commissioner to select programs and award grants to begin in school year 2018-19 with grant funding for five years. The bill would not allow a grant recipient to receive an award greater than \$1 million for the 2018-19 biennium.

The bill would direct the Commissioner to set aside \$10 million in each fiscal year of the 2018-19 biennium from the Foundation School Program and proportionately reduce each school district and charter school's FSP state aid to provide funding for the grant program.

The bill would require the Commissioner to publish a report on the grant program by December 31, 2021 with recommendations for statutory or funding changes, in addition to data on the academic and functional achievements of students enrolled in a program that receives a grant.

The bill would take effect immediately if passed with necessary voting margins, or September 1, 2017.

Methodology

Providing grants for innovative services to students with autism as specified in the bill would result in a cost of \$150,964 in fiscal year 2018 due to administrative costs for initial program development and a FTE, with continuing costs of \$107,444 in subsequent fiscal years for the FTE. The FTE would be responsible for overseeing the grant application and selection process and for providing technical assistance to grant recipients. Beginning in fiscal year 2020, the grants would result in an annual cost of \$10.0 million.

This estimate assumes grant awards would be paid from Foundation School Fund 193 in fiscal years 2018 and 2019 and from General Revenue Fund 1 in remaining years.

For the purpose of this estimate, it is assumed that each year's \$10 million set-aside from school district and charter school Foundation School Program funding would be charged against the Foundation School Fund (FSF) portion of state aid, to the extent the entity receives such aid. It is assumed that the portion of state aid derived from the constitutionally-directed Available School Fund (ASF) per capita distribution would not be subject to reduction.

As specified by the bill, grant awards cannot exceed \$1 million and cannot be granted to more than 10 recipients. Although the bill states that the Commissioner is to implement the program in school year 2018-19 (or fiscal year 2019), the bill also specifies that the Commissioner shall use \$20.0 million (\$10.0 million each fiscal year) of FSP funds to implement the program in the 2018-19 biennium. This analysis assumes the latter provision takes precedence, and anticipates grants would be awarded to 10 recipients in fiscal year 2018 with grant amounts of \$1 million per award, totaling \$10 million in grant awards (10 grantees x \$1 million). This estimate assumes the 10 grants would be awarded continuing funding of \$1 million per year for each subsequent year of the five-year grant award.

This analysis assumes TEA would require one FTE to oversee the grant application, selection

process, disbursement of funds, and to provide technical assistance to grantees. The estimated cost of the FTE, including salary, benefits, and other operating expenses, would be \$115,444 in fiscal year 2018 and \$107,444 in subsequent years.

According to TEA, the agency would incur costs in fiscal year 2018 related to stakeholder meetings for rulemaking activities and review of grant applications. Based on information from TEA, the agency would invite 40 stakeholders to participate in rulemaking activities and an additional 40 stakeholders to participate in the review of grant applications. The estimated cost of travel reimbursement, including lodging, meals, and incidental, and mileage, would be \$419 per person, totaling approximately \$33,520 in fiscal year 2018 ($\$419 \times 40 \text{ people} \times 2 \text{ meetings}$). Cost related to meeting space and materials would total \$2,200 ($\$1,100 \text{ per meeting} \times 2 \text{ meetings}$), resulting in a total cost of \$35,720 in fiscal year 2018 for the two stakeholder meetings.

This analysis assumes TEA would produce the required evaluation report with existing resources.

Local Government Impact

School districts and charter holders would experience reductions in the Foundation School Fund (FSF) portion of Foundation School Program state aid in fiscal years 2018 and 2019. Reductions would be offset in those years for districts or charters participating in the 10 programs receiving grant awards. Participating districts would also incur costs associated with providing innovative services; however, costs per district would be anticipated to vary depending on individual grant parameters.

Source Agencies: 701 Texas Education Agency

LBB Staff: UP, AW, THo, AM, AG