

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 4, 2019

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

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB671 by King, Ken (Relating to secondary-level assessment of public school students.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB671, As Introduced: a negative impact of (\$13,400,000) through the biennium ending August 31, 2021.

Additionally, if it is determined that the new requirements do not satisfy federal law, the bill may result in the loss of federal funds of an undetermined amount.

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
2020	(\$6,600,000)
2021	(\$6,800,000)
2022	(\$7,100,000)
2023	(\$7,400,000)
2024	(\$7,700,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1
2020	(\$6,600,000)
2021	(\$6,800,000)
2022	(\$7,100,000)
2023	(\$7,400,000)
2024	(\$7,700,000)

Fiscal Analysis

The bill would amend the Education Code to eliminate end-of-course graduation requirements and assessments for students at the secondary level. In place of end-of-course assessments, school districts could select either the Texas Success Initiative (TSI) assessment or a nationally recognized norm-referenced assessment (such as the SAT or ACT) and then administer that assessment to students in grade 11. The assessment chosen by the district would be used in the state's accountability as a factor in evaluating student performance.

The bill would apply beginning with the 2019-20 school year and the revised assessment requirements would apply to students entering grade nine in the 2019-20 school year.

The bill would take immediate effect if it receives a two-thirds vote of both houses of the Legislature. Otherwise, it would take effect September 1, 2019.

Methodology

The bill would result in cost savings associated with the elimination of end-of-course exams in the following subjects: Algebra I, Biology, English I, English II, and United States History. According to the Texas Education Agency (TEA) the total savings associated with eliminating these five assessments would be approximately \$16.4 million per fiscal year. These agency estimates that costs or savings associated with end-of-course exams will not increase despite anticipated increases in student enrollment.

The bill would result in increased costs associated with the administration of the TSI, SAT, and ACT assessments. In 2017-18 TEA reported that there were 371,871 students enrolled in eleventh grade. Assuming a 1.2 percent enrollment growth rate, there would be 380,849 eleventh grade students in the 2019-20 school year, which corresponds to state fiscal year 2020. The current fee for the TSI is approximately \$14, while the fee for the SAT is \$64.50 and the fee for the ACT is \$67. This analysis assumes that 70 percent of students would take the SAT/ACT, while 30 percent would take the TSI. This analysis further assumes that eleventh grade enrollment will grow by 1.2 percent per year and that 20 percent of students will be required to retake the assessment each year.

Based on these assumptions, in fiscal year 2020, 380,849 students would be required to take the TSI or the SAT/ACT. With a 20 percent retest rate, a total of 457,019 tests would be administered. Assuming that 30 percent of these tests were TSI assessments and 70 percent were evenly split between the SAT and ACT, the total cost for assessments in fiscal year 2020 would be approximately \$23.0 million. These costs would grow by 1.2 percent per year based on increased enrollment assumptions.

After accounting for the estimated savings of \$16.4 million from eliminating end-of-course assessments, the bill would result in a loss of \$6.6 million in fiscal year 2020, rising to \$6.8 million in fiscal year 2021.

To meet federal requirements, assessments must be aligned to and measure the full breadth of the state curriculum. The assessments must be submitted and pass peer review to ensure they meet all statutory and regulatory requirements. Determination that the SAT, ACT and/or TSI do not appropriately measure the full breadth of the state curriculum, could result in the loss of federal funding and other federal penalties. Although the amount of Federal Funds that may be lost as a result of noncompliance is unknown. In the event of an adverse determination, TEA estimates that the loss of federal funds could be up to \$18 million annually.

Local Government Impact

The bill would require school districts to provide a mandatory preparatory course for students prior to the assessment. This requirement to develop and offer this new course could lead to increased costs for school districts.

Source Agencies: 701 Texas Education Agency

LBB Staff: WP, HL, AM, THo