

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 22, 2021

TO: Honorable Harold V. Dutton, Jr., Chair, House Committee on Public Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB764 by Krause (relating to the academic assessment of public school students.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB764, Committee Report 1st House, Substituted : a negative impact of (\$68,309,300) through the biennium ending August 31, 2023.

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:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	(\$44,410,650)
2023	(\$23,898,650)
2024	(\$23,898,650)
2025	(\$23,898,650)
2026	(\$19,598,650)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$44,410,650)	3.0
2023	(\$23,898,650)	3.0
2024	(\$23,898,650)	3.0
2025	(\$23,898,650)	3.0
2026	(\$19,598,650)	3.0

Fiscal Analysis

The bill's provisions would replace ELA, mathematics, and science end-of-course assessments with the TSIA, SAT, ACT, PSAT, ACT-Plan or other nationally recognized, norm-referenced secondary-level assessments. It eliminates writing and social studies testing requirements and the social studies distinction designation as well as the distinction designation awarded for advanced middle or junior high school student achievement. Additionally, the bill's provisions repeals the requirement to include advanced testers' results with results of other students enrolled at the same grade level when determining the percentage of students who performed satisfactorily.

The bill's provisions would require the Texas Education Agency (TEA) to adopt alternative adaptive assessment instruments that a school district may administer in lieu of an assessment adopted under TEC 39.023 to satisfy state or federal requirements concerning the administration of that assessment instrument. TEA would be required to reimburse schools for all costs associated with the administration of alternate adaptive assessments. TEA would be permitted to contract for services to develop or administer alternate adaptive assessments. Because the alternative adaptive assessment does not replace the current testing program, the cost to develop the alternate assessment would be in addition to current assessment costs.

The bill's provisions also remove the terminology “end-of-course” in relation to assessment instruments administered under TEC 39.023 and from the assessment terminology in the requirements for students entering into a high school equivalency program, being reviewed for graduation by an individual graduation committee, or dropout recovery program.

Methodology

TEA estimates the cost of eliminating the grade 8 social studies assessment would result in an annual cost savings of \$400,000.

The bill's provisions would save on development costs for high school assessments, but TEA would still be required to contract with new vendors to administer new assessments which would generate new costs. The ACT and SAT assessments currently cost approximately \$38 per student per assessment for assessments paid by the state. Using projected 11th grade figures from 2019-20 student enrollment, TEA estimates a cost of \$15.5 million for each student to take a nationally recognized assessment once in their high school career. TEA estimates the cost savings of wholly eliminating the end-of-course (EOC) assessments would be \$12 million per fiscal year. The net to high school assessments would be an increase of \$3.5 million per year (\$15,500,000-\$12,000,000).

The state would incur transition costs of both administering EOCs and districts having the option of administering nationally recognized assessments for the 4 years of transition for students who were in grade 9 or above in the 2021-22 school year. This analysis assumes 50% of students would take a nationally recognized assessment, at an annual cost of \$7,800,000 for 4 years.

TEA estimates the cost of developing alternative adaptive assessment instruments are estimated to be \$36.7 million in start-up costs to cover the significant number of items needed in the bank to enable adaptive testing, and \$16.2 million on an ongoing basis to cover the need for additional items and administration costs.

TEA estimates the need for 3 additional Education Specialist IV FTEs to oversee the development, administration, and district support of alternate adaptive assessment instruments at an annual Salary of \$218,367. Benefits and Payroll contributions would annually total \$74,289. Other operating expenses would be \$18,000 in FY 2022 and \$6,000 in subsequent years.

Local Government Impact

Schools would need to modify their assessment processes and procedures based on the bill's provisions. Additionally, individual graduation committee processes may need to be changed and procedures for administering the TSI, the SAT, the ACT, the PSAT or the ACT-Plan in place of an “end-of-course” assessment would be needed. Schools would be required to provide written notice of the test results to the students and parents.

Source Agencies: 701 Texas Education Agency

LBB Staff: JMc, SL, AH