

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

May 12, 2021

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB2094 by Taylor (relating to the assessment of public school students, providing accelerated instruction for students who fail to achieve satisfactory performance on certain assessment instruments, and an accelerated learning and sustainment outcomes bonus allotment under the foundation school program.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2094, Committee Report 1st House, Substituted : a negative impact of (\$73,547,250) 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	(\$24,706,648)
2023	(\$48,840,602)
2024	(\$59,458,764)
2025	(\$68,054,770)
2026	(\$71,126,239)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Savings/(Cost) from Recapture Payments Atten Crdts 8905</i>	<i>Probable Savings/(Cost) from Foundation School Fund 193</i>
2022	\$1,800,000	(\$2,991,326)	(\$26,506,648)
2023	\$1,800,000	(\$6,617,471)	(\$50,640,602)
2024	\$1,800,000	(\$5,606,028)	(\$61,258,764)
2025	\$1,800,000	(\$8,285,047)	(\$69,854,770)
2026	\$1,800,000	(\$8,783,164)	(\$72,926,239)

Fiscal Analysis

Among its provisions, for a student who fails to perform satisfactorily on certain state assessments, a school district would be required to provide accelerated instruction during the subsequent summer or school year or assign the student to a classroom teach who has been certified as master, exemplary, or recognized. The bill would eliminate retest opportunities after a student fails to perform satisfactorily. The bill would also repeal the requirement that the Texas Education Agency (TEA) develop assessments for Algebra II and English III.

The bill would also entitle a school district to receive an annual outcomes bonus for each "successfully accelerated student" above a minimum established in the bill. For each "successfully accelerated student" a district's bonus would be calculated as follows:

1. \$500 for each student who is not educationally disadvantaged; and
2. \$1,000 for each student who is educationally disadvantaged.

The bill would define "successfully accelerated student" as a student who performs satisfactorily or better on an assessment instrument who did not perform satisfactorily on an assessment instrument in the same subject in the preceding year.

For each "sustained accelerated student," a district would receive a bonus that would be calculated as follows:

1. \$250 for each student who is not educationally disadvantaged; and
2. \$500 for each student who is educationally disadvantaged.

The bill would define "sustained accelerated student" as a student who performs at the level indicating college readiness indicating preparedness for the student's next grade level or better on a state assessment; performs satisfactorily or better on the assessment for the same subject in the student's preceding grade level; and was administered but did not perform satisfactorily on the assessment for the grade level and subject preceding that assessment.

Methodology

According to TEA, costs associated with the bill's outcomes bonus would result in Foundation School Program (FSP) Costs of \$23.5 million in fiscal year 2022 and \$44.0 million in fiscal year 2023. To estimate costs associated with the "successfully accelerated student" bonus, TEA estimated that there are 30,050 successfully accelerated, economically disadvantaged students and 14,275 successfully accelerated students who are not economically disadvantaged. The agency further assumed only 75 percent of costs in fiscal year 2022 due to lower turnout on the STARR, and a 5 percent increase each year from 2023-2026 with improvement in successfully accelerated students. In fiscal year 2022 this would translate to 10,706 students who are not economically disadvantaged and 22,538 successfully accelerated students who are economically disadvantaged, increasing to 17,130 students who are not economically disadvantaged students and 36,060 successfully accelerated students who are economically disadvantaged. The annual FSP cost for FY 2022 is estimated by TEA to be \$27.7 million, increasing to \$44.3 million in FY 2026.

To estimate the FSP costs associated with the sustained accelerated student bonus, TEA estimated that there are 30,019 sustained accelerated, economically disadvantaged students and 13,607 students who are not economically disadvantaged. Under similar assumptions to the other bonus program there would be no FSP cost for the sustained accelerated bonus in fiscal year 2022, but costs would increase to \$21.2 million by fiscal year 2026.

The total estimated FSP cost of implementing the bonus programs would be \$77.1 million in the 2022-23 biennium. This would include estimated \$67.5 million for additional FSP state aid costs and \$9.6 million in recapture revenue loss.

TEA estimates that the state would save approximately \$1.5 million for year as a result of eliminated retest opportunities. The agency also estimates that eliminating the Algebra II and English III assessments would result in a savings of \$300,000 per year.

Local Government Impact

According to TEA, local education agencies would be required to alter accelerated instruction programs. There may be some costs to districts to make the adjustments. However, costs are not expected to be significant.

Source Agencies: 701 Texas Education Agency

LBB Staff: JMc, SL, AH, THO