

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 7, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB22 by Huberty (Relating to public school accountability.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB22, Committee Report 1st House, Substituted: a negative impact of (\$4,538,354) through the biennium ending August 31, 2019.

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	(\$2,427,177)
2019	(\$2,111,177)
2020	(\$1,736,177)
2021	(\$1,736,177)
2022	(\$1,736,177)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund	Change in Number of State Employees from FY 2017
	1	
2018	(\$2,427,177)	2.0
2019	(\$2,111,177)	2.0
2020	(\$1,736,177)	2.0
2021	(\$1,736,177)	2.0
2022	(\$1,736,177)	2.0

Fiscal Analysis

The bill would amend Education Code, Section 29.202 to require changes to student eligibility for Public Education Grant (PEG) funding.

The bill would amend Education Code, Chapter 39 to require the Commissioner of Education to periodically review performance indicators and allow for disaggregation by race, ethnicity, and socioeconomic status to the extent feasible. The bill would amend the accountability system to require school districts and campuses be evaluated based on three domains, including student achievement, school progress, and school climate. The bill would specify the indicators of student achievement for each of the three domains and require school districts to report the data annually to the Texas Education Agency (TEA) for purposes of accountability.

The bill would require the Commissioner to annually define the state standard for the current school year for each domain by September 30. The bill would require the Commissioner to consult with educators, parents, business and industry when establishing and modifying those standards.

The bill would amend the A-F rating system to reflect domain ratings only and to allow the Commissioner to adjust the performance rating for a domain based on certain factors.

The bill would take effect September 1, 2017.

Methodology

Modifying the performance indicators and standards under the state accountability system under the provisions of the bill would result in a cost of \$2.4 million in fiscal year 2018 and \$2.1 million in fiscal year 2019 due to initial development costs, and \$1.7 million in subsequent years.

This analysis assumes TEA would develop new performance indicators under three domains (student achievement, school progress, and school climate) and that school districts and charter schools would be required to report new performance data elements to TEA for purposes of accountability. This analysis estimates that one full-time equivalent position (FTE) would be required to develop and implement the new performance indicators and incorporate them into the new accountability system calculations. The estimated cost of the FTE, including salary, benefits, and other operating expenses, would be \$122,375 in fiscal year 2018 and \$114,375 in subsequent years.

The bill would require that the student achievement domain include the results of locally selected assessments under rules adopted by the Commissioner. According to TEA, Commissioner rules may allow these locally selected assessments to serve as replacements for existing state-developed assessment instruments. Based on information provided by TEA, the cost associated with test comparability, longitudinal analyses, and incorporation in the accountability system would be \$300,000 per identified assessment instrument. TEA estimates the agency would identify at least 5 locally selected assessment instruments per year to serve as alternative assessments resulting in costs of \$1,500,000 (5 assessments x \$300,000 per assessment) in each fiscal year. This analysis assumes the agency would need one FTE related to this work. The estimated cost of the FTE, including salary, benefits, and other operating expenses, would be \$129,802 in fiscal year 2018 and \$121,802 in subsequent years.

The bill would allow the Commissioner to incorporate student surveys as an indicator under the school climate domain. This analysis estimates it would cost \$300,000 in fiscal year 2018 to contract with a third-party to develop and implement a consistent survey for school districts. This analysis assumes the costs related to administering and maintaining the survey could be accomplished within existing agency resources.

Technology

The bill would amend the Education Code to require school districts and charters to submit certain additional data elements for the three domain indicators required under the provisions of the bill. According to the TEA, districts would need to submit the data in formats that allow use in accountability system calculations. This analysis estimates the costs of the data collection development would total \$750,000 in fiscal years 2018 and 2019, resulting in costs of \$375,000 in each fiscal year.

Local Government Impact

The bill would require school districts and charter schools to submit new data elements related to the three student performance domains under the provisions of the bill. According to TEA, school districts and charters would incur costs associated with collecting the new data elements and modifying information and reporting systems to provide the data to the agency. Technology costs would vary among districts depending on software contracts.

TEA estimates districts and charters may need additional personnel resources to evaluate, develop, and implement changes. TEA also anticipates districts and charters may incur administrative costs associated with new policy creation and district and campus-level training.

TEA estimates school districts and charters may incur costs related to alternative assessments included under the student achievement domain. The agency estimates the costs of these assessments would be a responsibility of the district and would range from \$8 to \$60 per student.

TEA indicates local costs may range from \$100 million to \$200 million statewide, but individual district impact would vary significantly based on student enrollment and existing district resources.

Source Agencies: 701 Texas Education Agency

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