

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 27, 2017

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3526 by Howard (Relating to instructional materials and technology for public schools.), **Conference Committee Report**

The bill would not result in additional General Revenue costs, but rather would be a cost to be paid from existing instructional materials funding for the grant program and administrative activities. The bill would result in a decrease of instructional materials allotment funding to schools of at least \$2.5 million in the 2018-19 biennium, which decreases the biennial allotment by an estimated 32 cents per student. However, instructional materials allotment funding may be reduced to a greater extent if the grant program established by the bill is funded.

The bill would amend the Education Code to rename the instructional materials allotment as the technology and instructional materials allotment and would make the associated technical changes. The bill would require the Commissioner to develop a web portal with information about all state-adopted instructional materials and other materials submitted for review by September 1, 2018 and to maintain the portal once developed. The bill would require the Commissioner use money in the state instructional materials fund, Fund 3, to pay any expense associated with the web portal and would make the web portal an allowable expense under the state instructional materials fund. The bill would require the web portal to contain certain information for each instructional material included in the portal; require the Commissioner to use a competitive process to contract for the development of the web portal; and require the Commissioner to contract with a private entity to conduct an independent analysis of each instructional material submitted by a publisher for inclusion in the portal and would require the analysis to include certain elements.

The bill would require the Commissioner to include a repository of open education resources and other electronic instructional materials that school districts and open-enrollment charter schools may access at no cost in the web portal. The bill would allow a school district or open-enrollment charter school to consider open educational resources and other electronic instructional materials included in the repository in determining whether each student has instructional materials that cover all elements of the Texas Essential Knowledge and Skills as required by 31.004(a), Education Code.

The bill would allow the Commissioner to establish a technology lending program grant under which school districts and open-enrollment charter schools could provide students access to equipment necessary to access and use electronic instructional materials. The bill would require the Commissioner to consider certain elements when awarding grants; allow the Commissioner to

recover funds not used in accordance with the terms of a grant as specified by the bill; and specify how the grant funds could be used by grantees.

The bill would allow the Commissioner to use up to \$25 million from the state instructional materials fund under Section 31.021 each state fiscal biennium, or an amount determined by appropriation, and would require the cost of administering the grant be deducted from the total amount awarded to the grant. The bill would require the Commissioner to review the grant program and submit a report by January 1, 2019.

The bill would take effect immediately if passed within necessary voting margins, or on September 1, 2017, and would apply beginning with school year 2017-18.

The Texas Education Agency (TEA) estimates that the bill would result in total costs of \$1.85 million in fiscal year 2018 with continuing costs of \$450,000 in subsequent years. These amounts would be paid from existing instructional materials funding and would not require an additional appropriation. This analysis anticipates the bill would not result in a cost to the state since the technology lending program grant and administration of the grant would be funded through a set aside from the state instructional materials fund which is determined through appropriations, or based on a transfer from the Permanent School Fund to the Available School Fund.

Local Government Impact

TEA estimates that school districts, open-enrollment charter schools, and other educational entities that receive an instructional materials allotment (IMA), in accordance with Section 31.0211, Education Code, would experience a decrease in the amount of the IMA of approximately 32 cents per student as a result of the provisions of the bill. However, participating districts and charters may experience offsetting increases in funding for allowable purchases under the technology lending program and may experience savings as a result of selecting open education resources from the web portal in lieu of other instructional materials.

Source Agencies: 701 Texas Education Agency

LBB Staff: UP, AW, THo, AM