

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 20, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2811 by King, Ken (Relating to a revision of the essential knowledge and skills of the public school foundation curriculum, the instructional materials allotment, and proclamations for the production of instructional materials.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2811, As Engrossed: a negative impact of (\$8,555,128) through the biennium ending August 31, 2017.

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
2016	(\$4,863,128)
2017	(\$3,692,000)
2018	(\$4,200,000)
2019	\$0
2020	(\$4,200,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from Foundation School Fund 193
2016	(\$663,128)	(\$4,200,000)
2017	(\$3,692,000)	\$0
2018	\$0	(\$4,200,000)
2019	\$0	\$0
2020	\$0	(\$4,200,000)

Fiscal Analysis

The bill would require the State Board of Education (SBOE) to conduct a review of the Texas Essential Knowledge and Skills (TEKS) in the foundation curriculum subjects and revise the TEKS to narrow the number and scope of student expectations for each subject and grade level. The bill

would require the scope of the TEKS to be more narrow and require less time to demonstrate mastery than the TEKS as adopted as of January 1, 2015. The bill requires the SBOE to ensure that the revisions do not result in the need for the adoption of new instructional materials.

The bill specifies the elements that must be considered by the SBOE in the TEKS review. By September 1, 2018, the bill requires the SBOE to complete the review and revision process of the TEKS for each subject and grade level in the foundation curriculum subjects last revised before September 1, 2012.

The bill would entitle school districts to the instructional materials allotment (IMA) on a biennial basis instead of an annual basis and require IMA funding to be available in the first year of each biennium.

The bill would require the State Board of Education (SBOE) to only issue proclamations, defined as a request for production of new instructional materials, in which the total projected cost of instructional materials does not exceed 75 percent of the total IMA for any biennium. The bill would require the SBOE to determine whether issuance of a proclamation was necessary following the adoption of revised TEKS for any subject. If necessary, the bill would require the SBOE to issue 1) a full call for instructional materials aligned to all TEKS for the subject and grade level; 2) a supplemental call aligned to new or expanded TEKS for the subject and grade level; 3) a call for new information demonstrating alignment of current instructional materials to revised TEKS; or 4) any combination of the above. The bill requires the SBOE to consider the cost of all instructional materials and technology requirements in determining the disbursement of money to the available school fund to fund the IMA.

The bill would require the State Board of Education (SBOE) to set aside 50 percent of the distribution from the permanent school fund (PSF) to the available school fund (ASF) to be placed in the instructional materials fund (IMF) on a biennial basis instead of an annual basis. The bill would require the Comptroller of Public Accounts, to the extent authorized by the General Appropriations Act, to allow the Texas Education Agency (TEA) to make temporary transfers from the foundation school fund (FSF) to pay for the instructional materials allotment as needed.

The bill would take effect on September 1, 2015, or immediately if passed within the necessary voting margins.

Methodology

Reviewing and modifying the Texas Essential Knowledge and Skills (TEKS) standards would cost \$663,128 in fiscal year 2016 and \$3.7 million in fiscal year 2017. This estimate assumes that the Texas Education Agency (TEA) would incur all costs associated with the review and modification of the TEKS standards in the 2016-17 biennium due to the September 1, 2018 implementation date.

This estimate assumes TEA would convene committees to review and modify the TEKS in fiscal year 2016. Based on information provided by TEA, this analysis assumes the TEKS review would be limited to science and social studies, and would not include mathematics since those TEKS were recently reviewed, or English language arts since those TEKS are currently scheduled for review in fiscal year 2015. Under these assumptions, two committees would meet for four days to review the TEKS standards. Each committee would include 101 members, totaling 202 committee members for the two committees. The estimated cost of travel reimbursement, including lodging, meals and incidentals, and mileage, would be \$791 per committee member, totaling \$639,128 in fiscal year 2016 (\$791 per person x 202 committee members x four days). TEA estimates an

additional 2016 cumulative cost of approximately \$6,000 per meeting for audio/visual equipment, meeting room rental, and materials.

Following review of the TEKS by the committees, this estimate assumes TEA would redesign assessment instruments to remove all questions assessing the supporting standards, generating an anticipated one-time state cost of \$192,000 in fiscal year 2017. TEA indicates a cost of \$32,000 per assessment to modify the assessment and set new performance standards. This estimate assumes six separate tests (grades 5 and 8 science and grade 8 social studies assessments in English and Spanish) would be modified for a cost of \$192,000 (\$32,000 x 6 assessments) in fiscal year 2017.

In addition to the costs related to review and modification, this estimate assumes a total cost of \$3.5 million in fiscal year 2017 to provide professional development to support implementation of the revised standards in science and social studies. Based on information provided by TEA, the estimated cost of providing professional development is \$1.75 million per subject area for science and social studies for teachers in kindergarten to grade 12.

Changes to state curriculum review and assessment processes are subject to review by the U.S. Department of Education as a part of the No Child Left Behind Title I, Part A program. To the extent that changes resulting from the bill are not federally approved, the bill may result in the loss of significant federal funds.

Regarding the bill's provisions relating to IMA funding, this estimate assumes TEA will make a temporary transfer from the FSF to the IMF in the amount of approximately \$1.1 billion at the beginning of fiscal year 2016 and that approximately \$1.1 billion from the IMF will be sent to school districts in a biennial IMA in September 2015.

Based on information provided by the Comptroller of Public Accounts, there would be a \$4.2 million loss of expected interest earnings to the FSF in the first year of each biennium based on a 0.8 percent projected rate of return on the FSF. This estimate assumes that the temporary transfer would be totally repaid to the FSF early in the second year of each biennium and there would be no loss of interest earnings in the second year of the biennium. The estimate further assumes the temporary transfer amount and repayment pattern would be the same in future biennia.

To the extent that a temporary transfer from the FSF to the IMF was not allowed and the TEA was required to transfer funds from the PSF, losses would vary due to the loss of expected investment.

Local Government Impact

The bill would make funding available earlier in the school year to school districts and open-enrollment charter schools to purchase instructional materials and may prevent districts from borrowing from local funds to pay for these materials.

Source Agencies: 304 Comptroller of Public Accounts, 701 Central Education Agency

LBB Staff: UP, JBi, AM, AW