

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 11, 2005

TO: Honorable Kent Grusendorf, Chair, House Committee on Public Education

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB386 by McCall (Relating to participation in school district services and activities by home-schooled students.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB386, As Introduced: a negative impact of (\$116,760,000) through the biennium ending August 31, 2007.

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
2006	(\$38,920,000)
2007	(\$77,840,000)
2008	(\$116,760,000)
2009	(\$155,680,000)
2010	(\$194,600,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>FOUNDATION SCHOOL FUND</i> 193	Probable Savings/(Cost) from <i>STATE TEXTBOOK FUND</i> 3
2006	(\$38,400,000)	(\$520,000)
2007	(\$76,800,000)	(\$1,040,000)
2008	(\$115,200,000)	(\$1,560,000)
2009	(\$153,600,000)	(\$2,080,000)
2010	(\$192,000,000)	(\$2,600,000)

Fiscal Analysis

The bill would allow the part-time enrollment of a home-schooled student in a public school upon written agreement between the district and the child's parent or guardian. The bill also would authorize a school district to establish a laboratory or other facility for home-schooled students that is not located on a regular school campus. Additionally, the bill would permit school districts to offer an online course to home-schooled students for academic credit.

School districts would be prohibited from charging tuition for part-time enrollment or online courses, but would be allowed to charge all applicable fees that are charged to regularly enrolled students. School districts would also be permitted to allow regularly enrolled students to use off-site facilities or participate in an online course.

The bill would permit a school district to furnish textbooks without cost to a home-schooled student.

The bill would allow school districts to receive funding for the average daily attendance (ADA) of home-schooled students who are enrolled part-time, participate in an online course, use an off-campus laboratory or other facility, receive textbooks, or participate in an extracurricular activity. School districts would be allowed to count participating home-schooled students' attendance proportionally for any day that a home-schooled student receives services or textbooks or participates in a course or extracurricular activity.

The bill would prohibit a school district from administering state-mandated assessment instruments (TAKS) to a home-schooled student included in a school district's average daily attendance.

This legislation would apply beginning with the 2005-2006 school year.

Methodology

Under the provisions of the bill, a school district would be allowed to count a home-schooled student in attendance for a proportionate period of each day for state funding purposes for any school days for which a service or textbook is provided.

Given this financial incentive, it is assumed that school districts would try to maximize participation by home-schooled students, particularly with regard to textbooks. Based on data collected from the Texas Home School Coalition, the National Home Education Research Institute, and the National Center for Education Statistics, it is estimated that there are roughly 160,000 home-schooled children in Texas. For the purpose of this estimate, it is assumed that the participation of home-schooled students would generate the equivalent of 8,000 full-time students in 2006 -- about 5 percent of the total number of home-schooled students. This percentage would increase by 5 percent each year thereafter until reaching a peak of 40,000 full-time students in 2010, or 25 percent of the home-schooled population.

With a statewide average Foundation School Program cost of \$4,800 per full-time student, the state cost under these assumptions is calculated to be \$38.4 million in 2006, increasing by \$38.4 million each year thereafter to a peak of \$192 million in 2010.

In addition to the formula costs, the state also would incur a cost to the State Textbook Fund to supply the books to the home-schooled students. Recent textbook purchases and future proclamations suggest that textbook costs, including elementary workbooks and other consumable materials, can be expected to be approximately \$65 per student annually. For 2006, this would entail a state cost of \$520,000, increasing by that amount each year thereafter to a peak of \$2.6 million in 2010. This would provide home-schooled students with new textbooks on the same cycle that regular school students receive them. This cost estimate also assumes that the textbooks would be returned to the district by home-schooled students at the end of instructional period to be reassigned to other home-schooled students.

Technology

No significant impact to state technology costs is expected.

Local Government Impact

Under the assumptions made in this fiscal note, school districts would see an increase in state formula aid of an estimated \$38.4 million in 2006, increasing by that amount each year until 2010. These funds would be offset partially by additional costs associated with serving participating home-schooled students.

Source Agencies: 701 Central Education Agency

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