

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 27, 2007

TO: Honorable Rob Eissler, Chair, House Committee on Public Education

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

IN RE: HB2697 by Hancock (Relating to the authority of public schools to operate distance learning schools.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2697, As Introduced: an impact of \$0 through the biennium ending August 31, 2009.
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General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	\$0
2009	\$0
2010	(\$1,000,000)
2011	(\$2,000,000)
2012	(\$3,000,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>FOUNDATION SCHOOL FUND</i> 193
2008	\$0
2009	\$0
2010	(\$1,000,000)
2011	(\$2,000,000)
2012	(\$3,000,000)

Fiscal Analysis

The bill would authorize distance learning schools, set eligibility criteria, and establish program and performance requirements. The bill would require that state funding be based on the number of students in average daily attendance (ADA) at the distance learning school, although a distance learning school may elect to receive funding based on completed courses.

Methodology

The bill restricts eligible distance learning schools to those that have participated for at least two years in the electronic course pilot (eCP) program under Education Code section 29.909. Under current law, schools in eCP can earn additional state aid for enrolled students. Therefore, it is assumed that for FY2008 and FY2009 there is no change in state aid for these schools from current law.

Under current law, the commissioner may select the schools to participate in eCP; four districts and

one charter school are currently participating, representing approximately 200 students in average daily attendance. The bill establishes criteria for eligibility for any school to become a distance learning school. For the purposes of this fiscal note, it is assumed the commissioner would begin to increase participation in eCP in FY2008 to allow more districts and charters the possibility of eligibility for distance learning starting in FY2010. For the purposes of this fiscal note, it is assumed that expansion of eCP would permit distance learning schools to receive funding on an additional 200 students in ADA in FY2010, adding another 200 ADA each year thereafter. At an estimated state cost per ADA of \$5,000, this would result in state costs of \$1 million in FY2010, increasing by \$1 million each subsequent year.

TEA estimates that the agency would be able to absorb any administrative costs within its existing budget.

Technology

No impact to the agency's technology costs is anticipated.

Local Government Impact

No significant fiscal implication to units of local government is anticipated. Some districts may incur costs related to initiating a distance learning effort, including distance learning technology and software related to attendance tracking. However, it is assumed that only districts able to absorb such costs would seek eligibility under the bill.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, JSp, UP, JGM