

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**March 26, 2009**

**TO:** Honorable Florence Shapiro, Chair, Senate Committee on Education

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

**IN RE: SB955** by Shapiro (Relating to the state virtual school network.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB955, As Introduced: a negative impact of (\$20,130,000) through the biennium ending August 31, 2011.

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
2010	(\$7,390,000)
2011	(\$12,740,000)
2012	(\$18,180,000)
2013	(\$23,705,000)
2014	(\$29,500,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Foundation School Fund</i> 193
2010	(\$1,150,000)	(\$6,240,000)
2011	(\$1,700,000)	(\$11,040,000)
2012	(\$2,340,000)	(\$15,840,000)
2013	(\$3,065,000)	(\$20,640,000)
2014	(\$4,060,000)	(\$25,440,000)

**Fiscal Analysis**

The bill amends the Education Code provisions related to the Texas Virtual School Network (TxVSN).

Section 1 would make the certain statutory provisions related to the TxVSN apply to students, facilities, or programs under the jurisdiction of the Department of Aging and Disability Services, the Department of State Health Services, the Health and Human Services Commission, the Texas Youth Commission (TYC), the Texas Department of Criminal Justice (TDCJ), a Job Corps program operated by or under contract with the United States Department of Labor, or any juvenile probation agency.

The bill would allow a student to enroll full-time in courses provided through the TxVSN only if the student was enrolled in a Texas public school in the preceding school year.

Section 5 of the bill would require the Texas Education Agency (TEA) to pay reasonable costs to evaluate and approve electronic courses, and provides priorities for course evaluation and approval if the TEA did not have sufficient funds. The bill also would allow TxVSN providers to pay the costs for evaluation and approval of submitted courses if the TEA determined that it would not have sufficient funds to evaluate and approve the courses.

The bill would provide, for each student who successfully completed a TxVSN course as part of a normal course load, an allotment of \$400 to the district or charter school that provided the course and an allotment of \$80 to the district or charter school in which the student was enrolled as reimbursement for administrative costs. The bill also would entitle juvenile probation departments and state agencies to receive comparable state funding for students under their supervision.

The bill states that, for each student who successfully completed a TxVSN course that exceeded a normal course load, including a course offered during the summer, the school district or open-enrollment charter school that provided the course might be entitled to an allotment in an amount determined by the commissioner based on the amount of funds appropriated for this purpose.

The bill would require that funding received through the TxVSN program be considered in addition to any amounts a school district or open-enrollment charter school was entitled to receive or retain under Chapter 12, 41, or 42, Education Code, and not be subject to reduction under any provision of those chapters.

Section 13 of this bill would exclude the allotments for the TxVSN from the calculation of WADA.

## **Methodology**

The anticipated growth in the TxVSN program would increase the infrastructure costs provided by a contract with Regional Education Service Center (RESC) X. The current contract amount is \$1.2 million annually. Professional fees to support the infrastructure costs are estimated to increase with the growth of the program. The incremental increase to the contract with RESC X would cost an estimated \$700,000 in fiscal year 2010; \$1 million in fiscal year 2011; \$1.44 million in fiscal year 2012; \$1.965 million in fiscal year 2013; and \$2.76 million in fiscal year 2014.

Section 5 of the bill would direct the TEA to pay reasonable costs to review electronic courses for the TxVSN. RESC IV has a current contract to review courses for a cost of \$300,000 per year. RESC IV has proposed to review 100 courses in fiscal year 2010 for an incremental increased cost of \$450,000 in fiscal year 2010 for 100 courses; \$700,000 in fiscal year 2011 for 150 courses; \$900,000 in fiscal year 2012 for 200 courses; \$1.1 million in fiscal year 2013 for 300 courses; and \$1.3 million in fiscal year 2014 for 350 courses.

Sections 9 and 10 of the bill would require the TEA to review professional development and verify successful completion of professional development for instructors participating in the TxVSN. The TEA estimates that this could be accomplished with existing agency resources.

For the purposes of this estimate, it is assumed that one percent of the state high school population, or approximately 13,000 students, would enroll in an online course in FY2010. This generally reflects participation rates in online program provider districts that are currently serving other school districts. These courses at the \$400 per course allotment would entail a \$6.24 million state cost in FY2010. For the purposes of this fiscal note, it is assumed that virtually all online courses taken are completed, thus earning the state allotment. Course completions are assumed to increase by approximately 10,000 in each of the next 4 years, resulting in state allotment cost increases of \$4 million each year.

The bill would also provide an \$80-per-student administrative overhead allotment for districts with students enrolled in TxVSN electronic courses, also known as receiving districts. Based on the assumptions described above, the administrative cost would be \$1,040,000 in FY2010, increasing by \$800,000 each year thereafter as course completions increase.

## **Technology**

The TEA would be required to collect data to verify student attendance and successful completion of electronic courses through the TxVSN. This would be accomplished through the professional services contract with RESC X to provide the infrastructure for the TxVSN.

## **Local Government Impact**

School districts (provider districts) would receive \$400 for each course that they provided that was successfully completed by a student. School districts receiving services for electronic courses for their students (receiving districts) would receive an administrative allotment of \$80 per student.

**Source Agencies:** 701 Central Education Agency

**LBB Staff:** JOB, JSp, JGM, RN