

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 4, 2011

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

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

IN RE: HB3280 by Guillen (Relating to additional virtual instruction at public and private elementary and secondary schools.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3280, As Introduced: a negative impact of (\$13,844,825) through the biennium ending August 31, 2013.

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
2012	(\$5,084,575)
2013	(\$8,760,250)
2014	(\$8,752,500)
2015	(\$8,799,000)
2016	(\$8,853,250)

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
2012	(\$750,000)	(\$4,334,575)
2013	(\$150,000)	(\$8,610,250)
2014	(\$150,000)	(\$8,602,500)
2015	(\$150,000)	(\$8,649,000)
2016	(\$150,000)	(\$8,703,250)

Fiscal Analysis

The bill defines requirements for electronic courses offered by public institutions (defined as school districts, open-enrollment charter schools, college or university charter schools, public senior or junior college or university), private or independent institution of higher education, and private schools, and specifies that courses may be offered to any public school student, home-schooled student, or private school student in Texas or outside of Texas.

The bill would allow school districts, open-enrollment charter schools, or college or university charter schools to include home-schooled or private school students who participate in electronic courses or programs offered by the institution to be included in the institutions attendance in proportion to the time during which the student is participating in the electronic course or program.

The bill would allow public or private institutions of higher education or private schools offering electronic courses or programs to charge tuition for participation equal to 75 percent of the average state and local funds for maintenance and operations for a school district under the Foundation School Program for the proportion of time of participation. The tuition could be charged to a school district, open-enrollment charter school, or college or university charter school in which a participating student is enrolled or to the state.

Methodology

For purposes of this estimate, it is assumed that school districts, open-enrollment charter schools, or college and university charter schools offering electronic courses under the provisions of the bill would earn Foundation School Program funding based on the attendance of participating students who are home-schooled or attending private schools.

For purposes of this estimate, it is assumed that the state would be charged tuition equal to 75 percent of the average state and local funds for maintenance and operations for a school district under the Foundation School Program for the proportion of time of participation of home-schooled or private school students participating in electronic courses offered by public or private institutions of higher education or private schools. It is assumed that the tuition would be charged to the school district or public charter school in which the student was enrolled for public school students participating in electronic courses offered by public or private institutions of higher education or private schools.

For purposes of this estimate, it is assumed that the primary impact of the provisions of the bill would affect high-school aged students. Based on analysis of data from the U.S. Census Bureau projections regarding the population of people aged 15 through 18 and removing the population of people in that cohort who are projected to enroll in public schools yields an estimate of 111,860 people aged 15 to 18 who are not enrolled in a public school for fiscal year 2012. It is assumed that the equivalent of 0.5 percent of this population, or the equivalent of 559 full-time students, would participate in electronic courses under the provisions of the bill. Based on an assumed average total maintenance and operations cost in the Foundation School Program of \$7,750, costs are estimated at \$4.3 million in fiscal year 2012.

For purposes of this estimate, it is assumed that participation would grow to 1 percent of the non-public school population by fiscal year 2013 and each subsequent year, with costs estimated at \$8.6 million in fiscal year 2013 and growing to \$8.7 million by fiscal year 2016.

The bill does not appear to limit the number of non-public school students that could enroll in electronic courses, offered either by public or private schools and institutions of higher education, for which the state would be charged tuition. To the extent the actual number of courses taken by these students exceeds the estimates of this fiscal note, state costs could be significantly higher than represented here.

The Texas Education Agency estimates technology costs of \$750,000 in fiscal year 2012 and \$150,000 in each subsequent year to modify the Public Education Information Management System (PEIMS) and support data collection on non-public school students that would be required to implement the provisions of the bill.

Technology

The Texas Education Agency estimates technology costs of \$750,000 in fiscal year 2012 and \$150,000 in each subsequent year to modify the Public Education Information Management System (PEIMS) and support data collection on non-public school students that would be required to implement the provisions of the bill.

Local Government Impact

School districts and open-enrollment charter schools could be required to track credits from electronic courses for non-public-school students completing electronic courses. School districts and open-enrollment charter schools would have the option to enter into contracts for provision of virtual

courses.

Source Agencies: 701 Central Education Agency

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