

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

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**March 25, 2013**

**TO:** Honorable Jimmie Don Aycock, Chair, House Committee on Public Education

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB1831** by Davis, John (Relating to an adult high school diploma and industry certification charter school pilot program for adults 19 to 50 years of age.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1831, As Introduced: a negative impact of (\$2,100,000) through the biennium ending August 31, 2015.

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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2014	(\$700,000)
2015	(\$1,400,000)
2016	(\$1,400,000)
2017	(\$1,400,000)
2018	(\$1,400,000)

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

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from Foundation School Fund 193</b>
2014	(\$700,000)
2015	(\$1,400,000)
2016	(\$1,400,000)
2017	(\$1,400,000)
2018	(\$1,400,000)

**Fiscal Analysis**

The bill would establish an adult high school diploma and industry certification pilot program and would authorize the State Board of Education to grant one open-enrollment charter in excess of

the statutory cap for the purpose of providing the program. The charter would be granted to a non-profit entity meeting certain criteria described by the bill, including demonstrated success in providing similar services and a financial commitment of at least \$1,000,000. The bill would require that the program offer courses to complete high school curriculum requirements and career and technology education (CTE) courses leading to industry certifications.

Eligible participants would include persons aged 19 to 50 who have earned neither a high school diploma nor a high school equivalency certificate.

The program would be eligible for funding equivalent to the statewide average amount of state funding per student in weighted average daily attendance (WADA) in an open-enrollment charter school earned through the Foundation School Program (FSP) for participants aged 26 and older. For participants aged 19 to 26, the charter would be eligible for funding through the Foundation School Program.

The bill would require the Texas Education Agency to evaluate the program and report the results of the evaluation to the Governor, the Lieutenant Governor, the Speaker of the House, and the presiding officer of each standing committee of the legislature with primary jurisdiction in education in December of each even-numbered year.

## **Methodology**

Based on U.S. Census data, the population of Texas adults aged 19 to 50 who have not earned a high school diploma is about 2,000,000.

For purposes of this estimate, it is assumed that the charter school created under the provisions of the bill would enroll 200 students and would begin providing instruction in the second half of FY2014. It is further assumed that, because the bill designates the program as a pilot program, the charter would not expand the number of campuses prior to FY2018. To satisfy the dual purposes of the program, to provide coursework required to earn a high school diploma and to provide CTE courses leading to industry certification, enrolled students are assumed to spend 2/3 of their instructional time on CTE courses. For purposes of estimating FSP or FSP-equivalent cost for students below age 26 and above age 26 respectively, costs per student are based on average costs in the FSP for a student described above.

Based on these parameters, the state cost is estimated at \$700,000 in FY2014 and \$1.5 million in each subsequent year.

Because the potential eligible population is large, and the bill does not include language that restricts enrollment or growth of the program, state cost could be significantly higher than represented here. The commissioner of education permits open-enrollment charter schools in good standing to expand the number of campuses operated under a charter without prior authorization. If additional campuses were added, thereby expanding the population served, costs would increase.

The bill is not expected to result in significant fiscal impact for the Office of the Governor or the Comptroller of Public Accounts.

## **Local Government Impact**

A qualifying non-profit entity could be granted a charter to operate an adult high school diploma

and industry certification charter school pilot program under the provisions of the bill. The charter would be eligible for FSP funding or FSP-equivalent funding based on the population of eligible students served.

**Source Agencies:** 301 Office of the Governor, 304 Comptroller of Public Accounts, 701 Central Education Agency

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