

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

March 25, 2013

TO: Honorable Dan Patrick, Chair, Senate Committee on Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1141 by Duncan (Relating to an adult high school diploma and industry certification pilot program for adults 19 to 50 years of age.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1141, As Introduced: a negative impact of (\$2,714,985) 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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$1,254,960)
2015	(\$1,460,025)
2016	(\$1,460,025)
2017	(\$1,460,025)
2018	(\$1,460,025)

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
2014	(\$554,960)	(\$700,000)
2015	(\$60,025)	(\$1,400,000)
2016	(\$60,025)	(\$1,400,000)
2017	(\$60,025)	(\$1,400,000)
2018	(\$60,025)	(\$1,400,000)

Fiscal Analysis

The bill would establish an adult high school diploma and industry certification pilot program. The program would be provided by a non-profit entity designated by the commissioner of education and meeting certain criteria described by the bill, including demonstrated success in

providing similar programs 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. The program would be required to offer a high school diploma to participants completing all high school curriculum requirements and performing satisfactorily on an exit-level assessment. The provider would be required to enter into memoranda of understanding with one or more school districts or charter schools for the purpose of awarding high school diplomas.

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) earned through the Foundation School Program (FSP) for participants aged 26 and older. For participants aged 19 to 26, the program would be eligible for the amount of state funding for which the school district in which the participant resides would be eligible 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 beginning in December 2016.

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 pilot program created under the provisions of the bill would enroll 200 students annually and would begin providing instruction in the second half of FY2014. Because it is a pilot program, it is assumed for purposes of this estimate that it would not expand 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 for FSP or FSP-equivalent funding is estimated at \$700,000 in FY2014 and \$1.4 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.

TEA indicates that it would be required to develop a new database module to track student attendance data and participant counts. Development costs are estimated at \$554,960 in FY2014 with on-going maintenance costs estimated at \$60,025 in each subsequent year.

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

Technology

TEA indicates that it would be required to develop a new database module to track student attendance data and participant counts. Development costs are estimated at \$554,960 in FY2014 with on-going maintenance costs estimated at \$60,025 in each subsequent year.

Local Government Impact

School districts or open-enrollment charter schools with memoranda of understanding with the program operator would be required to issue diplomas to persons who successfully completed the required high school curriculum.

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

LBB Staff: UP, JBi, JSc