

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 7, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1142 by Duncan (Relating to an adult high school diploma and industry certification charter school pilot program for adults 19 to 50 years of age.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1142, Committee Report 2nd House, Substituted: a negative impact of (\$1,600,000) 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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$500,000)
2015	(\$1,100,000)
2016	(\$1,100,000)
2017	(\$1,100,000)
2018	(\$1,100,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 193
2014	(\$500,000)
2015	(\$1,100,000)
2016	(\$1,100,000)
2017	(\$1,100,000)
2018	(\$1,100,000)

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.

The bill would require the Texas Education Agency to adopt a secondary exit-level assessment instrument suitable for adult education participants.

Eligible participants would include persons aged 19 to 50 who have earned neither a high school diploma nor a high school equivalency certificate. Enrollment would be limited to 150 participants per year.

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 over education in December of each even-numbered year.

Methodology

Based on the limitation in the bill, it is assumed that the charter school created under the provisions of the bill would enroll 150 students and would begin providing instruction in the second half of FY2014. For purposes of this estimate, to satisfy the dual purposes of the program of providing coursework required to earn a high school diploma and providing 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 \$500,000 in FY2014 and \$1.1 million in each subsequent year.

TEA assumes that it could adopt an appropriate exit-level assessment at minimal cost to comply with the provisions of the bill.

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

LBB Staff: UP, JBi, JSc, SDE