

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

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**April 20, 2015**

**TO:** Honorable Larry Taylor, Chair, Senate Committee on Education

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

**IN RE: SB1513** by Hancock (Relating to state funding for certain children to attend certain private school.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1513, As Introduced: an impact of \$0 through the biennium ending August 31, 2017; the negative impact would be substantially higher in the subsequent biennium, and would stabilize thereafter to an estimated \$21,728,684 per biennium plus growth.

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>
2016	\$0
2017	\$0
2018	(\$20,657,158)
2019	(\$10,592,698)
2020	(\$10,772,774)

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

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from Foundation School Fund 193</b>
2016	\$0
2017	\$0
2018	(\$20,657,158)
2019	(\$10,592,698)
2020	(\$10,772,774)

**Fiscal Analysis**

The bill would allow eligible students in eligible school districts to enroll in a private school with tuition and fees to be paid by the school district. The bill defines an eligible school district as one

wholly located within a county with a population of more than 2.3 million with a student population of more than 27,000 and less than 31,000. An eligible student is defined as a child living in an eligible school district meeting existing statutory prekindergarten criteria or otherwise eligible to enroll in public school in this state.

The amount of funding that would be paid by the school district is equal to the average total funding for each student in the student's grade level in the district during the preceding year for maintenance and operations. The bill would prohibit a private school from charging an eligible student tuition or fees in addition to the amount provided under the bill. The bill would require the students attending private school under the provisions of the bill to be included in the average daily attendance of the school district.

The bill would apply beginning with the 2016-17 school year.

### **Methodology**

According to the Texas Education Agency, Grand Prairie ISD is the only school district that would be eligible under the provisions of the bill.

There would be no significant fiscal impact to the state of a student who attends a private school under the provisions of the bill who would have otherwise enrolled in a Grand Prairie school, because the student would be counted in Grand Prairie ISD's average daily attendance regardless of the legislation.

To the extent a student attends a private school under the provisions of the bill who would have otherwise not enrolled in a Grand Prairie school, the state would incur a cost because, under the provisions of the legislation, the student would be included in Grand Prairie's ADA and subject to state funding under the Foundation School Program (FSP).

According to the National Center for Education Statistics, the total number of private school students enrolled in Texas was 223,469 in the 2011-12 school year. Based on a statewide enrollment of 4,978,120 in Texas public schools in the same school year, this analysis assumes a ratio of 4.49 private school students for every 100 students in enrolled in public schools in Texas. Applying the same ratio of private school students to the Grand Prairie ISD enrollment, this analysis assumes that 1,305 students would have not otherwise enrolled in a Grand Prairie school, but would be eligible to enroll in a private school at no cost to the student under the provisions of the bill in the 2016-17 school year. This analysis also assumes this number of students would grow by 1.7 percent per year, increasing to 1,373 in the 2019-20 school year.

Statutory provisions in Chapter 42 of the Education Code stipulate that the basis for payments of state aid in the FSP are estimates of student enrollment provided to the legislature by the TEA on October 1 and March 1. Statute further provides for a process by which the state settles up with school districts based on actual enrollment in the subsequent school year. As such, for purposes of this estimate, it is assumed that for the 2016-17 biennium, districts would continue to be paid based on the estimates of student counts TEA submitted to the Legislative Budget Board in March 2015. As a result, the costs accrued for the 2016-17 school year would be realized in fiscal year 2018 through the settle-up process. Beginning with the 2017-18 school year, payments would be based on student estimates provided in March 2017 that would take into account the additional private school students participating in the program who would have not otherwise enrolled in the Grand Prairie school district. As such, the costs for the 2017-18 school year would be realized in fiscal year 2018. Because both the school year 2016-17 FSP costs and the 2017-18 school year costs would be realized in fiscal year 2018, costs for that year would be substantially larger than

the other years. For the 2018-19 school year and the 2019-20 school year, costs would continue to accrue in fiscal years 2019 and 2020, respectively.

Under current law, Grand Prairie school district's maintenance and operations funding under the Foundation School Program is \$7,848 per student. Applying this level of funding to the estimated number of students who would not have otherwise enrolled in a Grand Prairie school, and considering the FSP payment process described above, there would be estimated costs of \$20.7 million in fiscal year 2018, \$10.6 million in fiscal year 2019, and \$10.8 million in fiscal year 2020.

### **Local Government Impact**

Grand Prairie ISD would incur administrative costs associated with implementing the provisions of the bill.

**Source Agencies:** 701 Central Education Agency

**LBB Staff:** UP, JBi, AM, AH