LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATURE 1st CALLED SESSION - 2017

July 24, 2017

TO: Honorable Dan Huberty, Chair, House Committee on Public Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB178** by Cortez (Relating to funding for public school career and technology programs.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB178, As Introduced: a negative impact of ($88,700,000) through the biennium ending August 31, 2019.

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
2018	($39,200,000)
2019	($49,500,000)
2020	($62,100,000)
2021	($72,500,000)
2022	($86,300,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from *Foundation School Fund* 193
2018	($39,200,000)
2019	($49,500,000)
2020	($62,100,000)
2021	($72,500,000)
2022	($86,300,000)

Fiscal Analysis

The bill would amend Section 42.154, Education Code to extend weighted funding provided through the Foundation School Program (FSP) career and technology allotment to the participation of grade 8 students in eligible career and technical education courses. The bill would take effect September 1, 2017 if it receives a vote of two-thirds of all members elected to each

chamber; otherwise, it would take effect on the 91st day after the last day of the legislative session.

Methodology

The bill would increase state cost for the FSP. Current law provides weighted funding for Grades 9-12 attendance on a full-time equivalent (FTE) basis in eligible career and technical education courses. Participation in eligible career and technical education courses generates entitlement for school districts and charter schools through Tier 1 and the weighted average daily attendance (WADA) calculated using the Tier 1 allotment generates additional entitlement under Tier 2. Current law entitlement in both portions of the FSP attributable to the existing grades 9-12 participation in eligible career and technology courses is projected to provide about $750 million each year of the 2018-2019 biennium above the entitlement that would otherwise have been earned by attendance in unweighted regular program courses.

This estimate assumes that career and technology education (CTE) participation of Grade 8 students would be similar to the current CTE participation of Grade 9 students at full implementation. Enrollment data for the 2016-17 school year indicate that 66% of Grade 9 students are enrolled in at least one CTE course. The latest attendance data, for school year 2015-16, indicate that Grade 9 attendance in CTE courses eligible for weighted funding equaled 51,964 FTEs generating funding through the FSP career and technology allotment.

This estimate assumes that participation by Grade 8 students would phase-in gradually over several years as schools expand course offerings and adjust scheduling options to accommodate increased Grade 8 CTE enrollment. The estimate assumes about 23% of Grade 8 students would enroll in a one-hour CTE course in fiscal year 2018, increasing to about 46% of Grade 8 students enrolling in at least one CTE course by fiscal year 2022. Under this assumption, Grade 8 CTE participation in fiscal year 2018 would result in approximately 15,240 FTEs earning funding through the FSP career and technology allotment, increasing to about 35,523 FTEs by fiscal year 2022.

A model of the additional Grade 8 FTEs earning the allotment indicates estimated additional state cost of $39.2 million in FY18 and $49.5 million in FY19, increasing to $86.3 million in FY22.

Local Government Impact

School districts would receive additional state aid and/or retain local revenue that would otherwise be recaptured.

Source Agencies: 701 Texas Education Agency

LBB Staff: UP, THo, AM, AH, AG