

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

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**March 11, 2017**

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

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

**IN RE: HB539** by VanDeaver (Relating to the ability of certain students to enroll full-time in courses provided through the state virtual school network.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB539, As Introduced: a negative impact of (\$5,252,086) 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2018	(\$2,603,910)
2019	(\$2,648,176)
2020	(\$2,693,195)
2021	(\$2,738,980)
2022	(\$2,785,542)

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

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from Foundation School Fund 193</b>
2018	(\$2,603,910)
2019	(\$2,648,176)
2020	(\$2,693,195)
2021	(\$2,738,980)
2022	(\$2,785,542)

## **Fiscal Analysis**

The bill would modify the eligibility of students to enroll full-time in courses provided by the state virtual school network (TxVSN) by expanding eligibility to certain students. The bill would allow students who are dependents of members of the United States military residing in Texas to participate as full-time students in the TxVSN regardless of whether they were enrolled in a public school in Texas in the preceding year.

The bill would take effect on September 1, 2017, or immediately if passed with the necessary voting margins, and would apply beginning in school year 2017-18.

## **Methodology**

The bill has fiscal implications for the Foundation School Program (FSP), but not the operations of the Texas Education Agency (TEA).

Expanding the eligibility of participation in full-time electronic courses through the TxVSN to any student who is a dependent of a member of the United States military residing in Texas, regardless of whether they were enrolled in a public school in Texas in the preceding year, would result in the cost of enrolling certain students who do not currently attend public schools.

Based on the provisions of this bill, this analysis assumes approximately 0.5 percent of the total military students who are currently enrolled in grades 3 to 12 would likely choose to enroll full-time in the TxVSN. The 0.5 percent participation rate considers two factors: 1) approximately 0.3 percent of the total grades 3 to 12 student population are currently enrolled in full-time programs through the TxVSN; and 2) the military student participation rate may exceed the participation rate of total student population based on expanded eligibility for these students and student mobility considerations.

Based on information provided by TEA, the number of military dependents in grades 3 to 12 enrolled in Texas public schools is 63,500 in school year 2016-17. This estimate assumes average daily attendance (ADA) equivalent of 0.5 percent of the 63,500 students in school year 2016-17, or 318 students, would enroll in the full-time courses through the TxVSN in fiscal year 2018. The population of grade 3 to 12 military dependent students would grow annually at the same rate as the student population as a whole, approximately 1.7 percent.

Assuming an additional state cost for Foundation School Program (FSP) entitlement of \$8,200 per student in average daily attendance, \$2.6 million in additional FSP state cost would be estimated for these students enrolling in full-time courses through the TxVSN in fiscal year 2018 and \$2.65 million in fiscal year 2019, increasing to approximately \$2.8 million in fiscal year 2022.

## **Local Government Impact**

School districts and open-enrollment charter schools could incur additional costs for mentoring and other support for students that are not currently enrolled in a public school district who may choose to enroll in courses through the Texas Virtual School Network (TxVSN). These costs would be anticipated to vary considerably among districts.

**Source Agencies:** 701 Texas Education Agency

**LBB Staff:** UP, THo, AM, AW, AG, SD