

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 11, 2017

TO: Honorable Donna Campbell, Chair, Senate Committee on Veteran Affairs & Border Security

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB587 by Campbell (Relating to the ability of certain students to enroll full-time in courses provided through the state virtual school network.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB587, Committee Report 1st House, Substituted: a negative impact of (\$5,252,086) through the biennium ending August 31, 2019, assuming the agency implements the program. The agency is not required to implement the legislation in the absence of an appropriation.

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 | (\$2,603,910) |
| 2019 | (\$2,648,176) |
| 2020 | (\$2,693,195) |
| 2021 | (\$2,738,980) |
| 2022 | (\$2,785,542) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Savings/(Cost) from Foundation School Fund 193 |
|--------------------|--|
| 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 require the Texas Education Agency to implement the provisions of the bill only if the Legislature appropriates funding specifically for that purpose and would allow the agency to implement the provisions using other appropriations if available. 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). This analysis estimates the costs of implementing the provisions of the bill assuming that either the Legislature appropriates money specifically for that purpose or that the agency identifies available funds.

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, LBO, AM, AW, SD