

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 15, 2019

TO: Honorable Rafael Anchia, Chair, House Committee on International Relations & Economic Development

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB441 by Bernal (Relating to a state subsidy for the cost of general education development exams for those over the age of 21.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB441, As Introduced: a negative impact of (\$1,486,724) through the biennium ending August 31, 2021.

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
2020	(\$743,362)
2021	(\$743,362)
2022	(\$743,362)
2023	(\$743,362)
2024	(\$743,362)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1
2020	(\$743,362)
2021	(\$743,362)
2022	(\$743,362)
2023	(\$743,362)
2024	(\$743,362)

Fiscal Analysis

The bill would amend the Labor Code relating to a state subsidy for the cost of general education development exams for those over the age of 21. The bill requires the Texas Workforce

Commission (TWC) to provide a subsidy equal to the cost of a general education development (GED) exam to individuals over the age of 21 who are participating in the Adult Education and Literacy (AEL) program under Labor Code, Chapter 315. The bill requires the subsidy to be used for the full amount of the GED exam administration.

The bill would take effect immediately upon receiving a vote of two-thirds of all members elected to the House and Senate or otherwise on September 1, 2019.

Methodology

Based on information provided by TWC, it is estimated that implementing the provisions of the bill would result in a cost of \$743,362 each fiscal year from General Revenue Funds.

There are three high school equivalency (HSE) assessment exams, including the GED exam, the High School Equivalency Test (HiSET) exam, and the Test Assessing Secondary Completion (TASC) exam, that are approved for use in Texas and can result in an individual receiving the Texas Certificate of High School Equivalency, the state's official equivalency award issued by the Texas Education Agency. This analysis assumes that the provisions of the bill would apply to all three types of HSE exams.

According to TWC, the U.S. Department of Education states the use of Adult Education and Family Literacy Act (AEFLA) federal funds to pay for the administration of HSE exams is not an allowable use of federal funds. Therefore, this analysis assumes the provisions of the bill would be implemented using General Revenue Funds.

The AEL program administered under Labor Code, Chapter 315, provides services to out-of-school individuals who are over the age of 16 and who are not enrolled or required to be enrolled in secondary school and who meet other eligibility requirements under the AEFLA. This analysis assumes the provisions of the bill would be implemented for individuals over the age of 21.

According to TWC, the average cost of an HSE exam is \$137. During the AEL program year from July 2017 to June 2018, 5,426 AEL participants over the age of 21 took at least one component of an HSE exam. This analysis assumes an estimated cost of \$743,362 each fiscal year to pay the full cost of the HSE exam, including all components, for AEL participants over the age of 21.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 320 Texas Workforce Commission

LBB Staff: WP, CLo, SGr, CP