

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

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**April 3, 2019**

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

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

**IN RE: HB3683** by Dutton (Relating to authorizing a dropout recovery competency-based educational program provided through a campus or campus program charter or open-enrollment charter school.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3683, As Introduced: a negative impact of (\$7,409,023) 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	(\$267,439)
2021	(\$7,141,584)
2022	(\$20,762,757)
2023	(\$34,474,357)
2024	(\$48,185,957)

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

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Foundation School Fund</i> 193	Change in Number of State Employees from FY 2019
2020	(\$267,439)	\$0	2.0
2021	(\$285,784)	(\$6,855,800)	2.0
2022	(\$195,357)	(\$20,567,400)	2.0
2023	(\$195,357)	(\$34,279,000)	2.0
2024	(\$195,357)	(\$47,990,600)	2.0

**Fiscal Analysis**

The bill would create a dropout recovery competency-based educational program. The bill would

authorize the Commissioner of Education to grant a charter to an entity eligible under the program under Chapter 12, Subchapter D of the Education Code; authorize an open-enrollment charter school that has been granted a charter under Chapter 12, Subchapter D of the Education Code to provide the program; or authorize a campus or campus program that has been granted a charter under Chapter 12, Subchapter C of the Education Code to provide the program.

The bill would require the Commissioner of Education to establish requirements to demonstrate satisfactory completion of the program.

The bill would entitle an open-enrollment charter school or campus or campus program authorized to operate under the provisions of the bill to receive state funding as provided by Section 12.106 of the Education Code. The bill would require the Commissioner to determine a method to calculate average daily attendance based on a student's successful completion of a number of courses as determined by commissioner rule and a student's hours of contact time with that school.

The bill would require the Commissioner to report to the Legislature not later than December 1, 2027 on an evaluation of the implementation of the provisions of this bill, and make recommendations regarding any legislative or other action.

### **Methodology**

Based on information provided by the Texas Education Agency (TEA), it is assumed that additional students not currently generating entitlement through the Foundation School Program (FSP) would become eligible under the provisions of the bill. TEA estimates that beginning in fiscal year 2021, 1,000 additional students would participate in the program generating FSP entitlement, and increasing by 2,000 additional students in each subsequent year. TEA assumed an average attendance rate of 70 percent. Based on average charter school funding of \$9,794 per student in average daily attendance, the estimated cost to the FSP would \$6.9 million in fiscal year 2021, \$20.6 million in fiscal year 2022, increasing to \$48.0 million in fiscal year 2024.

This analysis assumes that TEA would need two additional full-time equivalents (FTEs) to implement the provisions of the bill. Estimated costs of these FTEs, including salary, benefits, and other operating expenses is \$212,357 in fiscal year 2020, and \$195,357 in subsequent years.

### **Technology**

TEA estimates technology costs of \$55,082 in fiscal year 2020 and \$90,427 in fiscal year 2021 to updated the Charter School Tracking System, and to update the Texas Student Data System to track a student's successful completion of courses and contact hours associated with the program authorized under the provisions of the bill.

### **Local Government Impact**

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

**Source Agencies:** 701 Texas Education Agency

**LBB Staff:** WP, HL, AM, AH