

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 8, 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: HB3941 by Deshotel (Relating to online adult high school diploma programs.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB3941, As Introduced: a negative impact of (\$6,935,577) 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	(\$130,613)
2021	(\$6,804,964)
2022	(\$19,876,237)
2023	(\$33,069,837)
2024	(\$46,263,437)

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	(\$130,613)	\$0	1.0
2021	(\$208,164)	(\$6,596,800)	1.0
2022	(\$85,837)	(\$19,790,400)	1.0
2023	(\$85,837)	(\$32,984,000)	1.0
2024	(\$85,837)	(\$46,177,600)	1.0

Fiscal Analysis

The bill would establish a process by which accredited online adult high school diploma programs could operate in the state. The bill would specify various requirements for student eligibility,

including that the student be 19 years of age or older and a Texas resident. A student enrolling in a program authorized under the bill would be entitled to the benefits of the Foundation School Program and could be counted in attendance for the actual number of hours each school day that the student attends the program. The Commissioner of Education would be authorized to revoke a program's authorization to operate based on student performance, graduation rates, or other relevant factors.

The bill would take immediate effect if it receives a two-thirds vote of each house of the Legislature. Otherwise the bill would take effect September 1, 2019.

Methodology

According to the Texas Education Agency (TEA), the agency estimates that it would take one year to approve eligible providers and that 1,000 additional students would attend online adult high school programs in fiscal year 2021. The agency estimates that these students would average an 70 percent attendance rate, given that the students are likely to have work, family, and other responsibilities in addition to their school work. The agency assumes that the number of students enrolled in the program would increase by 2,000 students each year up to a count of 7,000 students in fiscal year 2024. Based on these assumption, FSP costs in fiscal year 2021 would total \$6.6 million, rising to \$46.2 million by fiscal year 2024. To the extent that additional students enroll in online adult high school programs, costs would be higher.

According to TEA, the agency projects that one additional FTE would be required to write rules, calculate state aid, propose PEIMS changes, and to provide technical support for new entities. This analysis assumes that costs associated with this FTE, including salary, benefits, and other operating costs would total \$175,674 in the biennium.

Technology

To make the various required updates to the TSDS system, including the creation of new data elements related to hours spent in attendance of online adult high school diploma programs as well as other programming tasks, TEA estimates that \$163,103 would be required in the 2020-2021 biennium.

Local Government Impact

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

Source Agencies: 701 Texas Education Agency

LBB Staff: WP, AM, THo, SD