

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

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

**April 3, 2019**

**TO:** Honorable Larry Taylor, Chair, Senate Committee on Education

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

**IN RE: SB380** by Hall (Relating to a student's eligibility to enroll in courses provided through the state virtual school network.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB380, As Introduced: a negative impact of (\$142,561,560) 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2020	(\$70,680,000)
2021	(\$71,881,560)
2022	(\$73,103,547)
2023	(\$74,346,307)
2024	(\$75,610,194)

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

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from Foundation School Fund 193</b>
2020	(\$70,680,000)
2021	(\$71,881,560)
2022	(\$73,103,547)
2023	(\$74,346,307)
2024	(\$75,610,194)

**Fiscal Analysis**

The bill would repeal various eligibility requirements for enrollment in full-time Virtual School Network programs. Among the requirements that would be repealed by the bill is the requirement that a student be enrolled in a Texas public school in the preceding year. The bill would instead

allow a student to enroll in courses offered through the Virtual School Network course catalog or in a Virtual School Network full-time online school if the student has not graduated from high school and is under 21 years of age. The bill would also allow a student to enroll in courses offered through the Virtual School Network if the student is under 26 years of age and enrolled in an adult charter school pilot program.

The bill would apply beginning with the 2019-2020 school year. The bill would take immediate effect if it receives a two-thirds vote in each house of the Legislature. Otherwise, the bill would take effect September 1, 2019.

### **Methodology**

The Texas Education Agency estimates that if 2.5 percent of the estimated 300,000 home-schooled fourth through twelfth graders in Texas enrolled in a Virtual School Network full-time online program, and using an annual per student FSP entitlement cost of \$9,424, additional state cost for Foundation School Program entitlement would total \$70,680,000 in fiscal year 2020 (7,500 students annually \* \$9,424 = 70,680,000). Assuming a 1.7 percent growth rate, this cost would grow to \$75,610,194 by fiscal year 2024. Costs could be higher if a larger share of home-schooled students chose to enroll or if the number of students grew more rapidly.

### **Local Government Impact**

The six authorized full-time online schools could see increased costs related to the increase in any number of students served by those schools. Costs would be offset by the increased per student funding, although full-time online schools only receive that funding based on students' successful completion.

With respect to the online course catalog, school districts charge a fee for non-public school students who enroll in courses offered through the online course catalog. Thus, the bill's provisions related to the online course catalog are not expected to have significant costs for school districts.

**Source Agencies:** 701 Texas Education Agency

**LBB Staff:** WP, HL, AM, THo, AF