

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 13, 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:** **SB1045** by Hughes (Relating to academic accountability ratings for certain school districts, open-enrollment charter schools, and contracted entities that offer full-time online programs through the state virtual school network.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1045, As Engrossed: a negative impact of (\$345,182) 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	(\$176,591)
2021	(\$168,591)
2022	(\$168,591)
2023	(\$168,591)
2024	(\$168,591)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Change in Number of State Employees from FY 2019
2020	(\$176,591)	1.5
2021	(\$168,591)	1.5
2022	(\$168,591)	1.5
2023	(\$168,591)	1.5
2024	(\$168,591)	1.5

## **Fiscal Analysis**

The bill would require a school district or charter school contracting with an entity to operate a full-time online school program to report to the Texas Education Agency (TEA) the identity of the contracted entity and the other information required under the Public Education Information Management System (PEIMS) related to staff and finances, as if the entity was a campus.

A school district or charter school would be required to revoke a contract with an entity operating a full-time online program if the entity received an accountability rating of a D or F each of the three most recent school years. This requirement would not apply to accountability ratings that were issued before the 2018-2019 school year. TEA would be required to notify the school district of such a condition. A school district or charter school that had revoked a contract in this manner would be prohibited from operating a full-time online program for a period of 10 years.

A school district or charter school would be prohibited from contracting with an entity to operate a full-time online program if the entity had been subject to this type of contract revocation within the last 10 years. TEA would be required to list entities that had been subject to contract revocation on its website.

An entity operating a full-time online program would receive an accountability rating for each full-time online program that it operated. It would receive an accountability rating for each full-time online program as if each were a campus and for the entity itself as if it were a school district.

The bill also requires that a school district's traditional classroom instruction be evaluated separately from a full-time online program offered by the school district for accountability purposes. This requirement would expire on September 1, 2021. The bill's other provisions would apply beginning with the 2019-2020 school year.

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

## **Methodology**

According to TEA, some provisions of the bill would not satisfy the requirements of federal law, which requires that certain accountability measures take into account the achievement of all students, including online students. Consequently, the agency would face increased staffing costs to implement the accountability, database, and programming changes required to implement the bill and ensure compliance with federal accountability requirements. According to TEA, the agency would require 1.5 Programmer V FTEs. This analysis assumes that costs associated with these FTEs, including salary, benefits, and other expenses, would total \$176,591 in fiscal year 2020 and \$168,591 in subsequent fiscal years.

## **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, THo