

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 5, 2021

TO: Honorable Harold V. Dutton, Jr., Chair, House Committee on Public Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB572 by Dutton (Relating to authorizing a dropout recovery competency-based educational pilot 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 HB572, As Introduced : a negative impact of (\$7,145,940) through the biennium ending August 31, 2023.

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:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	(\$319,420)
2023	(\$6,826,520)
2024	(\$176,070)
2025	\$0
2026	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund</i>	<i>Probable Savings/(Cost) from Foundation School Fund</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$319,420)	\$0	3.0
2023	(\$482,420)	(\$6,344,100)	3.0
2024	(\$176,070)	\$0	2.0
2025	\$0	\$0	0.0
2026	\$0	\$0	0.0

Fiscal Analysis

The bill's provisions would authorize a dropout recovery competency-based educational pilot program provided through a campus, campus program charter, or open-enrollment charter school for students ages 14 to 26 who meet certain criteria.

Methodology

To qualify for the pilot, a school must serve grades 9-12, have over 50% of its students be at least 17 years old,

and meet the alternative education accountability (AEA) eligibility requirements and register as an AEA school. Charter schools would need to engage in two admission and enrollment application cycles to ensure they continue to meet the 50% threshold. TEA would need to develop a new application and system for review. TEA assumes on-going costs of 2 FTEs (one Program Specialist VI and one Research Specialist III) associated with the implementation of the bill to conduct input meeting(s), promulgate rules, create an application, verify and coordinate data requirements, submission of calendars and class schedules, vetting of applications, and creation of the legislative report. TEA estimates enhancements to the Charter School Tracking System to be \$25,000 in FY 2022.

TEA assumes that additional students not currently generating entitlement through the Foundation School Program (FSP) would become eligible for the pilot program under the provisions of the bill. There were 30,898 dropout students grade 9 through 12 in Texas in fiscal year 2019, the latest year with available data. The agency assumes it would take one year for charters to be granted authorization under the pilot and estimates that 1,000 additional students would enroll in FY 2023. Converting student enrollment to average daily attendance (ADA) using the most recent 2017-2018 statewide attendance data (954) and assuming less than normal contact hours and course completion requirements (70%), TEA estimates an ADA increase of 667.8. The average charter school funding per ADA is \$9,500 in fiscal year 2020, increasing costs to the FSP by \$6,344,100 ($667.8 * \$9,500$) in FY 2023.

Based on similar initiatives, TEA estimates the need for an additional Financial Analyst III to administer the program and generate a report evaluating the pilot program. The program would require extensive rule adopting and extensive technical support for new entities.

The commissioner of education would be required to submit a report to the legislature no later than December 1, 2023. TEA estimates the cost for an external vendor to support this requirement would be \$200,000 in FY 2023.

The salary of the 3 FTEs detailed in TEA's analysis would be \$206,253 in FY 2022 and FY 2023, and \$128,391 for the Program Specialist and Research Specialist in FY 2024. Benefits and payroll would total \$67,073 and \$3,094 in FY 2022 and FY 2023; and \$41,753 and \$1,926 in FY 2024. Total new employee costs would be \$276,420 in FY 2022 and FY 2023 and \$172,070 in FY 2024.

TEA estimates other operating expenses to be \$18,000 in FY 2022; \$6,000 in FY 2023; and \$4,000 in FY 2024.

The bill's provision relating to the Dropout Recovery Competency-Based Education pilot program expire December 1, 2023.

Local Government Impact

The bill's provisions would require participating school districts and open-enrollment charter schools to have an audit of the program operation by an independent certified public accountant, at the entity's expense.

Source Agencies: 701 Texas Education Agency

LBB Staff: JMc, SL, AH