

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 16, 2021

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1942 by VanDeaver (relating to the adult high school charter school program.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1942, Committee Report 1st House, Substituted : a negative impact of (\$1,600,719) 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	(\$324,663)
2023	(\$1,276,056)
2024	(\$7,118,887)
2025	(\$9,983,460)
2026	(\$12,893,787)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Savings/(Cost) from Foundation School Fund 193</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$324,663)	\$0	2.0
2023	(\$1,276,056)	\$0	2.0
2024	(\$192,748)	(\$6,926,139)	2.0
2025	(\$192,748)	(\$9,790,712)	2.0
2026	(\$192,748)	(\$12,701,039)	2.0

Fiscal Analysis

Under existing law, only one entity is authorized to operate an adult high school charter school program, which is the Excel Center in Austin. The bill would authorize the commissioner of education to grant up to two charters each year to adult high school diploma and industry certification charter school programs. The bill would limit the total number of adult high school charters to six. No new charter could be authorized before Sept. 1, 2023, no more than two could be authorized before Sept 1, 2024, and no more than four could be authorized before Sept 1, 2026. A newly granted charter holder could not enroll more than 350 students in its first two years.

Each program authorized under the bill would be open to individuals who are between 18 and 50 years of age would had failed to achieve a high school diploma. The bill would establish a committee to make recommendations assessments and accountability for the programs. The bill would establish certain performance standards to judge the performance of each school, and establish a process by which the commissioner could revoke a charter for failure to meet the performance standards.

Under existing law, The Excel Center receives funding equivalent to per student funding for a student in attendance at a more traditional open-enrollment charter school. For participants who are 26 years of age and older, are allocated from the General Revenue Fund, while costs associated with students who are aged 18 through 25 come from the Foundation School Program. Beginning in the 2023-24 school year, the bill would eliminate provisions related to general revenue appropriations for adult high school charter students who are 26 years of age and older. Instead, the bill would fund all adult high school students through the Foundation School Program.

Average daily attendance (ADA) for students enrolled in an adult charter school program would be determined based on the following definition:

A student would be considered in ADA at a 100% attendance rate for:

- 1) All instructional days of the school year if the student is enrolled for at least 75 percent of the school year;
- 2) Half of the instructional days if the student is enrolled for at least 50 percent but less than 75 percent;
- 3) One quarter instructional days if the student is enrolled for at least 25 percent but less than 50 percent; or
- 4) One-tenth of the instructional days if the student is enrolled for at least 10 percent but less than 25 percent.

A student enrolled for less than 10 percent of an school year could not be counted toward ADA.

The bill would provide compensatory education funding for qualified students in an amount proportional to the student's program enrollment.

The bill would provide an annual allotment equal to the maximum basic allotment, adjusted by weights for the following credits in the preceding school year:

- 1) A weight of 0.01 for a course other than a career and technology education (CTE) course; and
- 2) A weight of 0.02 for a CTE course.

In addition, a weight of 0.1 would be established for each student successfully completing the program and earning a high school diploma during the preceding school year.

Methodology

The Legislative Budget Board relied on projections provided by the Texas Education Agency (TEA) in estimating the fiscal impact of the bill. Several components of TEA's estimate are based on based its estimate by analyzing trend data from the Excel Center.

Opening the adult charter school program to new charter applicants would result in additional ADA at newly approved charters. TEA estimates that enrollment in adult charter school programs would grow from the projected 1,015 enrolled at the Excel Center in fiscal year 2022 to a total 2,624 by 2026 at the Excel Center and at the four new programs authorized under the bill.

TEA estimates that 80 percent of the ADA of new charter school students and 26-50 year-old Excel Center students above the current appropriation would be enrolled between 50 and 100 percent of each school year. TEA estimated that 89 percent of the ADA of new charter school students and 26-50 year-old Excel Center students above the current appropriation would qualify for the allotment. In the funding calculations, TEA applied an average weight of 0.250 to the basic allotment, representing the projected census block tier for those economically disadvantaged students.

TEA estimated that 6 percent of enrolled students would earn an industry-accepted certificate, based on historical Excel Center data, and that these students would generate a \$5,000 college, career, and military readiness bonus for each graduate demonstrating career readiness by earning an industry-accepted certificate.

TEA estimated that 39 percent of students would earn a high school diploma, based on average historical Excel Center graduation data.

In the 2022-23 biennium, TEA estimates additional General Revenue costs of \$63,004 in fiscal year 2022 and \$935,555 in fiscal year 2023 associated with students aged 26-50 at the Excel Center in excess of the current appropriation designated for this age group.

Total costs ADA costs associated with the expansion would be \$2,811,668 in All Funds in fiscal year 2023. Foundation School Program costs would begin in 2024. These costs would be attributable to more students attending the new programs authorized under the bill, the impact of the weights and results-based funding provisions, and the cost of the Excel Center students aged 26-50 in excess of the current appropriation. TEA estimates that FSP costs would begin at \$6,926,139 in fiscal year 2024 and would grow as new programs are added.

This analysis assumes that one new program support FTE would be required to support the expanded Adult Charter School program and that one programmer would be required to provide software and data support. Total costs associated with the FTEs would be \$200,749 in fiscal year 2022 and \$192,749 in fiscal year 2023.

Total costs associated with the advisory committee would total \$11,660 in fiscal year 2022.

Technology

TEA estimates professional services costs of \$49,251 in fiscal year 2022 and \$147,753 in fiscal year 2023 related to updating the Texas State Data System.

Local Government Impact

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

Source Agencies: 300 Trusteed Programs - Gov, 320 Texas Workforce Commission, 701 Texas Education Agency, 781 Higher Education Coordinating Board

LBB Staff: JMc, SL, AH, THO