

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: HB1942 by VanDeaver (Relating to the adult high school diploma and industry certification charter school program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1942, As Introduced : a negative impact of (\$3,343,296) 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 | (\$269,814) |
| 2023 | (\$3,073,482) |
| 2024 | (\$6,889,758) |
| 2025 | (\$12,095,343) |
| 2026 | (\$19,276,040) |

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 | (\$269,814) | \$0 | 2.0 |
| 2023 | (\$2,369,816) | (\$703,666) | 2.0 |
| 2024 | (\$5,157,413) | (\$1,732,345) | 2.0 |
| 2025 | (\$8,859,186) | (\$3,236,157) | 2.0 |
| 2026 | (\$13,841,481) | (\$5,434,559) | 2.0 |

Fiscal Analysis

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. Under existing law, only one entity is authorized to operate an adult high school charter school program. 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 to the commissioner about adult high school charter applications, 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.

Methodology

Adult high school charter holders would be eligible for funding that is 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, the funds would be allocated from the General Revenue Fund, which costs associated with students who are aged 18 through 25 would come from the Foundation School Program.

The Texas Education Agency (TEA) based its estimate by analyzing trend data from the Excel Center in Austin, which is the one adult charter school that is authorized to receive funding under existing law. Opening the adult charter school program to new charter applicants would result in additional average daily attendance (ADA) at newly approved charters. The agency estimates that in fiscal year 2023, this would result in 200.0 additional ADA, which would be funded at a rate of \$9,851 per ADA. TEA estimates that 35.7 percent of the students would be in the age 18-25 range and would be funded out of the Foundation School Fund (Fund 193), while the remaining 64.3 percent would be in the age 26-50 range and would be funded out of General Revenue (Fund 1). TEA estimates that the bill would result in 1,544.6 additional ADA at newly approved adult charter schools in fiscal year 2026.

In addition to increased funding at new adult charter school programs, TEA estimates that the bill would also result in increased ADA at the Excel Center in the age 26-50 range. This would result in 87.0 additional ADA in the age 26-50 range, according to the agency, and would be funded at a rate of \$9,668 per ADA. The increase in ADA for the age 26 to 50 age range at the Excel Center is estimated to increase to 392.841 by fiscal year 2026.

Total costs ADA costs associated with the expansion would be \$2,811,668 in All Funds in fiscal year 2023.

This analysis assumes that one new program support FTE would be required to support the expanded Adult Charter School program. In addition, this analysis assumes that one Attorney would be required to assist in the approval and review of charter applicants. Costs associated with these positions would total \$269,814 in fiscal year 2022 and \$261,814 in fiscal year 2023.

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