

**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: HB2554** by Gates (Relating to the establishment of joint vocational school districts to provide eligible high school students with vocational and educational training under a plan for the issuance of a high school diploma, the funding of those districts under the foundation school program, and the operation of certain vocational education charter programs.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2554, As Introduced : a negative impact of (\$826,433) 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	(\$392,836)
2023	(\$433,597)
2024	(\$354,455)
2025	(\$354,455)
2026	(\$354,455)

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

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$392,836)	3.0
2023	(\$433,597)	3.0
2024	(\$354,455)	3.0
2025	(\$354,455)	3.0
2026	(\$354,455)	3.0

**Fiscal Analysis**

The bill would allow two or more school districts to petition the State Board of Education (SBOE) to create a joint vocational school district for the purpose of providing vocational education and training to high school students. A student would be eligible to attend school in a joint vocational school district if the student attends a campus has completed tenth grade in a member school district or other eligibility criteria established in the

bill. The bill requires that the SBOE establish minimum curricula requirements for joint vocational school districts.

The bill would also prohibit the commissioner of education from requiring that a student enrolled in a joint vocational school district be administered any assessment not required under federal law and would require the commissioner to establish a separate set of accountability measures for students enrolled in a joint vocational school district. A student enrolled in a joint vocational school district would be eligible for a subsidy to take licensure exams. An employee of the district would qualify for membership in the Teacher Retirement System of Texas to the same extent that any other school district employee would be entitled.

### **Methodology**

According to the Texas Education Agency, the bill would require the development of a parallel accountability system for joint vocational school district. As a consequence of this and other requirements in the bill, TEA would require the addition of three FTEs to manage, process, and report the state and federal data required for joint vocational districts. Salary, benefits, and other operating costs associated with these positions would total \$366,455 in fiscal year 2022 and \$354,455 in fiscal year 2023.

The bill would entitle joint vocational school districts to funding under the Foundation School Program (FSP). For students transferring from another school district or open-enrollment charter school, there would be an offsetting savings at the district or charter school the student previously attended, and this analysis assumes that any costs or savings associated with the transfer to the joint vocational district would not be significant. To the extent that students enroll in a joint vocational district without withdrawing from another public school within the State of Texas, there would be a cost to the FSP, but this analysis does not assume that amount to be significant.

The Teacher Retirement System of Texas indicates that it cannot predict the number of new members that might result from the establishment of a joint vocational school district, or how many joint vocational school districts might be established, and therefore, the impact to TRS can not be determined.

### **Technology**

Total development costs related to updating the Texas State Data System and the Foundation School Program supporting application are estimated to be \$26,381 in fiscal year 2022 and \$79,142 in fiscal year 2023.

### **Local Government Impact**

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

**Source Agencies:** 323 Teacher Retirement System, 701 Texas Education Agency

**LBB Staff:** JMc, SL, AH, THO