

**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**March 29, 2021**

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

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB3528** by Sanford (Relating to the grade levels at which students may enroll in courses provided through the state virtual school network.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3528, As Introduced : a negative impact of (\$8,877,974) through the biennium ending August 31, 2023.

**General Revenue-Related Funds, Five- Year Impact:**

<i>Fiscal Year</i>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2022	(\$4,309,781)
2023	(\$4,568,193)
2024	(\$4,338,635)
2025	(\$4,408,517)
2026	(\$4,479,586)

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

<i>Fiscal Year</i>	<b>Probable Savings/(Cost) from General Revenue Fund 1</b>	<b>Probable Savings/(Cost) from Foundation School Fund 193</b>	<b>Change in Number of State Employees from FY 2021</b>
2022	(\$335,381)	(\$3,974,400)	2.0
2023	(\$526,229)	(\$4,041,964)	2.0
2024	(\$227,957)	(\$4,110,678)	2.0
2025	(\$227,957)	(\$4,180,560)	2.0
2026	(\$227,957)	(\$4,251,629)	2.0

**Fiscal Analysis**

The bill would expand the eligibility of students to enroll in the full-time online school (OLS) program offered by the Texas Virtual School Network. Under existing law, the OLS program is only available for students grade three and above. The bill would allow students in grade Kindergarten through two to enroll in the OLS program.

**Methodology**

According to the Texas Education Agency (TEA), expanding OLS eligibility to students in Kindergarten through second grade would result in additional state FSP costs of \$4.0 million in fiscal year 2022 increasing to \$4.3 million in fiscal year 2026. This estimate is based on an assumption that 2.5 percent of an estimated 17,289 home-schooled Kindergarten through second graders would enroll in the OLS program. The estimate further assumes that this population of students would increase at a rate of 1.7 percent per year. The estimate also

assumes that students in Kindergarten and first grade would be determined to be eligible to enroll, despite the requirement of Texas Education Code Section 30A.002(b)(1) that a student was enrolled in a public school in the preceding year. Under existing law, students in Kindergarten and first grade are not otherwise required to be enrolled in school in the preceding year.

The agency estimates that one program FTE would be required to support the expansion of the Virtual School Network to grades Kindergarten through two.

### **Technology**

The agency estimates that one information technology FTE would be required to make the necessary programming adjustments and support development of the TXVSN expansion to additional grade levels. In addition, the agency estimates costs of \$97,386 in FY22 and \$292,158 in FY23 to "develop new technology systems to support course review of grade levels not currently included in TXVSN systems, expand data collection related to the TXVSN, and enable professional development and educator requirement verification for additional K-2 teachers."

### **Local Government Impact**

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

**Source Agencies:** 701 Texas Education Agency

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