

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

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

**April 14, 2021**

**TO:** Honorable Larry Taylor, Chair, Senate Committee on Education

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

**IN RE: SB27** by Taylor (Relating to the state virtual school network; changing a fee.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB27, As Introduced : a negative impact of (\$180,588,118) 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>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2022	(\$89,250,726)
2023	(\$91,337,392)
2024	(\$92,371,166)
2025	(\$94,102,319)
2026	(\$95,866,341)

**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	(\$900,726)	(\$88,350,000)	6.0
2023	(\$1,320,142)	(\$90,017,250)	6.0
2024	(\$655,017)	(\$91,716,149)	6.0
2025	(\$655,017)	(\$93,447,302)	6.0
2026	(\$655,017)	(\$95,211,324)	6.0

**Fiscal Analysis**

The bill would amend the Education Code related to the Statewide Course Catalog and full-time virtual schools under the state virtual school network.

The bill would remove certain requirements related to the eligibility of a student to enroll in the virtual school network, including that the student be required to be enrolled in a public school in the state in the preceding year, be a dependent of a member of the United States military who has been deployed or transferred to the state, or has been placed in substitute care in this state.

The bill would authorize the Commissioner of Education the authority to solicit and accept gifts, grants, or

donations for the implementation of the virtual school network.

The bill would authorize a public or private institution of higher education to be a course provider through the statewide course catalog.

The bill would authorize a student, who would otherwise not qualify, take one or more electronic courses through the statewide course catalog if the student pays the fees related to the course.

The bill describes the amount of Foundation School Program (FSP) funding that would be provided to a school district or charter school that provides access to an electronic course to a student who would otherwise be qualified for funding under the FSP.

The bill would provide for the eligibility to operate a full-time virtual school. The bill would provide limitations to the number of students enrolled in full-time virtual schools, with certain exceptions.

The bill would require the Texas Education Agency (TEA) to create a list of full-time virtual schools; publish related information; provide access to the accountability ratings of each full-time virtual school; and provide notice to each student enrolled in a full-time virtual school and the student's parent of the name and contact information of the operator of the school.

The bill provides for the process of revoking or denying a renewal of a full-time virtual school.

### **Methodology**

Based on information provided by TEA, this analysis assumes that a subset of students who are currently home-schooled, or who would otherwise not be enrolled in public school in the state subject to funding under the FSP, would enroll in courses under the Statewide Course Catalog. Based on information provided by TEA, there are approximately 350,000 home-schooled students in the state, and the agency assumes that 5 percent would enroll in one course through the statewide course catalog, at an estimated cost to the FSP of \$33.3 million in fiscal year 2022, increasing by 1.7 percent per year to \$35.6 million in fiscal year 2026.

TEA estimates that 29,000 students were enrolled in full-time virtual schools in fiscal year 2021. The bill would provide that the number of students enrolled in full-time virtual schools may not exceed 120 percent of this amount, or an additional 5,800 students in fiscal year 2022. At an estimated state cost for FSP entitlement of \$9,500 per student in Average Daily Attendance (ADA), TEA estimates the additional cost to the state of these students would be \$55.1 million, increasing to \$59.6 million by fiscal year 2026.

TEA estimates that six additional FTEs would be required to implement the provisions of the bill. TEA estimates that the related salary of the six FTEs would be \$479,792 per fiscal year and the related benefits would be \$163,225 per fiscal year, with other operating expenses of \$36,000 in fiscal year 2022 and \$12,000 in subsequent years.

### **Technology**

TEA estimates the cost to develop and implement the TxVSN application to implement the provisions of the bill to be \$221,709 in fiscal year 2022 and \$665,125 in fiscal year 2023.

### **Local Government Impact**

TEA indicates that districts and charter schools that chose to operate a full-time online school would incur additional costs related to establishing the school, but would be eligible for FSP funding. TEA also indicates that schools could incur additional costs if the costs of the courses through the statewide catalog were higher than the FSP entitlement generated by the student.

**Source Agencies:** 701 Texas Education Agency

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