

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 22, 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 online learning system; changing a fee.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB27, Committee Report 1st House, Substituted : a negative impact of (\$140,659,618) 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	(\$69,775,726)
2023	(\$70,883,892)
2024	(\$70,914,405)
2025	(\$71,616,998)
2026	(\$72,326,618)

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	(\$900,726)	(\$68,875,000)	6.0
2023	(\$1,320,142)	(\$69,563,750)	6.0
2024	(\$655,017)	(\$70,259,388)	6.0
2025	(\$655,017)	(\$70,961,981)	6.0
2026	(\$655,017)	(\$71,671,601)	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

TEA estimates that 29,000 students were enrolled in full-time virtual schools in fiscal year 2021. If the number of students enrolled in full-time virtual schools increased by 25 percent, an estimated 7,250 students could be enrolled in the 2021-22 school year. 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 \$68.9 million, increasing to \$71.7 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

According to TEA, districts and open-enrollment charter schools that choose to operate a full-time virtual program would incur initial startup costs related to additional administrators, teachers, and technology staff; the development or purchase of online courses and a learning management system; and costs to administer statewide assessments. However, once the program was established, certain students attending the virtual program would generate FSP funding for the district and other students would generate tuition fees.

Source Agencies: 701 Texas Education Agency

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