

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 5, 2023

TO: Honorable Brandon Creighton, Chair, Senate Committee on Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1647 by Parker (Relating to dropout recovery education programs.), As Introduced

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1647, As Introduced : a negative impact of (\$92,990,245) through the biennium ending August 31, 2025.

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> |
|--------------------|---------------------------------------------------------------------------------|
| 2024               | (\$46,185,592)                                                                  |
| 2025               | (\$46,804,653)                                                                  |
| 2026               | (\$47,330,572)                                                                  |
| 2027               | (\$47,940,489)                                                                  |
| 2028               | (\$48,568,704)                                                                  |

All Funds, Five-Year Impact:

| <i>Fiscal Year</i> | <i>Probable (Cost) from General Revenue Fund 1</i> | <i>Probable (Cost) from Foundation School Fund 193</i> | <i>Probable Savings from Recapture Payments Atten Crdts 8905</i> |
|--------------------|----------------------------------------------------|--------------------------------------------------------|------------------------------------------------------------------|
| 2024               | (\$27,022,078)                                     | (\$19,163,514)                                         | \$766,541                                                        |
| 2025               | (\$27,066,234)                                     | (\$19,738,419)                                         | \$789,537                                                        |
| 2026               | (\$27,000,000)                                     | (\$20,330,572)                                         | \$813,223                                                        |
| 2027               | (\$27,000,000)                                     | (\$20,940,489)                                         | \$837,620                                                        |
| 2028               | (\$27,000,000)                                     | (\$21,568,704)                                         | \$862,748                                                        |

Fiscal Analysis

This bill would permit both school districts and charters to use a private or public community-based dropout recovery education program and an education management organization (EMO) to provide alternative education programs for students at risk of dropping out of school. The bill would establish requirements for both in person and remote or hybrid programs; would require the commissioner to include a student who successfully completes a course offered through one of these programs in the computation of the district's or charter school's average daily attendance with a 100 percent attendance rate for funding purposes; and would permit an entity that operates a dropout recovery education program to administer a STAAR assessment on any date selected by the entity.

The bill would amend TEC, 29.081(f), related to the calculation of attendance for students participating in a dropout recovery program.

**Methodology**

This bill would allow entities operating dropout recovery programs to administer state assessments at any point within the calendar year. The implementation of on-demand testing for high school assessments would have significant implications for the delivery, scoring, reporting, security, and validity of assessments. TEA estimates the cost for an on-demand assessment program to be \$27,000,000 each fiscal year.

The bill would require the Commissioner to count any student who successfully completes a course offered through a dropout recovery program as having an attendance rate of 100 percent in the calculation of the district's or school's average daily attendance (ADA). The agency based their assumptions on the fiscal year 2022 ADA in dropout recovery programs of 24,412 ADA and an attendance rate of 92.38 percent. Changing the attendance rate to 100 percent would increase the ADA to 26,272. The agency assumes a cost per ADA of \$10,302 and an annual ADA growth rate of 3 percent for fiscal years 2025-28. The agency estimates that the state cost to the FSP would be \$19.2 million in fiscal year 2024, \$19.7 million in fiscal year 2025, increasing to \$21.6 million in fiscal year 2028. The cost to the FSP includes estimated decreases in Recapture Payments - Attendance Credits of \$0.8 million in fiscal year 2024, \$0.8 million in fiscal year 2025, increasing to \$0.9 million in fiscal year 2028. The decrease in recapture is reflected as a savings in the table above because recapture is appropriated as a method of finance for the FSP in the General Appropriations Act.

**Technology**

TEA estimates the development and implementation costs to the Texas Student Data Systems would be \$22,078 FY24 and \$66,234 in FY25.

**Local Government Impact**

The bill would allow school districts to develop dropout recovery education programs with EMOs.

**Source Agencies:** 701 Texas Education Agency  
**LBB Staff:** JMc, KSk, ASA, SL