

# SENATE AMENDMENTS

2<sup>nd</sup> Printing

By: Lozano, Raymond

H.B. No. 2209

A BILL TO BE ENTITLED

AN ACT

relating to establishing the Rural Pathway Excellence Partnership (R-PEP) program and creating an allotment and outcomes bonus under the Foundation School Program to support the program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter Z, Chapter 29, Education Code, is amended by adding Section 29.912 to read as follows:

Sec. 29.912. RURAL PATHWAY EXCELLENCE PARTNERSHIP (R-PEP) PROGRAM. (a) In this section, "program" means the Rural Pathway Excellence Partnership (R-PEP) program established under this section.

(b) The commissioner shall establish and administer the Rural Pathway Excellence Partnership (R-PEP) program to incentivize and support multidistrict, cross-sector, rural college and career pathway partnerships that expand opportunities for underserved students to succeed in school and life while promoting economic development in rural areas.

(c) The program must enable an eligible school district that lacks an economy of scale, as determined by commissioner rule, to partner with at least one other school district to offer a broader array of robust college and career pathways. Each partnership must:

(1) offer college and career pathways that align with regional labor market projections for high-wage, high-demand careers; and

1           (2) be managed by a coordinating entity that:

2                   (A) has or will have at the time students are  
3 served under the partnership the capacity to effectively coordinate  
4 the partnership;

5                   (B) has entered into a performance agreement  
6 approved by the board of trustees of each partnering school  
7 district that confers to the coordinating entity the same authority  
8 with respect to the pathways offered under the partnership as  
9 provided to an entity that contracts to operate a district campus  
10 under Section 11.174;

11                   (C) is an eligible entity as defined by Section  
12 12.101(a); and

13                   (D) has on the entity's governing board as either  
14 voting or ex officio members representatives of each partnering  
15 school district and members of regional higher education and  
16 workforce organizations.

17           (d) The performance agreement described by Subsection  
18 (c)(2)(B) must:

19                   (1) include ambitious and measurable performance  
20 goals and progress measures tied to current college, career, and  
21 military readiness outcomes and longitudinal postsecondary  
22 completion and employment-related outcomes;

23                   (2) allocate responsibilities for accessing and  
24 managing progress and outcome information and annually publishing  
25 that information on the Internet website of each partnering  
26 district and the coordinating entity;

27                   (3) authorize the coordinating entity to optimize the

1 value of each college and career pathway offered through the  
2 partnership by:

3 (A) determining scheduling;

4 (B) adding or removing a pathway;

5 (C) hiring pathway-specific personnel;

6 (D) developing and exercising final approval of  
7 pathway budgets, which must include at least 80 percent of the state  
8 and local funding to which each partnering school district is  
9 entitled under Chapter 48 and that is attributable to students'  
10 participation in the program, including an allotment under Section  
11 48.106 or 48.118 and an outcome bonus under Section 48.110 or  
12 48.118; and

13 (E) determining other matters critical to the  
14 efficacy of the pathways; and

15 (4) provide that any eligible student residing in a  
16 partnering school district may participate in a college or career  
17 pathway offered through the partnership.

18 (e) An employee of a coordinating entity that manages a  
19 partnership under the program is eligible for membership in and  
20 benefits from the Teacher Retirement System of Texas if the  
21 employee would be eligible for membership and benefits by holding  
22 the same position at a partnering school district.

23 (f) A student enrolled in a college or career pathway  
24 offered through a partnership under the program is not considered  
25 for accountability purposes under Chapter 39 to have dropped out of  
26 high school or failed to complete the curriculum requirements for  
27 high school graduation until the sixth anniversary of the student's

1 first day in high school.

2 (g) A school district proposing to enter into a performance  
3 agreement under this section shall notify the commissioner of the  
4 district's intent to enter into the agreement. The commissioner  
5 shall establish procedures for a district to notify the  
6 commissioner, including the period within which notification is  
7 required before the school year in which the proposed agreement  
8 would take effect, and to provide any additional information  
9 required by the commissioner. The commissioner shall notify the  
10 district whether the proposed agreement is approved or denied not  
11 later than the 60th day after the date the commissioner receives  
12 notification of the proposed agreement and all other information  
13 required by the commissioner. If the commissioner fails to notify  
14 the district that the proposed agreement has been approved or  
15 denied within the period prescribed by this subsection, the  
16 proposed agreement is considered approved.

17 (h) From money appropriated for that purpose, the  
18 commissioner shall establish a grant program to assist in the  
19 planning and implementation of a partnership under the program.  
20 The commissioner may award a grant only to a coordinating entity  
21 that has entered into a performance agreement approved under  
22 Subsection (g). The commissioner may use not more than 15 percent  
23 of the money appropriated for the grant program to cover the cost of  
24 administering the grant program and to provide technical assistance  
25 and support to partnerships under the program.

26 (i) The commissioner shall adopt rules as necessary to  
27 implement this section, including rules establishing:

1           (1) requirements for a coordinating entity and a  
2 performance agreement with the entity;

3           (2) the period for which a partnership under the  
4 program may operate after commissioner approval before renewal of  
5 commissioner approval is required; and

6           (3) standards for renewal of commissioner approval for  
7 a partnership under the program.

8           (j) This section does not prohibit an agreement between a  
9 school district and another entity for the provision of services at  
10 a district campus.

11           (k) The commissioner may accept gifts, grants, and  
12 donations from any source, including private and nonprofit  
13 organizations, for the program. A private or nonprofit  
14 organization that contributes to the program may receive an award  
15 under Section 7.113.

16           SECTION 2. Subchapter C, Chapter 48, Education Code, is  
17 amended by adding Section 48.118 to read as follows:

18           Sec. 48.118. RURAL PATHWAY EXCELLENCE PARTNERSHIP (R-PEP)  
19 ALLOTMENT AND OUTCOME BONUS. (a) For each full-time equivalent  
20 student in average daily attendance in grades 9 through 12 in a  
21 college or career pathway offered through a partnership under the  
22 Rural Pathway Excellence Partnership (R-PEP) program under Section  
23 29.912, a school district is entitled to an allotment equal to the  
24 basic allotment or, if applicable, the sum of the basic allotment  
25 and the allotment under Section 48.101 to which the district is  
26 entitled, multiplied by:

27           (1) 1.15, if the student is educationally

1 disadvantaged; or

2 (2) 1.11, if the student is not educationally  
3 disadvantaged.

4 (b) Each year, the commissioner shall determine for each  
5 school district the minimum number of annual graduates of a college  
6 or career pathway described by Subsection (a) in each cohort  
7 described by Section 48.110(b) who would have to obtain not later  
8 than five years after high school graduation a postsecondary  
9 credential of value, including a degree, certificate, or other  
10 credential that prepares students for continued learning and  
11 greater earnings in the state economy, in order for the district to  
12 qualify for an outcomes bonus under Subsection (c).

13 (c) In addition to the allotment under Subsection (a), for  
14 each annual graduate in a cohort described by Subsection (b) who  
15 earns a postsecondary credential of value described by that  
16 subsection during the preceding school year in excess of the  
17 minimum number of students determined for the applicable district  
18 cohort for that school year, a school district is entitled to an  
19 annual outcomes bonus of:

20 (1) if the annual graduate is educationally  
21 disadvantaged, \$2,000;

22 (2) if the annual graduate is not educationally  
23 disadvantaged, \$1,000; and

24 (3) if the annual graduate is enrolled in a special  
25 education program under Subchapter A, Chapter 29, \$2,000,  
26 regardless of whether the annual graduate is educationally  
27 disadvantaged.

1        (d) A school district is entitled to an outcomes bonus under  
2 each subdivision of Subsection (c) for which an annual graduate  
3 qualifies.

4        (e) A school district may receive funding for a student  
5 under this section and any other section for which the student  
6 qualifies.

7        SECTION 3. Section 29.912, Education Code, as added by this  
8 Act, applies beginning with the 2023-2024 school year.

9        SECTION 4. (a) Except as provided by Subsection (b) of this  
10 section, this Act takes effect immediately if it receives a vote of  
11 two-thirds of all the members elected to each house, as provided by  
12 Section 39, Article III, Texas Constitution. If this Act does not  
13 receive the vote necessary for immediate effect, this Act takes  
14 effect September 1, 2023.

15        (b) Section 48.118, Education Code, as added by this Act,  
16 takes effect September 1, 2023.

# ADOPTED

MAY 11 2023

*Lately Saw*  
Secretary of the Senate

By: Lozano/Hinojosa

H.B. No. 2209

Substitute the following for \_\_\_\_B. No. \_\_\_\_:

By: [Signature]

C.S. H.B. No. 2209

A BILL TO BE ENTITLED

1

AN ACT

2 relating to establishing the Rural Pathway Excellence Partnership  
3 (R-PEP) program and creating an allotment and outcomes bonus under  
4 the Foundation School Program to support the program.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Subchapter Z, Chapter 29, Education Code, is  
7 amended by adding Section 29.912 to read as follows:

8 Sec. 29.912. RURAL PATHWAY EXCELLENCE PARTNERSHIP (R-PEP)  
9 PROGRAM. (a) In this section, "program" means the Rural Pathway  
10 Excellence Partnership (R-PEP) program.

11 (b) The commissioner shall establish and administer the  
12 Rural Pathway Excellence Partnership (R-PEP) program to  
13 incentivize and support multidistrict, cross-sector, rural college  
14 and career pathway partnerships that expand opportunities for  
15 underserved students to succeed in school and life while promoting  
16 economic development in rural areas.

17 (c) The program must enable an eligible school district that  
18 has fewer than 1,600 students in average daily attendance to  
19 partner with at least one other school district located within a  
20 distance of 100 miles to offer a broader array of robust college and  
21 career pathways. Each partnership must:

22 (1) offer college and career pathways that align with  
23 regional labor market projections for high-wage, high-demand  
24 careers; and



1           (2) be managed by a coordinating entity that:

2                   (A) has or will have at the time students are  
3 served under the partnership the capacity to effectively coordinate  
4 the partnership;

5                   (B) has entered into a performance agreement  
6 approved by the board of trustees of each partnering school  
7 district that confers on the coordinating entity the same authority  
8 with respect to pathways offered under the partnership provided to  
9 an entity that contracts to operate a district campus under Section  
10 11.174;

11                   (C) is an eligible entity as defined by Section  
12 12.101(a); and

13                   (D) has on the entity's governing board as either  
14 voting or ex officio members, or has on an advisory body,  
15 representatives of each partnering school district and members of  
16 regional higher education and workforce organizations.

17           (d) The performance agreement described by Subsection  
18 (c)(2)(B) must:

19                   (1) include ambitious and measurable performance  
20 goals and progress measures tied to current college, career, and  
21 military readiness outcomes and longitudinal postsecondary  
22 completion and employment-related outcomes;

23                   (2) allocate responsibilities for accessing and  
24 managing progress and outcome information and annually publish that  
25 information on the Internet website of each partnering district and  
26 the coordinating entity;

27                   (3) authorize the coordinating entity to optimize the

1 value of each college and career pathway offered through the  
2 partnership by:

3 (A) determining scheduling;

4 (B) adding or removing a pathway;

5 (C) selecting and assigning pathway-specific  
6 personnel;

7 (D) developing and exercising final approval of  
8 pathway budgets, which must include at least 80 percent of the state  
9 and local funding to which each partnering school district is  
10 entitled under Chapter 48, including an allotment under Section  
11 48.106 or 48.118 and an outcome bonus under Section 48.110 or  
12 48.118; and

13 (E) determining any other matter critical to the  
14 efficacy of the pathways; and

15 (4) provide that any eligible student enrolled in a  
16 partnering school district may participate in a college or career  
17 pathway offered through the partnership.

18 (e) An employee of a coordinating entity that manages a  
19 partnership under the program is eligible for membership in and  
20 benefits from the Teacher Retirement System of Texas if the  
21 employee would be eligible for membership and benefits by holding a  
22 similar position at a partnering school district. An employee is  
23 eligible for membership under this subsection if a partnership  
24 would be authorized to participate in the program, as determined by  
25 the commissioner, but for the maximum expenditure established in  
26 Section 48.118(f).

27 (f) A student enrolled in a college or career pathway

1 offered through a partnership under the program is not considered  
2 for accountability purposes under Chapter 39 to have dropped out of  
3 high school or failed to complete the curriculum requirements for  
4 high school graduation until the sixth anniversary of the student's  
5 first day in high school.

6 (g) A school district proposing to enter into a performance  
7 agreement under this section shall notify the commissioner of the  
8 district's intent to enter into the agreement. The commissioner  
9 shall establish procedures for a district to notify the  
10 commissioner, including establishing the period within which  
11 notification is required before the school year in which the  
12 proposed agreement would take effect, and to provide any additional  
13 information required by the commissioner.

14 (h) In authorizing partnerships to participate in the  
15 program, the commissioner shall give priority to partnerships in  
16 which participating districts contract with a coordinating entity  
17 that has at least two years' experience or employs an executive  
18 officer with at least two years' experience managing college and  
19 career pathways under a performance contract.

20 (i) Not later than the 60th day after the date the  
21 commissioner receives notification of a proposed agreement and all  
22 other information required by the commissioner, the commissioner  
23 shall notify the school districts whether the proposed performance  
24 agreement is approved and the partnering districts are authorized  
25 for participation in the program.

26 (j) The commissioner shall make grants available for use by  
27 a coordinating entity for a two-year period to assist with costs

1 associated with the planning, development, establishment, or  
2 expansion, as applicable, of partnerships under the program using a  
3 portion of state funds allocated under Section 48.118 as well as  
4 money appropriated for that purpose, federal funds, and any other  
5 funds available. The commissioner may award a grant only to a  
6 coordinating entity that has entered into a performance agreement  
7 approved under Subsection (i) or, if in the planning stage, has  
8 entered into a memorandum of understanding to enter into a  
9 performance agreement, unless the source of funds does not permit a  
10 grant to the coordinating entity, in which case the grant shall be  
11 made to a participating school district acting as fiscal agent.  
12 Eligible use of grant funds shall include planning, development,  
13 establishment, or expansion of partnerships under the program. The  
14 commissioner may use not more than 15 percent of the money allocated  
15 for the grants to cover the cost of administering grants awarded  
16 under the program and to provide technical assistance and support  
17 to partnerships under the program.

18 (k) The commissioner shall adopt rules as necessary to  
19 implement this section, including rules establishing:

20 (1) requirements of a performance agreement between  
21 participating districts and the coordinating entity;

22 (2) the period during which a partnership under the  
23 program may operate after receiving commissioner approval and  
24 before a renewal of commissioner authorization is required; and

25 (3) performance standards for a renewal of  
26 commissioner authorization to participate in the program.

27 (l) This section does not prohibit an agreement between a

1 school district and another entity for the provision of services at  
2 a district campus.

3 (m) The commissioner may accept gifts, grants, and  
4 donations from any source, including private and nonprofit  
5 organizations, for the program. A private or nonprofit  
6 organization that contributes to the program may receive an award  
7 under Section 7.113.

8 SECTION 2. Subchapter C, Chapter 48, Education Code, is  
9 amended by adding Section 48.118 to read as follows:

10 Sec. 48.118. RURAL PATHWAY EXCELLENCE PARTNERSHIP (R-PEP)  
11 ALLOTMENT AND OUTCOMES BONUS. (a) For each full-time equivalent  
12 student in average daily attendance in grades 9 through 12 in a  
13 college or career pathway offered through a partnership under the  
14 Rural Pathway Excellence Partnership (R-PEP) program under Section  
15 29.912, a school district is entitled to an allotment equal to the  
16 basic allotment, or, if applicable, the sum of the basic allotment  
17 and the allotment under Section 48.101 to which the district is  
18 entitled, multiplied by:

19 (1) 1.15 if the student is educationally  
20 disadvantaged; or

21 (2) 1.11 if the student is not educationally  
22 disadvantaged.

23 (b) Each year, the commissioner shall determine for each  
24 school district the minimum number of annual graduates of a college  
25 or career pathway described by Subsection (a) in each cohort  
26 described by Section 48.110(b) who would have to obtain not later  
27 than five years after high school graduation a postsecondary

1 credential of value, as determined by the Texas Higher Education  
2 Coordinating Board based on analyses of wages and costs associated  
3 with the credential, including a degree, certificate, or other  
4 credential from credit and noncredit programs that equip students  
5 for continued learning and greater earnings in the state economy,  
6 in order for the district to qualify for an outcomes bonus under  
7 Subsection (c).

8 (c) In addition to the allotment under Subsection (a), for  
9 each annual graduate in a cohort described by Subsection (b) who  
10 obtains a postsecondary credential of value in excess of the  
11 minimum number of students determined for the applicable district  
12 cohort under Subsection (b), a school district is entitled to an  
13 annual outcomes bonus of:

14 (1) if the annual graduate is educationally  
15 disadvantaged, \$1,500;

16 (2) if the annual graduate is not educationally  
17 disadvantaged, \$750; and

18 (3) if the annual graduate is enrolled in a special  
19 education program under Subchapter A, Chapter 29, \$1,500,  
20 regardless of whether the annual graduate is educationally  
21 disadvantaged.

22 (d) A school district is entitled to an outcomes bonus under  
23 each subdivision in Subsection (c) for which an annual graduate  
24 qualifies.

25 (e) A school district may receive funding for a student  
26 under this section and any other section for which the student  
27 qualifies. At least 80 percent of funds allocated under this

1 section must be spent as provided in the budget adopted by the board  
2 of the coordinating entity.

3 (f) The total amount of state funding for allotments and  
4 outcomes bonuses under this section may not exceed \$5 million per  
5 year.

6 SECTION 3. Section 29.912, Education Code, as added by this  
7 Act, applies beginning with the 2023-2024 school year.

8 SECTION 4. (a) Except as provided by Subsection (b) of this  
9 section, this Act takes effect immediately if it receives a vote of  
10 two-thirds of all the members elected to each house, as provided by  
11 Section 39, Article III, Texas Constitution. If this Act does not  
12 receive the vote necessary for immediate effect, this Act takes  
13 effect September 1, 2023.

14 (b) Section 48.118, Education Code, as added by this Act,  
15 takes effect September 1, 2023.

ADOPTED

V V  
MAY 11 2023

*Latey Law*  
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY:

*J-J. Hingji*

1 Amend C.S.H.B. No. 2209 (senate committee report) as  
2 follows:

3 (1) In SECTION 1 of the bill, immediately following added  
4 Section 29.912(b), Education Code (page 1, between lines 39 and  
5 40), insert the following appropriately lettered subsection:

6 ( ) The commissioner shall ensure that agency employees  
7 assigned to administer the program have experience with or training  
8 in the procedures relating to a school district contracting to  
9 partner to operate a district campus under Section 11.174.

10 (2) In SECTION 1 of the bill, in added Section  
11 29.912(d)(3)(D), Education Code (page 2, lines 24 through 26),  
12 strike "Chapter 48, including an allotment under Section 48.106 or  
13 48.118 and an outcome bonus under Section 48.110 or 48.118" and  
14 substitute "Sections 48.106, 48.110, and 48.118".

15 (3) In SECTION 2 of the bill, in added Section 48.118(f),  
16 Education Code (page 4, line 16), immediately following the  
17 underlined period, add the following:

18 If the total amount of allotments and outcomes bonuses to which  
19 school districts are entitled under this section exceeds the amount  
20 permitted under this subsection, the agency shall allocate state  
21 funding to districts under this section in the following order:

22 (1) allotments under Subsection (a) for which school  
23 districts participating in partnerships prioritized under Section  
24 29.912(h) are eligible;

25 (2) allotments under Subsection (a) for which school  
26 districts that entered into a memorandum of understanding or letter  
27 of commitment regarding a multidistrict pathway partnership, as  
28 defined by commissioner rule, before May 1, 2023, are eligible;

29 (3) allotments under Subsection (a) for which school



1 districts that have entered into a performance agreement under  
2 Section 29.912 with a coordinating entity that is an institution of  
3 higher education, as defined by Section 61.003, are eligible;

4 (4) allotments under Subsection (a) for which school  
5 districts with the highest percentage of students who are  
6 educationally disadvantaged, in descending order, are eligible;  
7 and

8 (5) outcomes bonuses under Subsection (c) for which  
9 school districts with the highest percentage of students who are  
10 educationally disadvantaged, in descending order, are eligible.

**LEGISLATIVE BUDGET BOARD  
Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**May 11, 2023**

**TO:** Honorable Dade Phelan, Speaker of the House, House of Representatives

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

**IN RE: HB2209** by Lozano (Relating to establishing the Rural Pathway Excellence Partnership (R-PEP) program and creating an allotment and outcomes bonus under the Foundation School Program to support the program.), **As Passed 2nd House**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2209, As Passed 2nd House : a negative impact of (\$18,323,172) 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>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2024	(\$3,542,366)
2025	(\$14,780,806)
2026	(\$12,932,086)
2027	(\$9,932,086)
2028	(\$9,932,086)

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

<i>Fiscal Year</i>	<b>Probable Savings/(Cost) from Foundation School Fund 193</b>	<b>Probable Savings/(Cost) from Recapture Payments Atten Crdts 8905</b>	<b>Probable Savings/(Cost) from General Revenue Fund 1</b>	<b>Change in Number of State Employees from FY 2023</b>
2024	\$0	\$0	(\$3,542,366)	2.0
2025	(\$5,000,000)	\$950,000	(\$9,780,806)	2.0
2026	(\$5,000,000)	\$950,000	(\$7,932,086)	2.0
2027	(\$5,000,000)	\$950,000	(\$4,932,086)	2.0
2028	(\$5,000,000)	\$950,000	(\$4,932,086)	2.0

**Fiscal Analysis**

The bill would establish the Rural Pathway Excellence Partnership (R-PEP) program, which would allow school districts with fewer than 1,600 enrolled students in average daily attendance (ADA) to partner with at least one other school district located within a distance of 100 miles and a coordinating entity to offer college and career pathways. The bill would create financial incentives for R-PEP including a grant to assist with R-PEP planning and implementation, a per ADA allotment for R-PEP programs, and college, career, and military readiness outcomes bonuses for R-PEP programs.

The bill would require the Texas Education Agency (TEA) commissioner to establish and administer the Rural Pathway Excellence Partnership (R-PEP) program to incentivize and support rural college and career pathway partnerships for underserved students while promoting rural economic development.

The bill would add TEC Section 48.118, Rural Pathway Excellence Partnership (R-PEP) Allotment and Outcomes Bonus. For each student in average daily attendance in an R-PEP college or career pathway, a school district would be entitled to an allotment equal to the basic allotment or, if applicable, the sum of the basic allotment and the small to mid-sized district allotment to which the district is entitled, multiplied by 1.15 if the student is educationally disadvantaged; or 1.11 if the student is not educationally disadvantaged.

For each school district, the commissioner would be required to determine the minimum number of annual graduates of a R-PEP college or career pathway who would have to obtain no later than five years after high school graduation a postsecondary credential of value. For each R-PEP graduate above the threshold, the district would be entitled to an annual outcomes bonus of \$1,500 if the graduate is educationally disadvantaged; \$750 if the graduate is not educationally disadvantaged; and \$1,500 if the graduate is enrolled in a special education program, regardless of whether the graduate is educationally disadvantaged. The total amount of state funding for allotments and outcomes bonuses under this section would be capped at \$5 million each fiscal year.

### **Methodology**

TEA assumes there would be costs associated with creating a R-PEP grant program, including R-PEP grant funds, grant administration, technical assistance, and R-PEP program development.

TEA assumes there are 153 districts with fewer than 1,600 enrolled students; the agency assumes approximately 25.0 percent would choose to participate, resulting in 20 partnerships in the first fiscal year. Assuming the program is modeled after the existing College and Career Readiness School Models, TEA assumes each partnership would require approximately \$150,000 in grant funds for initial planning in the first fiscal year and approximately \$300,000 per partnership for implementation in the second fiscal year. The agency assumes that the number of new partnerships will remain at 20 in fiscal year 2025 and decrease to 10 in fiscal years 2026-28.

TEA anticipates that approximately \$200,000 would be needed each year for centralized technical assistance; less than the 15% that would be allowable under the bill. Finally, TEA assumes one Education Specialist IV would be required to oversee the program at the state level.

Additionally, the agency assumes 1 additional FTE (Programmer V) would be needed to process the data under Section 48.118.

The agency assumes that the total cost for administration and grants under the bill would be \$3.5 million in fiscal year 2024, \$9.8 million in fiscal year 2025, decreasing to \$4.9 million in fiscal year 2028. This cost includes the agency's estimate for technology costs which are outlined in the next section.

The agency assumes that the cost to the Foundation School Program (FSP) would be limited by the \$5 million cap each fiscal year. The agency assumes that the cost to the FSP would include decreases in Recapture Payments - Attendance Credits of \$950,000 each fiscal year. 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**

The agency estimates a cost of \$43,308 in fiscal year 2024 and \$144,923 in fiscal year 2025 to develop and implement the requirements in the Texas Student Data System (TSDS) application, and a cost of \$67,932 in fiscal year 2024 and \$203,797 in fiscal year 2025 to develop and implement the requirements in the Foundation School Program (FSP) application.

## **Local Government Impact**

Districts choosing to participate in the R-PEP program may have costs associated with planning, implementing, and sustaining the R-PEP program outside of the life of grant funds. Small, rural school districts would receive additional FSP funding for their participation in college and career pathway partnerships.

**Source Agencies:** 701 Texas Education Agency, 781 Higher Education Coordinating Board

**LBB Staff:** JMc, CMA, KSk, ASA, MJe, CPA

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

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**May 8, 2023**

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

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

**IN RE: HB2209** by Lozano (relating to establishing the Rural Pathway Excellence Partnership (R-PEP) program and creating an allotment and outcomes bonus under the Foundation School Program to support the program.), **Committee Report 2nd House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2209, Committee Report 2nd House, Substituted : a negative impact of (\$18,323,172) 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>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2024	(\$3,542,366)
2025	(\$14,780,806)
2026	(\$12,932,086)
2027	(\$9,932,086)
2028	(\$9,932,086)

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

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>Foundation School Fund 193</i>	Probable Savings/(Cost) from <i>Recapture Payments Atten Crdts 8905</i>	Probable Savings/(Cost) from <i>General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	\$0	\$0	(\$3,542,366)	2.0
2025	(\$5,000,000)	\$950,000	(\$9,780,806)	2.0
2026	(\$5,000,000)	\$950,000	(\$7,932,086)	2.0
2027	(\$5,000,000)	\$950,000	(\$4,932,086)	2.0
2028	(\$5,000,000)	\$950,000	(\$4,932,086)	2.0

**Fiscal Analysis**

The bill would establish the Rural Pathway Excellence Partnership (R-PEP) program, which would allow school districts with fewer than 1,600 enrolled students in average daily attendance (ADA) to partner with at least one other school district located within a distance of 100 miles and a coordinating entity to offer college and career pathways. The bill would create financial incentives for R-PEP including a grant to assist with R-PEP planning and implementation, a per ADA allotment for R-PEP programs, and college, career, and military readiness outcomes bonuses for R-PEP programs.

The bill would require the Texas Education Agency (TEA) commissioner to establish and administer the Rural Pathway Excellence Partnership (R-PEP) program to incentivize and support rural college and career pathway partnerships for underserved students while promoting rural economic development.

The bill would add TEC Section 48.118, Rural Pathway Excellence Partnership (R-PEP) Allotment and Outcomes Bonus. For each student in average daily attendance in an R-PEP college or career pathway, a school district would be entitled to an allotment equal to the basic allotment or, if applicable, the sum of the basic allotment and the small to mid-sized district allotment to which the district is entitled, multiplied by 1.15 if the student is educationally disadvantaged; or 1.11 if the student is not educationally disadvantaged.

For each school district, the commissioner would be required to determine the minimum number of annual graduates of a R-PEP college or career pathway who would have to obtain no later than five years after high school graduation a postsecondary credential of value. For each R-PEP graduate above the threshold, the district would be entitled to an annual outcomes bonus of \$1,500 if the graduate is educationally disadvantaged; \$750 if the graduate is not educationally disadvantaged; and \$1,500 if the graduate is enrolled in a special education program, regardless of whether the graduate is educationally disadvantaged. The total amount of state funding for allotments and outcomes bonuses under this section would be capped at \$5 million each fiscal year.

### **Methodology**

TEA assumes there would be costs associated with creating a R-PEP grant program, including R-PEP grant funds, grant administration, technical assistance, and R-PEP program development.

TEA assumes there are 153 districts with fewer than 1,600 enrolled students; the agency assumes approximately 25.0 percent would choose to participate, resulting in 20 partnerships in the first fiscal year. Assuming the program is modeled after the existing College and Career Readiness School Models, TEA assumes each partnership would require approximately \$150,000 in grant funds for initial planning in the first fiscal year and approximately \$300,000 per partnership for implementation in the second fiscal year. The agency assumes that the number of new partnerships will remain at 20 in fiscal year 2025 and decrease to 10 in fiscal years 2026-28.

TEA anticipates that approximately \$200,000 would be needed each year for centralized technical assistance; less than the 15% that would be allowable under the bill. Finally, TEA assumes one Education Specialist IV would be required to oversee the program at the state level.

Additionally, the agency assumes 1 additional FTE (Programmer V) would be needed to process the data under Section 48.118.

The agency assumes that the total cost for administration and grants under the bill would be \$3.5 million in fiscal year 2024, \$9.8 million in fiscal year 2025, decreasing to \$4.9 million in fiscal year 2028. This cost includes the agency's estimate for technology costs which are outlined in the next section.

The agency assumes that the cost to the Foundation School Program (FSP) would be limited by the \$5 million cap each fiscal year. The agency assumes that the cost to the FSP would include decreases in Recapture Payments - Attendance Credits of \$950,000 each fiscal year. 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**

The agency estimates a cost of \$43,308 in fiscal year 2024 and \$144,923 in fiscal year 2025 to develop and implement the requirements in the Texas Student Data System (TSDS) application, and a cost of \$67,932 in fiscal year 2024 and \$203,797 in fiscal year 2025 to develop and implement the requirements in the Foundation School Program (FSP) application.

## **Local Government Impact**

Districts choosing to participate in the R-PEP program may have costs associated with planning, implementing, and sustaining the R-PEP program outside of the life of grant funds. Small, rural school districts would receive additional FSP funding for their participation in college and career pathway partnerships.

**Source Agencies:** 701 Texas Education Agency, 781 Higher Education Coordinating Board

**LBB Staff:** JMc, KSk, ASA, MJe, CMA, CPA

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

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**May 4, 2023**

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

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

**IN RE:** **HB2209** by Lozano (Relating to establishing the Rural Pathway Excellence Partnership (R-PEP) program and creating an allotment and outcomes bonus under the Foundation School Program to support the program.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2209, As Engrossed : a negative impact of (\$58,432,613) 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>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2024	(\$9,847,366)
2025	(\$48,585,247)
2026	(\$64,394,726)
2027	(\$76,166,218)
2028	(\$96,736,223)

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

<i>Fiscal Year</i>	<b>Probable Savings/(Cost) from Foundation School Fund 193</b>	<b>Probable Savings/(Cost) from Recapture Payments Atten Crdts 8905</b>	<b>Probable Savings/(Cost) from General Revenue Fund 1</b>	<b>Change in Number of State Employees from FY 2023</b>
2024	\$0	\$0	(\$9,847,366)	2.0
2025	(\$20,504,441)	\$2,361,685	(\$28,080,806)	2.0
2026	(\$41,162,640)	\$4,693,032	(\$23,232,086)	2.0
2027	(\$61,934,132)	\$8,511,707	(\$14,232,086)	2.0
2028	(\$82,504,137)	\$12,063,391	(\$14,232,086)	2.0

**Fiscal Analysis**

The bill would create the Rural Pathway Excellence Partnership (R-PEP) program, which would allow rural school districts to partner with at least one other school district and a coordinating entity to offer college and career pathways. The bill would create financial incentives for R-PEP including a grant to assist with R-PEP planning and implementation, a per ADA allotment for R-PEP programs, and college, career, and military readiness outcomes bonuses for R-PEP programs.



The bill would require the Texas Education Agency (TEA) commissioner to establish and administer the Rural Pathway Excellence Partnership (R-PEP) program to incentivize and support rural college and career pathway partnerships for underserved students while promoting rural economic development.

The bill would add TEC Section 48.118, Rural Pathway Excellence Partnership (R-PEP) Allotment and Outcome Bonus. For each student in average daily attendance in an R-PEP college or career pathway, a school district would be entitled to an allotment equal to the basic allotment or, if applicable, the sum of the basic allotment and the small to mid-sized district allotment to which the district is entitled, multiplied by 1.15 if the student is educationally disadvantaged; or 1.11 if the student is not educationally disadvantaged.

For each school district, the commissioner would be required to determine the minimum number of annual graduates of a R-PEP college or career pathway who would have to obtain no later than five years after high school graduation a postsecondary credential of value. For each R-PEP graduate above the threshold, the district would be entitled to an annual outcomes bonus of \$2,000 if the graduate is educationally disadvantaged; \$1,000 if the graduate is not educationally disadvantaged; and \$2,000 if the graduate is enrolled in a special education program, regardless of whether the graduate is educationally disadvantaged.

## **Methodology**

TEA assumes there would be costs associated with creating a R-PEP grant program, including R-PEP grant funds, grant administration, technical assistance, and R-PEP program development.

There are 473 districts defined as rural; the agency assumes approximately 25.0 percent would choose to participate, resulting in 60 partnerships in the first fiscal year. Assuming the program is modeled after the existing College and Career Readiness School Models, each partnership would require approximately \$150,000 in grant funds for initial planning in the first fiscal year and approximately \$300,000 per partnership for implementation in the second fiscal year. The agency assumes that the number of new partnerships will remain at 60 in fiscal year 2025 and decrease to 30 in fiscal years 2026-28.

It is anticipated that approximately \$500,000 would be needed each year for centralized technical assistance; less than the 15% that would be allowable under the bill. Finally, 1 FTE (Education Specialist IV) would be needed to oversee the program at the state level.

Additionally, the agency assumes 1 additional FTE (Programmer V) would be needed to process the data under Section 48.118.

The total cost for administration and grants under the bill is reflected in the table above under General Revenue Fund 1. The state cost is estimated to be \$9.8 million in fiscal year 2024, \$28.1 million in fiscal year 2025, decreasing to \$14.2 million in fiscal year 2028.

The cost to the Foundation School Program (FSP) would be dependent on student participation in the program and their graduation rates. The agency reports that there are 110,928 high-school students enrolled in districts with less than 1,600 students. The agency estimates that 5.0 percent, or 5,546 students, would be eligible for the FSP allotment under Section 48.118(a) in the 2024-25 school year and that the number of eligible participating students would increase by 5.0 percent each school year. The agency assumes that the eligible students would spend one-third of their time in the program and that half would be eligible for the outcomes bonus under section 48.118(c).

The agency assumes an average basic allotment of \$8,832 and that 60% of the participants would be educationally disadvantaged. The cost to the FSP is reflected in the table above and is estimated to be \$0.0 in fiscal year 2024, \$20.5 million in fiscal year 2025, increasing to \$82.5 million in fiscal year 2028. The cost to the FSP includes estimated decreases in Recapture Payments - Attendance Credits of \$0.0 in fiscal year 2024, \$2.4 million in fiscal year 2025, increasing to \$12.1 million in fiscal year 2028 as a result of increased entitlement in Tiers 1 and 2. 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**

The agency estimates a cost of \$43,308 in fiscal year 2024 and \$144,923 in fiscal year 2025 to develop and implement the requirements in the Texas Student Data System (TSDS) application, and a cost of \$67,932 in fiscal year 2024 and \$203,797 in fiscal year 2025 to develop and implement the requirements in the Foundation School Program (FSP) application.

## **Local Government Impact**

Districts choosing to participate in the R-PEP program may have costs associated with planning, implementing, and sustaining the R-PEP program outside of the life of grant funds. Small, rural school districts would receive additional FSP funding for their participation in college and career pathway partnerships.

**Source Agencies:** 701 Texas Education Agency

**LBB Staff:** JMc, KSk, ASA, MJe, CMA, CPA

**LEGISLATIVE BUDGET BOARD**  
Austin, Texas

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**April 10, 2023**

**TO:** Honorable Brad Buckley, Chair, House Committee on Public Education

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

**IN RE: HB2209** by Lozano (relating to establishing the Rural Pathway Excellence Partnership (R-PEP) program and creating an allotment and outcomes bonus under the Foundation School Program to support the program.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2209, Committee Report 1st House, Substituted : a negative impact of (\$58,432,613) 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>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2024	(\$9,847,366)
2025	(\$48,585,247)
2026	(\$64,394,726)
2027	(\$76,166,218)
2028	(\$96,736,223)

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

<i>Fiscal Year</i>	<b>Probable Savings/(Cost) from Foundation School Fund 193</b>	<b>Probable Savings/(Cost) from Recapture Payments Atten Crdts 8905</b>	<b>Probable Savings/(Cost) from General Revenue Fund 1</b>	<b>Change in Number of State Employees from FY 2023</b>
2024	\$0	\$0	(\$9,847,366)	2.0
2025	(\$20,504,441)	\$2,361,685	(\$28,080,806)	2.0
2026	(\$41,162,640)	\$4,693,032	(\$23,232,086)	2.0
2027	(\$61,934,132)	\$8,511,707	(\$14,232,086)	2.0
2028	(\$82,504,137)	\$12,063,391	(\$14,232,086)	2.0

**Fiscal Analysis**

The bill would create the Rural Pathway Excellence Partnership (R-PEP) program, which would allow rural school districts to partner with at least one other school district and a coordinating entity to offer college and career pathways. The bill would create financial incentives for R-PEP including a grant to assist with R-PEP planning and implementation, a per ADA allotment for R-PEP programs, and college, career, and military readiness outcomes bonuses for R-PEP programs.

The bill would require the Texas Education Agency (TEA) commissioner to establish and administer the Rural Pathway Excellence Partnership (R-PEP) program to incentivize and support rural college and career pathway partnerships for underserved students while promoting rural economic development.

The bill would add TEC Section 48.118, Rural Pathway Excellence Partnership (R-PEP) Allotment and Outcome Bonus. For each student in average daily attendance in an R-PEP college or career pathway, a school district would be entitled to an allotment equal to the basic allotment or, if applicable, the sum of the basic allotment and the small to mid-sized district allotment to which the district is entitled, multiplied by 1.15 if the student is educationally disadvantaged; or 1.11 if the student is not educationally disadvantaged.

For each school district, the commissioner would be required to determine the minimum number of annual graduates of a R-PEP college or career pathway who would have to obtain no later than five years after high school graduation a postsecondary credential of value. For each R-PEP graduate above the threshold, the district would be entitled to an annual outcomes bonus of \$2,000 if the graduate is educationally disadvantaged; \$1,000 if the graduate is not educationally disadvantaged; and \$2,000 if the graduate is enrolled in a special education program, regardless of whether the graduate is educationally disadvantaged.

### **Methodology**

TEA assumes there would be costs associated with creating a R-PEP grant program, including R-PEP grant funds, grant administration, technical assistance, and R-PEP program development.

There are 473 districts defined as rural; the agency assumes approximately 25.0 percent would choose to participate, resulting in 60 partnerships in the first fiscal year. Assuming the program is modeled after the existing College and Career Readiness School Models, each partnership would require approximately \$150,000 in grant funds for initial planning in the first fiscal year and approximately \$300,000 per partnership for implementation in the second fiscal year. The agency assumes that the number of new partnerships will remain at 60 in fiscal year 2025 and decrease to 30 in fiscal years 2026-28.

It is anticipated that approximately \$500,000 would be needed each year for centralized technical assistance; less than the 15% that would be allowable under the bill. Finally, 1 FTE (Education Specialist IV) would be needed to oversee the program at the state level.

Additionally, the agency assumes 1 additional FTE (Programmer V) would be needed to process the data under Section 48.118.

The total cost for administration and grants under the bill is reflected in the table above under General Revenue Fund 1. The state cost is estimated to be \$9.8 million in fiscal year 2024, \$28.1 million in fiscal year 2025, decreasing to \$14.2 million in fiscal year 2028.

The cost to the Foundation School Program (FSP) would be dependent on student participation in the program and their graduation rates. The agency reports that there are 110,928 high-school students enrolled in districts with less than 1,600 students. The agency estimates that 5.0 percent, or 5,546 students, would be eligible for the FSP allotment under Section 48.118(a) in the 2024-25 school year and that the number of eligible participating students would increase by 5.0 percent each school year. The agency assumes that the eligible students would spend one-third of their time in the program and that half would be eligible for the outcomes bonus under section 48.118(c).

The agency assumes an average basic allotment of \$8,832 and that 60% of the participants would be educationally disadvantaged. The cost to the FSP is reflected in the table above and is estimated to be \$0.0 in fiscal year 2024, \$20.5 million in fiscal year 2025, increasing to \$82.5 million in fiscal year 2028. The cost to the FSP includes estimated decreases in Recapture Payments - Attendance Credits of \$0.0 in fiscal year 2024, \$2.4 million in fiscal year 2025, increasing to \$12.1 million in fiscal year 2028 as a result of increased entitlement in Tiers 1 and 2. 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**

The agency estimates a cost of \$43,308 in fiscal year 2024 and \$144,923 in fiscal year 2025 to develop and implement the requirements in the Texas Student Data System (TSDS) application, and a cost of \$67,932 in fiscal year 2024 and \$203,797 in fiscal year 2025 to develop and implement the requirements in the Foundation School Program (FSP) application.

## **Local Government Impact**

Districts choosing to participate in the R-PEP program may have costs associated with planning, implementing, and sustaining the R-PEP program outside of the life of grant funds. Small, rural school districts would receive additional FSP funding for their participation in college and career pathway partnerships.

**Source Agencies:** 701 Texas Education Agency

**LBB Staff:** JMc, KSk, ASA, MJe, CMA, CPA

**LEGISLATIVE BUDGET BOARD**  
Austin, Texas

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**March 28, 2023**

**TO:** Honorable Brad Buckley, Chair, House Committee on Public Education

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

**IN RE: HB2209** by Lozano (Relating to establishing the Rural Pathway Excellence Partnership (R-PEP) program and creating an allotment and outcomes bonus under the Foundation School Program to support the program.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2209, As Introduced : a negative impact of (\$60,572,741) 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>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2024	(\$9,847,366)
2025	(\$50,725,375)
2026	(\$68,675,128)
2027	(\$82,581,757)
2028	(\$105,213,420)

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

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>Foundation School Fund</i> 193	Probable Savings/(Cost) from <i>Recapture Payments Atten</i> <i>Crds</i> 8905	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	<i>Change in Number of State Employees from FY 2023</i>
2024	\$0	\$0	(\$9,847,366)	2.0
2025	(\$22,644,569)	\$2,603,678	(\$28,080,806)	2.0
2026	(\$45,443,042)	\$5,173,510	(\$23,232,086)	2.0
2027	(\$68,349,671)	\$9,374,040	(\$14,232,086)	2.0
2028	(\$90,981,334)	\$13,256,331	(\$14,232,086)	2.0

**Fiscal Analysis**

The bill would create the Rural Pathway Excellence Partnership (R-PEP) program, which would allow rural school districts to partner with at least one other school district and a coordinating entity to offer college and career pathways. The bill would create financial incentives for R-PEP including a grant to assist with R-PEP planning and implementation, a per ADA allotment for R-PEP programs, and college, career, and military readiness outcomes bonuses for R-PEP programs.

The bill would require the Texas Education Agency (TEA) commissioner to establish and administer the Rural Pathway Excellence Partnership (R-PEP) program to incentivize and support rural college and career pathway partnerships for underserved students while promoting rural economic development.

The bill would add TEC Section 48.118, Rural Pathway Excellence Partnership (R-PEP) Allotment and Outcome Bonus. For each student in average daily attendance in an R-PEP college or career pathway, a school district would be entitled to an allotment equal to the basic allotment or, if applicable, the sum of the basic allotment and the small to mid-sized district allotment to which the district is entitled, multiplied by 1.15 if the student is educationally disadvantaged; or 1.11 if the student is not educationally disadvantaged.

For each school district, the commissioner would be required to determine the minimum number of annual graduates of a R-PEP college or career pathway required to demonstrate college, career, or military readiness. For each R-PEP graduate above the threshold, the district would be entitled to an annual outcomes bonus of \$2,000 if the graduate is educationally disadvantaged; \$1,000 if the graduate is not educationally disadvantaged; and \$2,000 if the graduate is enrolled in a special education program, regardless of whether the graduate is educationally disadvantaged.

## **Methodology**

TEA assumes there would be costs associated with creating a R-PEP grant program, including R-PEP grant funds, grant administration, technical assistance, and R-PEP program development.

There are 473 districts defined as rural; the agency assumes approximately 25.0 percent would choose to participate, resulting in 60 partnerships in the first fiscal year. Assuming the program is modeled after the existing College and Career Readiness School Models, each partnership would require approximately \$150,000 in grant funds for initial planning in the first fiscal year and approximately \$300,000 per partnership for implementation in the second fiscal year. The agency assumes that the number of new partnerships will remain at 60 in fiscal year 2025 and decrease to 30 in fiscal years 2026-28.

It is anticipated that approximately \$500,000 would be needed each year for centralized technical assistance; less than the 15% that would be allowable under the bill. Finally, 1 FTE (Education Specialist IV) would be needed to oversee the program at the state level.

Additionally, the agency assumes 1 additional FTE (Programmer V) would be needed to process the data under Section 48.118.

The total cost for administration and grants under the bill is reflected in the table above under General Revenue Fund 1. The state cost is estimated to be \$9.8 million in fiscal year 2024, \$28.1 million in fiscal year 2025, decreasing to \$14.2 million in fiscal year 2028.

The cost to the Foundation School Program (FSP) would be dependent on student participation in the program and their graduation rates. The agency reports that there are 110,928 high-school students enrolled in districts with less than 1,600 students. The agency estimates that 5.0 percent, or 5,546 students, would be eligible for the FSP allotment under Section 48.118(a) in the 2024-25 school year and that the number of eligible participating students would increase by 5.0 percent each school year. The agency assumes that the eligible students would spend one-third of their time in the program.

The agency assumes an average basic allotment of \$8,832 and that 60% of the participants would be educationally disadvantaged. The cost to the FSP is reflected in the table above and is estimated to be \$0.0 in fiscal year 2024, \$22.6 million in fiscal year 2025, increasing to \$91.0 million in fiscal year 2028. The cost to the FSP includes estimated decreases in Recapture Payments - Attendance Credits of \$0.0 in fiscal year 2024, \$2.6 million in fiscal year 2025, increasing to \$13.3 million in fiscal year 2028 as a result of increased entitlement in Tiers 1 and 2. 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**

The agency estimates a cost of \$43,308 in fiscal year 2024 and \$144,923 in fiscal year 2025 to develop and implement the requirements in the Texas Student Data System (TSDS) application, and a cost of \$67,932 in fiscal year 2024 and \$203,797 in fiscal year 2025 to develop and implement the requirements in the Foundation School Program (FSP) application.

## **Local Government Impact**

Districts choosing to participate in the R-PEP program may have costs associated with planning, implementing, and sustaining the R-PEP program outside of the life of grant funds. Small, rural school districts would receive additional FSP funding for their participation in college and career pathway partnerships.

**Source Agencies:** 701 Texas Education Agency

**LBB Staff:** JMc, KSk, MJe, CMA, ASA, CPA