

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 18, 2025

TO: Honorable Brandon Creighton, Chair, Senate Committee on Education K-16

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB120** by Bell, Keith (relating to college, career, and military readiness in public schools, including career and technology education programs, the Financial Aid for Swift Transfer (FAST) program, and the Rural Pathway Excellence Partnership (R-PEP) program, funding for those programs under the Foundation School Program, and workforce reporting to support those programs, to the public school accountability system, and to the new instructional facility allotment and the permissible uses of funding under the Foundation School Program.), **Committee Report 2nd House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB120, Committee Report 2nd House, Substituted: a negative impact of (\$184,619,561) through the biennium ending August 31, 2027.

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>
2026	(\$91,448,117)
2027	(\$93,171,444)
2028	(\$92,229,025)
2029	(\$93,228,855)
2030	(\$93,368,145)

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>Probable Revenue Gain/(Loss) from Recapture Payments Atten Crdts 8905</i>	<i>Change in Number of State Employees from FY 2025</i>
2026	(\$6,636,309)	(\$84,811,808)	(\$4,254,754)	21.0
2027	(\$6,457,513)	(\$86,713,931)	(\$8,828,095)	16.5
2028	(\$4,955,769)	(\$87,273,256)	(\$4,986,910)	15.0
2029	(\$4,955,769)	(\$88,273,086)	(\$12,735,364)	15.0
2030	(\$4,955,769)	(\$88,412,376)	(\$12,660,371)	15.0

Fiscal Analysis

The bill would require the Texas Education Agency (TEA) to post on TEA's Internet website certain de-identified data, disaggregated by school district or open-enrollment charter school, high school campus, and annual cohort for the most 10 recent annual cohorts.

The bill would allow students who have graduated from high school but are enrolled in a district or charter school designated as a Pathways in Technology Early College High School (P-TECH) or Rural Pathway Excellence Partnership (R-PEP) school and are completing a course of study offered through the P-TECH or R-PEP programs to enroll at no cost in a dual credit course under the Financial Aid for Swift Transfer (FAST) program.

The bill would include courses under a junior ROTC program in what is considered career and technology education programs and for which a district could generate entitlement under the Career and Technology Education Allotment under the Foundation School Program (FSP).

The bill would increase the number of subsidies students may receive for career and technology education (CTE) certification examinations from one to two and would provide a subsidy to teachers completing certain certification examinations related to CTE instead of cybersecurity.

The bill would establish the Military Pathway Grant Program which would provide funds to school districts to establish a Junior ROTC program for students enrolled in high school in the district, administer the Armed Services Vocational Aptitude Battery test, and provide college and career counseling to participating students. Each participating district would receive a grant of \$50,000 and the total amount of grants that could be awarded would be limited to \$2 million each year.

The bill would increase the per student amount under P-TECH from \$50 to \$150 per average daily attendance.

The bill would cap funding provided under the CTE allotment for JROTC courses at \$20 million in each fiscal year.

The bill would extend the allowable uses of funds under New Instructional Facility Allotment (NIFA) and would increase the amount appropriated for NIFA from \$100 million to \$150 million each year.

The bill would require the Texas Workforce Commission (TWC) to work with employers to enhance reporting of certain employment and earnings data.

## **Methodology**

The Texas Higher Education Coordinating Board (THECB) estimates that to provide TEA with identified data on postsecondary outcomes would require an annual \$1.2 million contract to obtain national student data.

The THECB states that costs relating to providing dual credit courses to students who have graduated under the FAST program cannot be determined at this time as data on the number of students who would qualify for the additional funding is not available.

TEA assumes there would be a cost to the state if the State Board of Education were to adopt Texas Essential Knowledge and Skill (TEKS) for JROTC courses to be included in a CTE program. TEA assumes \$34,200 in committee costs would be required in fiscal year 2026 to develop TEKS recommendations.

TEA estimates the cost of increased student subsidies for passing CTE examinations would be \$1.9 million annually and that costs to provide a subsidy for passing CTE certification examinations, including any costs paid for associated fingerprinting or criminal history record information review, would be \$0.4 million annually.

The agency assumes the cost to provide grants to districts to establish a JROTC program would be limited by the \$2.0 million cap each fiscal year.

Based on information provided by TWC, this estimate assumes the agency would require 19.0 additional FTEs in fiscal year 2026, 14.5 FTEs in fiscal year 2027, and 13.0 FTEs in subsequent fiscal years. Additionally, to capture all the data elements as required by the bill, TWC would need \$501,270 as a one-time cost in fiscal year 2026 to upgrade their Unemployment Insurance Tax System. The total annual costs for TWC are \$2,648,237 in fiscal year 2026, \$1,560,794 in fiscal year 2027 and \$1,488,186 in each fiscal year from 2028 through 2030 in General Revenue Funds.

This analysis assumes TEA could implement provisions of the bill with 2.0 FTEs at an annual cost of \$0.3 million.

The bill would amend or create allotments under the FSP as outlined in the Fiscal Analysis section above. TEA estimates that the total cost to the FSP would be \$84.8 million in fiscal year 2026, \$86.7 million in fiscal year 2027, decreasing to \$88.4 million in fiscal year 2030.

The cost to the FSP includes estimated decreases in Recapture Payments - Attendance Credits revenue of \$4.3 million in fiscal year 2026, \$8.8 million in fiscal year 2027, increasing to \$12.7 million in fiscal year 2030.

**Technology**

TEA estimates the IT cost to implement provisions of the bill would be \$1.9 million for the biennium.

**Local Government Impact**

This analysis assumes local education agencies would receive additional funding through the FSP under the bill.

**Source Agencies:** 320 Texas Workforce Commission, 701 Texas Education Agency, 781 Higher Education Coordinating Board

**LBB Staff:** JMc, NC, ASA, ENA