

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION
Revision 1

April 16, 2013

TO: Honorable Dan Patrick, Chair, Senate Committee on Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **SB1298** by Hegar (Relating to the provision of electronic courses in public schools, the state virtual school network, and school district digital capabilities.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1298, Committee Report 1st House, Substituted: a negative impact of (\$194,926,603) through the biennium ending August 31, 2015.

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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$96,544,402)
2015	(\$98,382,201)
2016	(\$100,051,281)
2017	(\$101,852,204)
2018	(\$103,685,544)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Foundation School Fund</i> 193
2014	\$0	(\$96,544,402)
2015	(\$100,000)	(\$98,282,201)
2016	\$0	(\$100,051,281)
2017	\$0	(\$101,852,204)
2018	\$0	(\$103,685,544)

Fiscal Analysis

The bill would modify the eligibility of students to participate in the state virtual school network by eliminating the requirement that a student had to be enrolled in a public school in this state in the preceding year, or has been placed in substitute care in this state.

The bill would broaden the list of entities eligible to provide virtual education to include a school district, an open-enrollment charter school, a public or private institution of higher education, a nonprofit entity, or a private entity.

The bill would require the Texas Education Agency (TEA) to develop a comprehensive course numbering system for all electronic catalogue courses offered through the state virtual school network.

The bill would require that a school district or open-enrollment charter school in which a student is enrolled would be entitled to funding based on a per-course amount for the student's enrollment in an electronic catalogue course or other electronic course in which a student has enrolled that is offered through the state virtual school network in the same manner that the district or school is entitled to funding for the student's enrollment in courses provided in a traditional classroom setting.

The bill would require the Commissioner of Education to conduct a study to assess the network capabilities of each school district.

Methodology

Based on information provided by TEA, the average state and local funding entitled to a school district is \$7,500. Therefore, based on this amount, the assumed per-course funding amount prescribed by the bill would be \$625 per semester.

The bill would remove the requirement that a student had to be enrolled in a public school in this state in the preceding year, or has been placed in substitute care in this state to register for a course through the state virtual school network. Based on information provided by TEA, there are 300,000 home school students in the state. If 12.5 percent of these students enrolled in one course through the state virtual school network, the estimated cost to the Foundation School Program would be \$23.4 million in fiscal year 2014. Assuming 2.5 percent of home school students enrolled in the state virtual school network full-time, the estimated cost to the Foundation School Program would be \$56.3 million in fiscal year 2014. Assuming the home school population enrolling in the state virtual school network on a part-time or full-time basis increased by 1.8 percent per year, the total cost to the Foundation School Program of these students would be \$79.7 million in fiscal year 2014, \$81.1 million in fiscal year 2015, and would increase to \$85.6 million in fiscal year 2018.

Based on information provided by TEA, there are 250,000 students currently enrolled in nonpublic schools in Texas. For the purpose of this analysis, it is assumed that 2.5 percent of these students would enroll in one course through the state virtual school network, at a cost to the Foundation School Program of \$3.9 million in fiscal year 2014. Assuming this population increased by 1.8 percent per year, the cost to the Foundation School Program would be \$4.0 million in fiscal year 2015, and would increase to \$4.2 million in fiscal year 2018.

Based on information provided by TEA, there are 34,363 students considered dropouts in the

2011-12 school year. For the purpose of this analysis, it is assumed that 5 percent of these students would become full-time students in the state virtual school network at a cost to the Foundation School Program of \$12.9 million in fiscal year 2014. Assuming this population increased by 1.8 percent per year, the cost to the Foundation School Program would be \$13.1 million in fiscal year 2015, and would increase to \$13.8 million in fiscal year 2018.

For the purpose of this analysis, it is assumed that the students who previously attended home school or were considered dropouts, and enrolled full-time through the state virtual school network would be subject to state assessments at an estimated cost of \$7 per assessment. The cost of these assessments would be \$64,527 in fiscal year 2014, \$65,689 in fiscal year 2015, and would increase to \$69,300 in fiscal year 2018.

The bill would require the Commissioner of Education to conduct a study to assess the network capabilities of each school district. Based on information provided by TEA, this study is estimated to cost \$100,000 in fiscal year 2015.

Local Government Impact

Districts would incur additional costs related to sending information to each student's parents or guardians twice per year with the district's policy to provide students in grades 3 through 12 the opportunity to enroll part-time or full-time in electronic course, although these costs could vary.

Source Agencies: 644 Texas Juvenile Justice Department, 696 Department of Criminal Justice, 701 Central Education Agency, 781 Higher Education Coordinating Board

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