

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 1, 2017

TO: Honorable Dan Huberty, Chair, House Committee on Public Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB4170 by Cospers (Relating to the state virtual school network.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4170, As Introduced: a negative impact of (\$4,887,140) through the biennium ending August 31, 2019.

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
2018	(\$2,531,885)
2019	(\$2,355,255)
2020	(\$2,395,294)
2021	(\$2,436,014)
2022	(\$2,477,427)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from Foundation School Fund 193
2018	(\$216,000)	(\$2,315,885)
2019	\$0	(\$2,355,255)
2020	\$0	(\$2,395,294)
2021	\$0	(\$2,436,014)
2022	\$0	(\$2,477,427)

Fiscal Analysis

The bill would amend the Education Code to extend courses offered through the Texas Virtual School Network (TxVSN) to kindergarten through second grade.

The bill would take effect immediately if passed with the necessary voting margins, or September 1, 2017, and would apply beginning in school year 2017-18.

Methodology

The bill has fiscal implications for the Foundation School Program (FSP) and the operations of the Texas Education Agency (TEA).

Expanding the eligibility of participation in electronic courses through the TxVSN to kindergarten through second grade would allow students in those grades to enroll in a course provided through the TxVSN catalog and students in those grades, who were enrolled in a public school in the state in the preceding school year or placed in substitute care in the state, to enroll full-time in courses provided through the TxVSN.

This analysis assumes that kindergarten students previously enrolled in public prekindergarten would be eligible to enroll full-time in courses provided through the TxVSN. Consequently, kindergarten students who were previously enrolled in public prekindergarten that choose to enroll in the full-time online program would not generate additional costs to the FSP due to their enrollment in the previous school year.

However, this analysis assumes there would be a cost for providing TxVSN access to certain kindergarten through Grade 2 students enrolled in public schools in the previous school year and who had subsequently left public school during the same school year to homeschool. Based on information provided by TEA, the Public Education Information Management System (PEIMS) Leaver Code data (which is only collected for Grades 7-12) for school year 2014-15 shows that 21,120 students in Grades 7 to 12 reported leaving the public school system to homeschool. According to PEIMS data, students in Grades 7 to 12 comprise approximately 43 percent of total student enrollment. This analysis estimates the total number of students leaving the public school system to homeschool to be approximately 49,120 students. According to PEIMS reports, students in kindergarten to Grade 2 comprise approximately 23 percent of total student enrollment. Based on this composition, this analysis assumes approximately 23 percent, or 11,300 students enrolled in kindergarten through Grade 2 statewide left the public school system to homeschool.

This analysis assumes 2.5 percent of this subset of 11,300 kindergarten through Grade 2 students would choose to enroll full-time in courses provided through the TxVSN instead of homeschooling as a result of the provisions of the bill. According to information provided by TEA, virtual students earn FSP weights in the same manner as other students and would generate additional state FSP costs equal to approximately \$8,200 per student in average daily attendance. Assuming 2.5 percent of the students enrolled in the full-time online program, the estimated cost to the FSP would be \$2.3 million ($\$8,200 \times 282$ students) in fiscal year 2018. Assuming this population of students grows annually at the same rate as the student population as a whole, approximately 1.7 percent, the estimated cost to the FSP would be \$2.4 million in fiscal year 2019, \$2.4 million in fiscal year 2020, and would increase to \$2.5 million in fiscal year 2022.

TEA estimates that Regional Education Service Center X (ESC 10), the entity that administers the TxVSN, would require \$216,000 in fiscal year 2018 to review and approve the courses for the expanded grade levels to ensure alignment with state curriculum and other requirements.

Local Government Impact

School districts and open-enrollment charter schools could incur additional costs for course catalog mentoring and other support for students who may choose to enroll in courses through the Texas Virtual School Network (TxVSN) course full-time online program. These costs would be anticipated to vary considerably among districts.

According to the Texas Education Agency, Texas Virtual School Network (TxVSN) catalog courses are only available to students in grades 9-12 in order to complete courses for high school credit. To the extent the bill makes TxVSN catalog courses available to students in kindergarten to Grade 2, then school districts and open-enrollment charter schools could incur additional costs for catalog courses and for other support for students who may choose to enroll in courses through the Texas Virtual School Network (TxVSN) course catalog. These costs would be anticipated to vary considerably among districts.

Source Agencies: 701 Texas Education Agency

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