

Chapter 189

S.B. No. 22

AN ACT

relating to the establishment of a Pathways in Technology Early College High School (P-TECH) program and to the repeal of the tech-prep program.

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

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

SUBCHAPTER N. PATHWAYS IN TECHNOLOGY EARLY COLLEGE HIGH SCHOOL
(P-TECH) PROGRAM

Sec. 29.551. DEFINITIONS. In this subchapter:

(1) "Advisory council" means the P-TECH advisory council.

(2) "Articulation agreement" means a written commitment between school districts or open-enrollment charter schools and institutions of higher education to a program designed to provide students with a nonduplicative sequence of progressive achievement leading to degrees or certificates in a work-based education program.

(3) "Institution of higher education" has the meaning assigned by Section 61.003.

(4) "P-TECH program" means the Pathways in Technology Early College High School program established under this subchapter.

Sec. 29.552. P-TECH ADVISORY COUNCIL. (a) The advisory

1 council is composed of:

2 (1) three members representing school districts and
3 open-enrollment charter schools appointed as follows:

4 (A) one member appointed by the governor;

5 (B) one member appointed by the lieutenant
6 governor; and

7 (C) one member appointed by the speaker of the
8 house of representatives;

9 (2) three members representing institutions of higher
10 education appointed as follows:

11 (A) one member appointed by the governor;

12 (B) one member appointed by the lieutenant
13 governor; and

14 (C) one member appointed by the speaker of the
15 house of representatives; and

16 (3) six members representing industry or business
17 partners that participate or seek to participate in the P-TECH
18 program appointed as follows:

19 (A) two members appointed by the governor;

20 (B) two members appointed by the lieutenant
21 governor; and

22 (C) two members appointed by the speaker of the
23 house of representatives.

24 (b) A member of the advisory council serves at the will of
25 the member's appointing authority.

26 (c) The advisory council shall provide recommendations to
27 the commissioner regarding:

1 (1) the establishment and administration of the P-TECH
2 program; and

3 (2) the criteria for a campus's designation as a P-TECH
4 school under Section 29.556.

5 (d) A member of the advisory council may not receive
6 compensation for service on the advisory council but, subject to
7 the availability of funding, may receive reimbursement for actual
8 and necessary expenses, including travel expenses, incurred in
9 performing advisory council duties. The advisory council may
10 solicit and accept gifts, grants, and donations to pay for those
11 expenses.

12 (e) Chapter 2110, Government Code, does not apply to the
13 advisory council.

14 Sec. 29.553. P-TECH PROGRAM. (a) The commissioner shall
15 establish and administer a Pathways in Technology Early College
16 High School (P-TECH) program for students who wish to participate
17 in a work-based education program.

18 (b) The P-TECH program must:

19 (1) be open enrollment;

20 (2) provide for a course of study that enables a
21 participating student in grade levels 9 through 12 to combine high
22 school courses and postsecondary courses;

23 (3) allow a participating student to complete high
24 school and, on or before the sixth anniversary of the date of the
25 student's first day of high school:

26 (A) receive a high school diploma and an
27 associate degree, a two-year postsecondary certificate, or

1 industry certification; and

2 (B) complete work-based training through an
3 internship, apprenticeship, or other job training program;

4 (4) include:

5 (A) articulation agreements with institutions of
6 higher education in this state to provide a participating student
7 access to postsecondary educational and training opportunities at
8 an institution of higher education; and

9 (B) memoranda of understanding with regional
10 industry or business partners in this state to provide a
11 participating student access to work-based training and education;
12 and

13 (5) provide a participating student flexibility in
14 class scheduling and academic mentoring.

15 (c) Each articulation agreement under Subsection (b)(4)(A)
16 must address:

- 17 (1) curriculum alignment;
- 18 (2) instructional materials;
- 19 (3) the instructional calendar;
- 20 (4) courses of study;
- 21 (5) student enrollment and attendance;
- 22 (6) grading periods and policies; and
- 23 (7) administration of statewide assessment
24 instruments under Subchapter B, Chapter 39.

25 (d) Each memorandum of understanding under Subsection
26 (b)(4)(B) must include an agreement that the regional industry or
27 business partner will give to a student who receives work-based

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1 training or education from the partner under the P-TECH program
2 first priority in interviewing for any jobs for which the student is
3 qualified that are available on the student's completion of the
4 program.

5 (e) A student participating in the P-TECH program is
6 entitled to the benefits of the Foundation School Program in
7 proportion to the amount of time spent by the student on high school
8 courses, in accordance with rules adopted by the commissioner,
9 while completing the course of study established by the applicable
10 articulation agreement or memorandum of understanding under
11 Subsection (b)(4).

12 (f) The P-TECH program must be provided at no cost to
13 participating students.

14 (g) The commissioner may accept gifts, grants, and
15 donations from any source, including private and nonprofit
16 organizations, for the P-TECH program. A private or nonprofit
17 organization that contributes to the program may receive an award
18 under Section 7.113.

19 (h) The commissioner shall collaborate with the Texas
20 Workforce Commission and the Texas Higher Education Coordinating
21 Board to develop and implement a plan for the P-TECH program that
22 addresses:

- 23 (1) regional workforce needs;
- 24 (2) credit transfer policies between institutions of
25 higher education; and
- 26 (3) internships, apprenticeships, and other
27 work-based education programs.

1 Sec. 29.554. ACCIDENT MEDICAL EXPENSE, LIABILITY, AND
2 AUTOMOBILE INSURANCE COVERAGE. (a) The board of trustees of a
3 school district or the governing body of an open-enrollment charter
4 school may obtain accident medical expense, liability, or
5 automobile insurance coverage to protect:

6 (1) a business or entity that partners with the
7 district or school under Section 29.553 to provide students with
8 work-based training and education under the P-TECH program; and

9 (2) a student enrolled in the district or at the school
10 who participates in the district's or school's P-TECH program.

11 (b) The coverage authorized by this section must be:

12 (1) obtained from a reliable insurer authorized to
13 engage in business in this state; or

14 (2) provided through a self-funded risk pool of which
15 the school district or open-enrollment charter school is a member.

16 (c) The amount of coverage the school district or
17 open-enrollment charter school obtains must be reasonable
18 considering the financial condition of the district or school and
19 may not exceed the amount that, in the opinion of the board of
20 trustees or governing body, is reasonably necessary.

21 (d) If the board of trustees of a school district or
22 governing body of an open-enrollment charter school obtains
23 accident medical expense, liability, or automobile insurance
24 coverage under this section, the district or school shall notify
25 the parent or guardian of each student participating in the P-TECH
26 program.

27 (e) The failure of any board of trustees of a school

1 district or governing body of an open-enrollment charter school to
2 obtain coverage, or any specific amount of coverage, authorized by
3 this section may not be construed as placing any legal liability on
4 the district or school or the district's or school's officers,
5 agents, or employees for any injury that results.

6 Sec. 29.555. IMMUNITY FROM LIABILITY. A student who
7 participates in the P-TECH program while enrolled in a school
8 district or at an open-enrollment charter school is entitled to
9 immunity in the same manner as a professional employee of a school
10 district under Subchapter B, Chapter 22, or as an employee of an
11 open-enrollment charter school under Section 12.1056, as
12 applicable.

13 Sec. 29.556. P-TECH SCHOOL DESIGNATION AND GRANT PROGRAM.
14 (a) A school district or open-enrollment charter school that
15 implements or seeks to implement the P-TECH program at a campus may
16 apply to the commissioner for designation of the campus as a P-TECH
17 school in accordance with procedures established by the
18 commissioner.

19 (b) From funds appropriated for that purpose, the
20 commissioner by rule shall establish a grant program to assist
21 school districts and open-enrollment charter schools in
22 implementing the P-TECH program at a campus designated as a P-TECH
23 school under Subsection (a). The commissioner may use not more than
24 three percent of the funds appropriated for the grant program to
25 cover the cost of administering the grant program and to provide
26 technical assistance and support to P-TECH schools.

27 (b-1) The total amount of grants awarded under the grant

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1 program for the state fiscal biennium ending August 31, 2019, may
2 not exceed \$5 million. This subsection expires December 1, 2019.

3 (c) The commissioner shall establish the criteria for a
4 campus's designation as a P-TECH school and for participation in
5 the grant program under this section. The criteria must require a
6 school district or open-enrollment charter school to:

7 (1) enter into an articulation agreement under Section
8 29.553 only with institutions of higher education that are
9 accredited by a national or regional accrediting agency recognized
10 by the Texas Higher Education Coordinating Board;

11 (2) review and, as necessary, update each memorandum
12 of understanding with a regional industry or business partner under
13 Section 29.553 at least once every two years; and

14 (3) explain how the district's or school's P-TECH
15 program will address regional workforce needs.

16 Sec. 29.557. RULES. (a) The commissioner shall adopt
17 rules as necessary to administer the P-TECH program, including
18 rules to ensure a student participating in the program is not
19 considered for accountability purposes to have dropped out of high
20 school or failed to complete the curriculum requirements for high
21 school graduation until after the sixth anniversary of the date of
22 the student's first day in high school. The rules may provide for
23 giving preference in receiving program benefits to a student who is
24 in the first generation of the student's family to attend college
25 and may establish other distinctions or criteria based on student
26 need.

27 (b) The commissioner shall consult the Texas Higher

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1 Education Coordinating Board in administering the program. The
2 Texas Higher Education Coordinating Board may adopt rules as
3 necessary to exercise its powers and duties under this subchapter.

4 SECTION 2. Section 28.009(d)(2), Education Code, is amended
5 to read as follows:

6 (2) "Sequence of courses" means career and technical
7 education courses approved by the State Board of Education or[~~7~~]
8 innovative courses approved by the State Board of Education that
9 are provided for local credit[~~7~~ ~~or a tech-prep program of study~~
10 ~~under Section 61.852~~].

11 SECTION 3. Section 39.301(c), Education Code, is amended to
12 read as follows:

13 (c) Indicators for reporting purposes must include:

14 (1) the percentage of graduating students who meet the
15 course requirements established by State Board of Education rule
16 for:

- 17 (A) the foundation high school program;
- 18 (B) the distinguished level of achievement under
19 the foundation high school program; and
- 20 (C) each endorsement described by Section
21 28.025(c-1);

22 (2) the results of the SAT, ACT, [~~articulated~~
23 ~~postsecondary degree programs described by Section 61.852,~~] and
24 certified workforce training programs described by Chapter 311,
25 Labor Code;

26 (3) for students who have failed to perform
27 satisfactorily, under each performance standard under Section

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1 39.0241, on an assessment instrument required under Section
2 39.023(a) or (c), the performance of those students on subsequent
3 assessment instruments required under those sections, aggregated
4 by grade level and subject area;

5 (4) for each campus, the number of students,
6 disaggregated by major student subpopulations, that take courses
7 under the foundation high school program and take additional
8 courses to earn an endorsement under Section 28.025(c-1),
9 disaggregated by type of endorsement;

10 (5) the percentage of students, aggregated by grade
11 level, provided accelerated instruction under Section 28.0211(c),
12 the results of assessment instruments administered under that
13 section, the percentage of students promoted through the grade
14 placement committee process under Section 28.0211, the subject of
15 the assessment instrument on which each student failed to perform
16 satisfactorily under each performance standard under Section
17 39.0241, and the performance of those students in the school year
18 following that promotion on the assessment instruments required
19 under Section 39.023;

20 (6) the percentage of students of limited English
21 proficiency exempted from the administration of an assessment
22 instrument under Sections 39.027(a)(1) and (2);

23 (7) the percentage of students in a special education
24 program under Subchapter A, Chapter 29, assessed through assessment
25 instruments developed or adopted under Section 39.023(b);

26 (8) the percentage of students who satisfy the college
27 readiness measure;

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1 (9) the measure of progress toward dual language
2 proficiency under Section 39.034(b), for students of limited
3 English proficiency, as defined by Section 29.052;

4 (10) the percentage of students who are not
5 educationally disadvantaged;

6 (11) the percentage of students who enroll and begin
7 instruction at an institution of higher education in the school
8 year following high school graduation; and

9 (12) the percentage of students who successfully
10 complete the first year of instruction at an institution of higher
11 education without needing a developmental education course.

12 SECTION 4. Section 42.154(a), Education Code, is amended to
13 read as follows:

14 (a) For each full-time equivalent student in average daily
15 attendance in an approved career and technology education program
16 in grades nine through 12 or in career and technology education
17 programs for students with disabilities in grades seven through 12,
18 a district is entitled to:

19 (1) an annual allotment equal to the adjusted basic
20 allotment multiplied by a weight of 1.35; and

21 (2) \$50, if the student is enrolled in[+
22 ~~[(A)]~~ two or more advanced career and technology
23 education classes for a total of three or more credits[~~+ or~~
24 ~~[(B)] an advanced course as part of a tech-prep~~
25 ~~program under Subchapter T, Chapter 61].~~

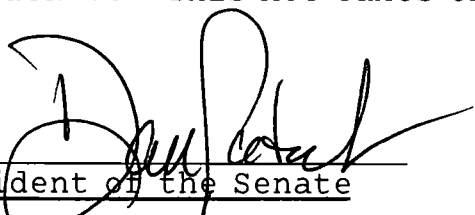
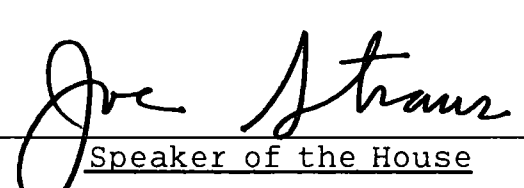
26 SECTION 5. The following provisions of the Education Code
27 are repealed:

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- 1 (1) Section 29.185(b); and
- 2 (2) Subchapter T, Chapter 61.

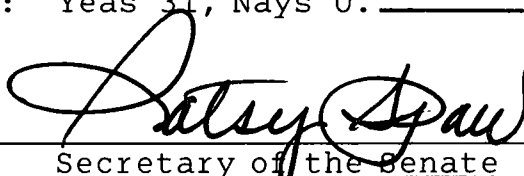
3 SECTION 6. This Act applies beginning with the 2018-2019
4 school year.

5 SECTION 7. This Act takes effect September 1, 2017. _____

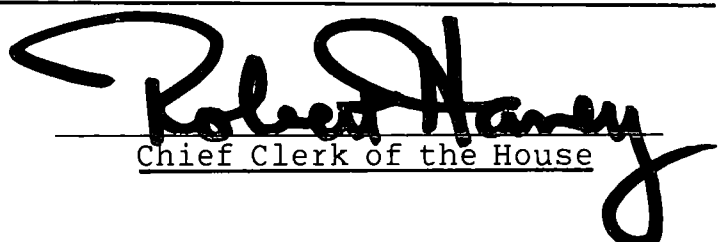
President of the Senate
Speaker of the House

I hereby certify that S.B. No. 22 passed the Senate on
March 28, 2017, by the following vote: Yeas 31, Nays 0. _____



Secretary of the Senate


I hereby certify that S.B. No. 22 passed the House on
May 20, 2017, by the following vote: Yeas 135, Nays 1, one
present not voting. _____




Chief Clerk of the House

Approved:

5-26-2017
Date


Governor

FILED IN THE OFFICE OF THE
 SECRETARY OF STATE
 5:30 O'CLOCK
 MAY 27 2017

Secretary of State

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 21, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB22 by Taylor, Larry (Relating to the establishment of a Pathways in Technology Early College High School (P-TECH) program and to the repeal of the tech-prep program.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for SB22, As Engrossed: a negative impact of (\$4,965,806) 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	(\$2,482,903)
2019	(\$2,482,903)
2020	(\$6,157,903)
2021	(\$6,157,903)
2022	(\$6,175,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable Savings from <i>General Revenue Fund</i> 1	Change in Number of State Employees from FY 2017
2018	(\$2,500,000)	\$17,097	1.0
2019	(\$2,500,000)	\$17,097	1.0
2020	(\$6,175,000)	\$17,097	1.0
2021	(\$6,175,000)	\$17,097	1.0
2022	(\$6,175,000)		1.0

Fiscal Analysis

The bill would amend the Education Code as it relates to Educational Programs to establish the "Pathways in Technology Early College High School" program (P-TECH). Under the provisions of the bill, the Commissioner of the Texas Education Agency (TEA) would be required to establish

and administer the program for school districts and open-enrollment charter schools. Within six years, students in the program would be permitted to earn their high school diploma and an associate degree, two-year postsecondary certificate, or industry certification as well as participate in work-based training. The program would be required to be provided at no cost to participating students.

P-TECH programs would be required to have articulation agreements and memoranda of understanding between schools and institutions of higher education and regional industry partners or businesses. The Commissioner of TEA would be required to collaborate with the Texas Workforce Commission and the Texas Higher Education Coordinating Board to develop and implement a plan for P-TECH that addresses regional workforce needs; credit transfer policies between institutions of higher education; and internships, apprenticeships, and other work-based programs.

While enrolled in the P-TECH program, students would be entitled to the benefits of the Foundation School Program in proportion to the amount of time the student spent on high school courses.

The bill also would require the Commissioner of TEA to establish a grant program to help support school districts and open-enrollment charter schools in implementing the P-TECH program using funds appropriated for that purpose. For the 2018-19 biennium, the bill would limit the total grant award amount to \$5 million; this limitation would expire on December 1, 2019. The Commissioner would not be permitted to use more than 3 percent of funds appropriated for the grant program for administrative costs and for providing technical assistance and support. The Commissioner also would be required to create criteria for designation as a P-TECH school. Designation would be required for participation in the grant program.

The bill would eliminate the tech prep program.

The bill would take effect September 1, 2017, but the provisions of the bill would not apply until the 2018-19 academic year.

Methodology

Under the provisions of the bill, TEA would be required to establish and administer the P-TECH program and establish criteria and procedures for designating school districts and open-enrollment charter schools as P-TECH schools.

The bill specifies that the total amount of grants awarded under the P-TECH grant program may not exceed \$5 million for the 2018-19 biennium. This limitation on total grant amounts would expire December 1, 2019. This estimate assumes that the first P-TECH grants would be awarded in fiscal year 2018 in advance of school year 2018-19, and that total grant funding for the biennium would be the maximum \$5 million. This estimate also assumes that the \$5 million in grants would be exhausted by the end of the biennium.

TEA estimates that it would award two-year grants ranging from \$500,000 to \$800,000, with the first year of grants ranging in value from \$200,000 to \$400,000. The analysis estimates \$2.5 million spent in each fiscal year of the biennium, however this amount would depend upon the number and value of grants in each fiscal year of the biennium. According to TEA, the first year of the grant would be for planning, acquisition of equipment, technology, staff, and curriculum acquisition. The second year of the grant would be for program launch, including helping defray the costs of the technology, staff salaries, technical assistance, and professional

development. This analysis assumes a \$325,000 average grant value per each fiscal year of the biennium, or an average total grant value of \$650,000 for the biennium.

This analysis assumes that one full-time equivalent position (FTE) would be required to administer and implement the P-TECH program. TEA would be limited by the bill to allocating only 3 percent of the total appropriation for the grant program to administrative costs, as well as costs related to technical assistance and support. Assuming \$5 million in grant funding for the 2018-19 biennium, the estimated administrative costs associated with the necessary FTE, technical assistance, and support would be limited to \$150,000.

The \$5 million limitation on total grant award value would expire on December 1, 2019. Following the 2018-19 biennium, the bill does not specify a limitation on total grant awards. Beginning in fiscal year 2020, this analysis assumes costs based on anticipated program participation. However, actual costs will be limited to amounts appropriated for that purpose.

Beginning in fiscal year 2020, it is estimated that interest in the P-TECH grant program will be similar to interest in the Innovation Academies. TEA awarded 19 Innovation Academy grants during fiscal year 2017. The estimated biennial impact of the P-TECH program beginning in fiscal year 2020 therefore assumes 19 two-year grants valued at an average of \$650,000 for the biennium, resulting in a total biennial cost in grant awards of \$12.4 million in grant funding. It is assumed that TEA would award 19 new grants in the first year of each subsequent biennium. The bill would continue to limit use of appropriations for the grant program to 3 percent for administrative costs, as well as costs related to technical assistance and support.

The bill also would eliminate the tech prep program. According to TEA, this will result in a savings to the state in the Foundation School Program fund of \$17,097 per year. To the extent that the bill could potentially take six years to complete, and could encourage high school students to take additional Career and Technical Education high school courses and higher education courses, there could be increased formula funding costs beginning in fiscal year 2020, however the impact of this cannot be determined. Because of the potential cost impact to the Foundation School Program, TEA estimates that savings to the Foundation School Program fund would cease in fiscal year 2020.

Technology

TEA indicates some additional costs for developing data system elements associated with the program.

Local Government Impact

The bill would permit school districts and open-enrollment charter schools to obtain accident medical expense, liability, or automobile insurance coverage. However, according to TEA, costs would vary depending on the coverage and number of students participating. The agency also estimates that the bill would have a cost to school districts or open-enrollment charter schools for start-up, student travel to work-based learning opportunities, and designation as a P-TECH school. However, cost would vary depending on the type of program offered by the school and whether or not the school receives a grant.

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

LBB Staff: UP, THo, JJ, AKU

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 20, 2017

TO: Honorable Larry Taylor, Chair, Senate Committee on Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB22 by Taylor, Larry (Relating to the establishment of a Pathways in Technology Early College High School (P-TECH) program and to the repeal of the tech-prep program.),
Committee Report 1st House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for SB22, Committee Report 1st House, Substituted: a negative impact of (\$4,965,806) 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	(\$2,482,903)
2019	(\$2,482,903)
2020	(\$6,157,903)
2021	(\$6,157,903)
2022	(\$6,175,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1	Probable Savings from <i>Foundation School Fund</i> 193	Change in Number of State Employees from FY 2017
2018	(\$2,500,000)	\$17,097	1.0
2019	(\$2,500,000)	\$17,097	1.0
2020	(\$6,175,000)	\$17,097	1.0
2021	(\$6,175,000)	\$17,097	1.0
2022	(\$6,175,000)	\$0	1.0

Fiscal Analysis

The bill would amend the Education Code as it relates to Educational Programs to establish the "Pathways in Technology Early College High School" program (P-TECH).

Under the provisions of the bill, the Commissioner of the Texas Education Agency (TEA) would be required to establish and administer the program for school districts and open-enrollment charter schools. Within six years, students in the program would be permitted to earn their high school diploma and an associate degree, two-year postsecondary certificate, or industry certification as well as participate in work-based training. The program would be required to be provided at no cost to participating students.

P-TECH programs would be required to have articulation agreements and memoranda of understanding between schools and institutions of higher education and regional industry partners or businesses. The Commissioner of TEA would be required to collaborate with the Texas Workforce Commission and the Texas Higher Education Coordinating Board to develop and implement a plan for P-TECH that addresses regional workforce needs; credit transfer policies between institutions of higher education; and internships, apprenticeships, and other work-based programs.

While enrolled in the P-TECH program, students would be entitled to the benefits of the Foundation School Program in proportion to the amount of time the student spent on high school courses.

The bill also would require the Commissioner of TEA to establish a grant program to help support school districts and open-enrollment charter schools in implementing the P-TECH program using funds appropriated for that purpose. For the 2018-19 biennium, the bill would limit the total grant award amount to \$5 million; this limitation would expire on December 1, 2019. The Commissioner would not be permitted to use more than 3 percent of funds appropriated for the grant program for administrative costs and for providing technical assistance and support. The Commissioner also would be required to create criteria for designation as a P-TECH school. Designation would be required for participation in the grant program.

The bill would eliminate the tech prep program.

The bill would take effect September 1, 2017, but the provisions of the bill would not apply until the 2018-19 academic year.

Methodology

Under the provisions of the bill, TEA would be required to establish and administer the P-TECH program and establish criteria and procedures for designating school districts and open-enrollment charter schools as P-TECH schools.

The bill specifies that the total amount of grants awarded under the P-TECH grant program may not exceed \$5 million for the 2018-19 biennium. This limitation on total grant amounts would expire December 1, 2019. This estimate assumes that the first P-TECH grants would be awarded in fiscal year 2018 in advance of school year 2018-19, and that total grant funding for the biennium would be the maximum \$5 million. This estimate also assumes that the \$5 million in grants would be exhausted by the end of the biennium.

TEA estimates that it would award two-year grants ranging from \$500,000 to \$800,000, with the first year of grants ranging in value from \$200,000 to \$400,000. The analysis estimates \$2.5 million spent in each fiscal year of the biennium, however this amount would depend upon the number and value of grants in each fiscal year of the biennium. According to TEA, the first year of the grant would be for planning, acquisition of equipment, technology, staff, and curriculum

acquisition. The second year of the grant would be for program launch, including helping defray the costs of the technology, staff salaries, technical assistance, and professional development. This analysis assumes a \$325,000 average grant value per each fiscal year of the biennium, or an average total grant value of \$650,000 for the biennium.

This analysis assumes that one full-time equivalent position (FTE) would be required to administer and implement the P-TECH program. TEA would be limited by the bill to allocating only 3 percent of the total appropriation for the grant program to administrative costs, as well as costs related to technical assistance and support. Assuming \$5 million in grant funding for the 2018-19 biennium, the estimated administrative costs associated with the necessary FTE, technical assistance, and support would be limited to \$150,000.

The \$5 million limitation on total grant award value would expire on December 1, 2019. Following the 2018-19 biennium, the bill does not specify a limitation on total grant awards. Beginning in fiscal year 2020, this analysis assumes costs based on anticipated program participation. However, actual costs will be limited to amounts appropriated for that purpose.

Beginning in fiscal year 2020, it is estimated that interest in the P-TECH grant program will be similar to interest in the Innovation Academies. TEA awarded 19 Innovation Academy grants during fiscal year 2017. The estimated biennial impact of the P-TECH program beginning in fiscal year 2020 therefore assumes 19 two-year grants valued at an average of \$650,000 for the biennium, resulting in a total biennial cost in grant awards of \$12.4 million in grant funding. It is assumed that TEA would award 19 new grants in the first year of each subsequent biennium. The bill would continue to limit use of appropriations for the grant program to 3 percent for administrative costs, as well as costs related to technical assistance and support.

The bill also would eliminate the tech prep program. According to TEA, this will result in a savings to the state in the Foundation School Program fund of \$17,097 per year. To the extent that the bill could potentially take six years to complete, and could encourage high school students to take additional Career and Technical Education high school courses and higher education courses, there could be increased formula funding costs beginning in fiscal year 2020, however the impact of this cannot be determined. Because of the potential cost impact to the Foundation School Program, TEA estimates that savings to the Foundation School Program fund would cease in fiscal year 2020.

Technology

TEA indicates some additional costs for developing data system elements associated with the program.

Local Government Impact

The bill would permit school districts and open-enrollment charter schools to obtain accident medical expense, liability, or automobile insurance coverage. However, according to TEA, costs would vary depending on the coverage and number of students participating. The agency also estimates that the bill would have a cost to school districts or open-enrollment charter schools for start-up, student travel to work-based learning opportunities, and designation as a P-TECH school. However, cost would vary depending on the type of program offered by the school and whether or not the school receives a grant.

Source Agencies: 701 Texas Education Agency, 781 Higher Education Coordinating Board
LBB Staff: UP, THo, JJ, AKU

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

February 22, 2017

TO: Honorable Larry Taylor, Chair, Senate Committee on Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB22 by Taylor, Larry (Relating to the establishment of a Pathways in Technology Early College High School (P-TECH) program and to the repeal of the tech-prep program.), As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for SB22, As Introduced: a negative impact of (\$12,315,806) 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	(\$6,157,903)
2019	(\$6,157,903)
2020	(\$6,157,903)
2021	(\$6,157,903)
2022	(\$6,175,000)

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	Change in Number of State Employees from FY 2017
2018	(\$6,175,000)	\$17,097	1.0
2019	(\$6,175,000)	\$17,097	1.0
2020	(\$6,175,000)	\$17,097	1.0
2021	(\$6,175,000)	\$17,097	1.0
2022	(\$6,175,000)	\$0	1.0

Fiscal Analysis

The bill would amend the Education Code as it relates to Educational Programs to establish the "Pathways in Technology Early College High School" program (P-TECH).

Under the provisions of the bill, the Commissioner of the Texas Education Agency (TEA) would be required to establish and administer the program for school districts and open-enrollment charter schools. Within six years, students in the program would be permitted to earn their high school diploma and an associate degree, two-year postsecondary certificate, or industry certification as well as participate in work-based training. P-TECH programs would be required to have articulation agreements and memoranda of understanding between schools and institutions of higher education and regional industry partners or businesses. The Commissioner of TEA would be required to collaborate with the Texas Workforce Commission and the Texas Higher Education Coordinating Board to develop and implement a plan for P-TECH that addresses regional workforce needs; credit transfer policies between institutions of higher education; and internships, apprenticeships, and other work-based education programs.

While enrolled in the P-TECH program, students would be entitled to the benefits of the Foundation School Program in proportion to the amount of time the student spent on high school courses.

The bill also would require the Commissioner of TEA to establish a grant program to help support school districts and open-enrollment charter schools in implementing the P-TECH program using funds appropriated for that purpose. The Commissioner would not be permitted to use more than 3 percent of funds appropriated for the grant program for administrative costs and providing technical assistance and support. The Commissioner also would be required to create criteria for designation as a P-TECH school. Designation would be required for participation in the grant program.

The bill would eliminate the tech prep program.

The bill would take effect September 1, 2017, but the provisions of the bill would not apply until the 2018-19 academic year.

Methodology

Under the provisions of the bill, TEA would be required to establish and administer the P-TECH program and establish criteria and procedures for designating school districts and open-enrollment charter schools as P-TECH schools.

This estimate is predicated on the assumptions outlined below. Actual costs will vary depending on the number of grant awards and their value.

TEA estimates that it would award two year grants ranging from \$500,000 to \$800,000, with the first year of grants ranging in value from \$200,000 to \$400,000. This analysis assumes a \$325,000 average grant value per each fiscal year of the biennium, or an average total grant value of \$650,000 for the biennium. According to TEA, the first year of the grant would be for planning, acquisition of equipment, technology, staff, and curriculum acquisition. The second year of the grant would be for program launch, including helping to defray the costs of the technology, staff salaries, technical assistance, and professional development.

It is assumed that the first P-TECH grants would be awarded in fiscal year 2018 in advance of the start of school year 2018-19. It is assumed that interest in the P-TECH grant program will be similar to interest in the Innovation Academies. TEA awarded 19 Innovation Academy grants during fiscal year 2017. The estimated biennial impact of the program therefore assumes 19 two year grants valued at an average of \$650,000 for the biennium, resulting in a total biennial cost in grant awards of \$12.4 million in grant funding. It is assumed that TEA would award 19 new grants in the first year of each subsequent biennium.

This analysis assumes that one full-time equivalent position (FTE) would be required to administer and implement the P-TECH program. Of the \$12.4 million in grant funding each biennium, the estimated administrative costs associated with this FTE, including salary, benefits, and other operating expenses, would be approximately \$129,802 in fiscal year 2018 and \$121,802 in subsequent years. TEA would be limited by the bill to allocating only 3 percent of the total appropriation for the grant program to these administrative costs, as well as costs related to technical assistance and support.

The bill also would eliminate the tech prep program. According to TEA, this will result in a savings to the state in the Foundation School Program fund of \$17,097 per year. To the extent that the bill could potentially take six years to complete, and could encourage high school students to take additional Career and Technology Education high school courses and higher education courses, there could be increased formula funding costs beginning in fiscal year 2020, however the impact of this cannot be determined. Because of the potential cost impact to the Foundation School Program, TEA estimates that savings to the Foundation School Program fund would cease in fiscal year 2022.

Technology

TEA indicates some additional costs for developing data system elements associated with the program.

Local Government Impact

The bill would permit school districts and open-enrollment charter schools to obtain a health benefit plan, liability, or automobile insurance coverage, however according to TEA, the cost will vary depending on the coverage and number of students participating. The agency also estimates that the bill would have a cost to school districts or open-enrollment charter schools for start-up and designation as a P-TECH school, however the cost will vary depending on the type of program offered by the school and whether or not the school receives a grant.

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

LBB Staff: UP, THo, JJ, AKU, SD, AW