

SENATE AMENDMENTS

2nd Printing

By: Hancock

H.B. No. 3220

A BILL TO BE ENTITLED

AN ACT

relating to the applicability of certain laws to open-enrollment charter schools.

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

SECTION 1. Section 12.1056, Education Code, is amended to read as follows:

Sec. 12.1056. IMMUNITY FROM LIABILITY. (a) In matters related to operation of an open-enrollment charter school, an open-enrollment charter school is immune from liability to the same extent as a school district, and its employees and volunteers are immune from liability to the same extent as school district employees and volunteers. A member of the governing body of an open-enrollment charter school or of a charter holder is immune from liability to the same extent as a school district trustee.

(b) An open-enrollment charter school is a governmental unit as defined by Section 101.001, Civil Practice and Remedies Code, and is subject to liability only as provided by Chapter 101, Civil Practice and Remedies Code, and only in the manner that liability is provided by that chapter for a school district.

(c) An open-enrollment charter school is a local government as defined by Section 102.001, Civil Practice and Remedies Code, and a payment on a tort claim must comply with Chapter 102, Civil Practice and Remedies Code.

SECTION 2. Subchapter D, Chapter 12, Education Code, is

1 amended by adding Section 12.1058 to read as follows:

2 Sec. 12.1058. APPLICABILITY OF OTHER LAWS. (a) An
3 open-enrollment charter school is considered to be:

4 (1) a local government for purposes of Chapter 791,
5 Government Code;

6 (2) a local government for purposes of Chapter 2259,
7 Government Code, except that an open-enrollment charter school may
8 not issue public securities as provided by Section 2259.031(b),
9 Government Code; and


10 (3) a political subdivision for purposes of Chapter
11 172, Local Government Code.

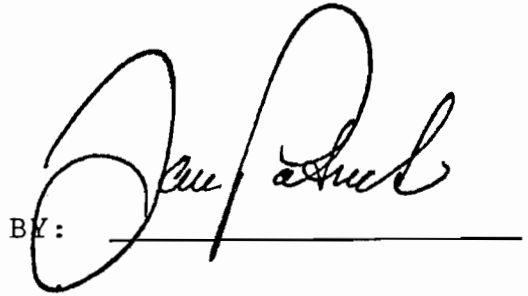
12 (b) An open-enrollment charter school may elect to extend
13 workers' compensation benefits to employees of the school through
14 any method available to a political subdivision under Chapter 504,
15 Labor Code. An open-enrollment charter school that elects to
16 extend workers' compensation benefits as permitted under this
17 section is considered to be a political subdivision for all
18 purposes under Chapter 504, Labor Code.

19 SECTION 3. This Act takes effect immediately if it receives
20 a vote of two-thirds of all the members elected to each house, as
21 provided by Section 39, Article III, Texas Constitution. If this
22 Act does not receive the vote necessary for immediate effect, this
23 Act takes effect September 1, 2009.

ADOPTED

MAY 26 2009


Secretary of the Senate


BY: _____

FLOOR AMENDMENT NO. 1

1 Amend H.B. No. 3220 (senate committee printing) by striking
2 all below the enacting clause and substituting the following:

3 SECTION 1. Section 12.101, Education Code, is amended by
4 amending Subsection (b) and adding Subsection (b-1) to read as
5 follows:

6 (b) The State Board of Education, after thoroughly
7 investigating and evaluating an applicant, may grant a charter for
8 an open-enrollment charter school only to an applicant that meets
9 any financial, governing, curriculum development and
10 implementation, and operational standards adopted by the
11 commissioner under this subchapter. The State Board of Education
12 may not grant [~~a total of~~] more than 10 new [~~215~~] charters for an
13 open-enrollment charter school each state fiscal year.

14 (b-1) A charter holder may establish one or more new
15 open-enrollment charter school campuses under a charter without
16 applying for authorization from the State Board of Education if:

17 (1) 90 percent or more of the open-enrollment charter
18 school campuses operating under the charter have been rated as
19 academically acceptable or higher under Subchapter D, Chapter 39,
20 for the two preceding school years;

21 (2) either no campus operating under the charter has
22 been rated as academically unacceptable for any two of the three
23 preceding school years or such a campus has been closed;

24 (3) the charter holder satisfies generally accepted
25 accounting standards of fiscal management;

26 (4) the charter holder provides written notice, in the
27 time, manner, and form provided by commissioner rule, to the State
28 Board of Education and the commissioner of the establishment of any
29 campus under this subsection; and

1 (5) not later than the 90th day after the date the
2 charter holder provides written notice under Subdivision (4), the
3 commissioner does not provide written notice to the charter holder
4 disapproving a new campus under this section.

5 SECTION 2. Subchapter D, Chapter 12, Education Code, is
6 amended by adding Section 12.1011 to read as follows:

7 Sec. 12.1011. AUTHORIZATION FOR GRANT OF CHARTERS FOR
8 SCHOOLS PRIMARILY SERVING STUDENTS WITH DISABILITIES. (a) The
9 State Board of Education may grant under Section 12.101 a charter on
10 the application of an eligible entity for an open-enrollment
11 charter school intended primarily to serve students with
12 disabilities, including students with autism. A charter granted
13 under this section is not considered for purposes of the limit on
14 the number of open-enrollment charter schools imposed by Section
15 12.101(b).

16 (b) For purposes of the applicability of state and federal
17 law, including a law prescribing requirements concerning students
18 with disabilities, an open-enrollment charter school described by
19 Subsection (a) is considered the same as any other school for which
20 a charter is granted under Section 12.101.

21 (c) To the fullest extent permitted under federal law, a
22 parent of a student with a disability may choose to enroll the
23 parent's child in an open-enrollment charter school described by
24 Subsection (a) regardless of whether a disproportionate number of
25 the school's students are students with disabilities.

26 (d) This section does not authorize an open-enrollment
27 charter school to discriminate in admissions or in the services
28 provided based on the presence, absence, or nature of an
29 applicant's or student's disability.

30 SECTION 3. Section 12.104, Education Code, is amended by
31 amending Subsection (b) and adding Subsection (e) to read as

1 follows:

2 (b) An open-enrollment charter school is subject to:

3 (1) a provision of this title establishing a criminal
4 offense; and

5 (2) a prohibition, restriction, or requirement, as
6 applicable, imposed by this title or a rule adopted under this
7 title, relating to:

8 (A) the Public Education Information Management
9 System (PEIMS) to the extent necessary to monitor compliance with
10 this subchapter as determined by the commissioner;

11 (B) criminal history records under Subchapter C,
12 Chapter 22;

13 (C) reading instruments and accelerated reading
14 instruction programs under Section 28.006;

15 (D) satisfactory performance on assessment
16 instruments and to accelerated instruction under Section 28.0211;

17 (E) high school graduation under Section 28.025;

18 (F) special education programs under Subchapter
19 A, Chapter 29;

20 (G) bilingual education under Subchapter B,
21 Chapter 29;

22 (H) prekindergarten programs under Subchapter E,
23 Chapter 29;

24 (I) extracurricular activities under Section
25 33.081;

26 (J) discipline management practices or behavior
27 management techniques under Section 37.0021;

28 (K) health and safety under Chapter 38;

29 (L) public school accountability under
30 Subchapters B, C, D, and G, Chapter 39, except as provided by
31 Subsection (e);

1 (M) the requirement under Section 21.006 to
2 report an educator's misconduct; and

3 (N) intensive programs of instruction under
4 Section 28.0213.

5 (e) In computing dropout and completion rates for an
6 open-enrollment charter school, the commissioner may:

7 (1) exclude students who are ordered by a court to
8 attend a high school equivalency certificate program but who have
9 not yet earned a high school equivalency certificate; and

10 (2) exclude students who were previously reported to
11 the state as dropouts.

12 SECTION 4. Section 12.1056, Education Code, is amended to
13 read as follows:

14 Sec. 12.1056. IMMUNITY FROM LIABILITY. (a) In matters
15 related to operation of an open-enrollment charter school, an
16 open-enrollment charter school is immune from liability to the same
17 extent as a school district, and its employees and volunteers are
18 immune from liability to the same extent as school district
19 employees and volunteers. A member of the governing body of an
20 open-enrollment charter school or of a charter holder is immune
21 from liability to the same extent as a school district trustee.

22 (b) An open-enrollment charter school is a governmental
23 unit as defined by Section 101.001, Civil Practice and Remedies
24 Code, and is subject to liability only as provided by Chapter 101,
25 Civil Practice and Remedies Code, and only in the manner that
26 liability is provided by that chapter for a school district.

27 (c) An open-enrollment charter school is a local government
28 as defined by Section 102.001, Civil Practice and Remedies Code,
29 and a payment on a tort claim must comply with Chapter 102, Civil
30 Practice and Remedies Code.

31 SECTION 5. Subchapter D, Chapter 12, Education Code, is

1 amended by adding Section 12.1058 to read as follows:

2 Sec. 12.1058. APPLICABILITY OF OTHER LAWS. (a) An
3 open-enrollment charter school is considered to be:

4 (1) a local government for purposes of Chapter 791,
5 Government Code;

6 (2) a local government for purposes of Chapter 2259,
7 Government Code, except that an open-enrollment charter school may
8 not issue public securities as provided by Section 2259.031(b),
9 Government Code; and

10 (3) a political subdivision for purposes of Chapter
11 172, Local Government Code.

12 (b) An open-enrollment charter school may elect to extend
13 workers' compensation benefits to employees of the school through
14 any method available to a political subdivision under Chapter 504,
15 Labor Code. An open-enrollment charter school that elects to
16 extend workers' compensation benefits as permitted under this
17 section is considered to be a political subdivision for all
18 purposes under Chapter 504, Labor Code.

19 SECTION 6. Section 12.1101, Education Code, is amended to
20 read as follows:

21 Sec. 12.1101. NOTIFICATION OF CHARTER APPLICATION. The
22 commissioner by rule shall adopt a procedure for providing notice
23 to the following persons on receipt by the State Board of Education
24 of an application for a charter for an open-enrollment charter
25 school under Section 12.110 or on receipt by the board and the
26 commissioner of notice of the establishment of a campus as
27 authorized under Section 12.101(b-1):

28 (1) the board of trustees of each school district from
29 which the proposed open-enrollment charter school or campus is
30 likely to draw students, as determined by the commissioner; and

31 (2) each member of the legislature that represents the

1 geographic area to be served by the proposed school or campus, as
2 determined by the commissioner.

3 SECTION 7. Section 12.111(a), Education Code, is amended to
4 read as follows:

5 (a) Each charter granted under this subchapter must:

6 (1) describe the educational program to be offered,
7 which must include the required curriculum as provided by Section
8 28.002;

9 (2) specify the period for which the charter or,
10 consistent with Section 12.116(b-1), any charter renewal is valid;

11 (3) provide that continuation or renewal of the
12 charter is contingent on the status of the charter as provided by
13 Section 12.116(b-1) [~~acceptable student performance on assessment~~
14 ~~instruments adopted under Subchapter B, Chapter 39, and on~~
15 ~~compliance with any accountability provision specified by the~~
16 ~~charter, by a deadline or at intervals specified by the charter~~];

17 (4) [~~establish the level of student performance that~~
18 ~~is considered acceptable for purposes of Subdivision (3)~~];

19 [+5+] specify any basis, in addition to a basis
20 specified by this subchapter, on which the charter may be placed on
21 probation or revoked [~~or on which renewal of the charter may be~~
22 ~~denied~~];

23 (5) [+6+] prohibit discrimination in admission policy
24 on the basis of sex, national origin, ethnicity, religion,
25 disability, academic, artistic, or athletic ability, or the
26 district the child would otherwise attend in accordance with this
27 code, although the charter may:

28 (A) provide for the exclusion of a student who
29 has a documented history of a criminal offense, a juvenile court
30 adjudication, or discipline problems under Subchapter A, Chapter
31 37; and

1 (B) provide for an admission policy that requires
2 a student to demonstrate artistic ability if the school specializes
3 in performing arts;

4 (6) [~~(7)~~] specify the grade levels to be offered;

5 (7) [~~(8)~~] describe the governing structure of the
6 program, including:

7 (A) the officer positions designated;

8 (B) the manner in which officers are selected and
9 removed from office;

10 (C) the manner in which members of the governing
11 body of the school are selected and removed from office;

12 (D) the manner in which vacancies on that
13 governing body are filled;

14 (E) the term for which members of that governing
15 body serve; and

16 (F) whether the terms are to be staggered;

17 (8) [~~(9)~~] specify the powers or duties of the
18 governing body of the school that the governing body may delegate to
19 an officer;

20 (9) [~~(10)~~] specify the manner in which the school will
21 distribute to parents information related to the qualifications of
22 each professional employee of the program, including any
23 professional or educational degree held by each employee, a
24 statement of any certification under Subchapter B, Chapter 21, held
25 by each employee, and any relevant experience of each employee;

26 (10) [~~(11)~~] describe the process by which the person
27 providing the program will adopt an annual budget;

28 (11) [~~(12)~~] describe the manner in which an annual
29 audit of the financial and programmatic operations of the program
30 is to be conducted, including the manner in which the person
31 providing the program will provide information necessary for the

1 school district in which the program is located to participate, as
2 required by this code or by State Board of Education rule, in the
3 Public Education Information Management System (PEIMS);

4 (12) [~~(13)~~] describe the facilities to be used;

5 (13) [~~(14)~~] describe the geographical area served by
6 the program; and

7 (14) [~~(15)~~] specify any type of enrollment criteria to
8 be used.

9 SECTION 8. Section 12.115, Education Code, is amended to
10 read as follows:

11 Sec. 12.115. BASIS FOR MODIFICATION, PLACEMENT ON
12 PROBATION, OR REVOCATION[~~, OR DENIAL OF RENEWAL~~]. (a) The
13 commissioner may modify, place on probation, or revoke[~~, or deny~~
14 ~~renewal of~~] the charter of an open-enrollment charter school if the
15 commissioner determines that the charter holder:

16 (1) committed a material violation of the charter,
17 including failure to satisfy accountability provisions prescribed
18 by the charter;

19 (2) failed to satisfy generally accepted accounting
20 standards of fiscal management;

21 (3) failed to protect the health, safety, or welfare
22 of the students enrolled at the school; or

23 (4) failed to comply with this subchapter or another
24 applicable law or rule.

25 (b) The action the commissioner takes under Subsection (a)
26 shall be based on:

27 (1) the best interest of the school's students;

28 (2) [~~7~~] the severity of the violation[~~7~~] and any
29 previous violation the school has committed; and

30 (3) the accreditation status of the school under
31 Section 39.072.

1 SECTION 9. Section 12.116, Education Code, is amended by
2 adding Subsections (a-1) and (b-1) and amending Subsection (b) to
3 read as follows:

4 (a-1) The commissioner shall revoke the charter of an
5 open-enrollment charter school in accordance with the procedure
6 adopted under Subsection (a) if, after all information required for
7 determining a performance rating has been considered, the
8 commissioner determines that the school is insolvent as a result of
9 recovery of overallocated state funds under Section 42.258(a).

10 (b) The commissioner shall revoke the charter of an
11 open-enrollment charter school without a hearing if each campus
12 operated under the school's charter has been ordered closed under
13 Section 39.1324(d), (e), or (f) [~~procedure adopted under Subsection~~
14 ~~(a) must provide an opportunity for a hearing to the charter holder~~
15 ~~and to parents and guardians of students in the school. A hearing~~
16 ~~under this subsection must be held at the facility at which the~~
17 ~~program is operated].~~

18 (b-1) The procedure adopted under Subsection (a) for
19 denying renewal of the charter of an open-enrollment charter school
20 must provide that the charter automatically renews unless the
21 school's charter is revoked under Subchapter G, Chapter 39, before
22 the expiration of a charter term. The term for which a charter is
23 renewed shall not be less than 10 years.

24 SECTION 10. Section 12.118(a), Education Code, is amended
25 to read as follows:

26 (a) The commissioner shall designate an impartial
27 organization with experience in evaluating school choice programs
28 to conduct, under the supervision of the commissioner, an annual
29 evaluation of open-enrollment charter schools.

30 SECTION 11. Section 12.119(c), Education Code, is amended
31 to read as follows:

1 (c) On request, the State Board of Education shall provide
2 the information required by this section and Section 12.111(a)(7)
3 [~~12.111(8)~~] to a member of the public. The board may charge a
4 reasonable fee to cover the board's cost in providing the
5 information.

6 SECTION 12. Subchapter D, Chapter 12, Education Code, is
7 amended by adding Sections 12.134 and 12.135 to read as follows:

8 Sec. 12.134. COLOCATION AGREEMENT BETWEEN SCHOOL DISTRICT
9 AND OPEN-ENROLLMENT CHARTER SCHOOL. (a) This section applies to a
10 school district that:

11 (1) leases a district facility for the operation of an
12 open-enrollment charter school to be colocated on a district
13 campus; and

14 (2) enters into an agreement with the charter school
15 as provided by Subsection (d).

16 (b) The board of trustees of a school district may elect to
17 have data regarding the academic performance of students enrolled
18 in the open-enrollment charter school combined with comparable data
19 of the colocated district campus in determining the performance of
20 the campus and the district.

21 (c) The board of trustees of a school district that elects
22 under Subsection (b) to have academic data combined shall annually
23 file with the agency a copy of the lease and agreement described by
24 Subsection (a).

25 (d) The agreement between the school district and the
26 open-enrollment charter school:

27 (1) shall establish terms for sharing instructional or
28 other specified resources, such as professional development;

29 (2) shall for each year specify factors for
30 identifying a student who will be served by the charter school in
31 the leased facilities, which may include:

1 (A) the student's attendance at a specified
2 district campus or campuses;

3 (B) the student's need for specific academic
4 services;

5 (C) the student's academic performance in
6 previous school years; or

7 (D) other objective factors determined by the
8 district and the charter school;

9 (3) may prohibit the charter school from enrolling
10 students at the leased facilities other than those identified under
11 factors designated in the agreement; and

12 (4) shall require the district and the charter school
13 to adopt measures, as required by commissioner rule, such as using
14 different numerical codes for reporting information through the
15 Public Education Information Management System (PEIMS), so that
16 data remains identifiable as that of the district or of the school,
17 as applicable.

18 Sec. 12.135. EDUCATIONAL SERVICES AGREEMENT BETWEEN SCHOOL
19 DISTRICT AND OPEN-ENROLLMENT CHARTER SCHOOL. (a) Notwithstanding
20 Chapter 41 or 42, and in addition to any other funds to which a
21 school district may be entitled, if the board of trustees of the
22 district enters into an agreement under this section with an
23 open-enrollment charter school for the charter school to provide
24 educational services to a student enrolled in school in the
25 district, the district is entitled to receive the greater of the
26 following amounts:

27 (1) the amount the charter school would receive under
28 Section 12.106 if the student were enrolled in the charter school;
29 or

30 (2) the amount to which the district is entitled under
31 Chapters 41 and 42 for the student.

1 (b) The board of trustees of a school district that enters
2 into an agreement described by Subsection (a) with an
3 open-enrollment charter school may elect to have the state and
4 federal funds attributable to the students educated by the charter
5 school paid directly to the charter school. A school district that
6 makes such an election must make an annual declaration of the
7 election to the agency in a manner determined by the commissioner.
8 The district remains responsible for any overallocation or audit
9 recovery of state or federal funds as determined by the
10 commissioner.

11 SECTION 13. Sections 39.202 and 39.203, Education Code, are
12 amended to read as follows:

13 Sec. 39.202. DEVELOPMENT AND IMPLEMENTATION. (a) The
14 commissioner shall, in consultation with the comptroller, develop
15 and implement a financial accountability rating system for school
16 districts and open-enrollment charter schools in this state that:

17 (1) distinguishes among school districts and
18 open-enrollment charter schools based on levels of financial
19 performance; and

20 (2) includes procedures to:

21 (A) provide additional transparency to public
22 education finance; and

23 (B) enable the commissioner and school district
24 and open-enrollment charter school administrators to provide
25 meaningful financial oversight and improvement.

26 (b) The system must include uniform indicators adopted by
27 the commissioner by which to measure a district's or
28 open-enrollment charter school's financial management performance.

29 Sec. 39.203. REPORTING. (a) The commissioner shall
30 develop, as part of the system, a reporting procedure under which:

31 (1) each school district and open-enrollment charter

1 school is required to prepare and distribute an annual financial
2 management report; and

3 (2) the public is provided an opportunity to comment
4 on the report at a hearing.

5 (b) The annual financial management report must include:

6 (1) a description of the district's or school's
7 financial management performance based on a comparison, provided by
8 the agency, of the district's or school's performance on the
9 indicators adopted under Section 39.202(b) to:

10 (A) state-established standards; and

11 (B) the district's or school's previous
12 performance on the indicators; and

13 (2) any descriptive information required by the
14 commissioner.

15 (c) The report may include:

16 (1) information concerning, if applicable, the
17 district's or school's:

18 (A) financial allocations;

19 (B) tax collections;

20 (C) financial strength;

21 (D) operating cost management;

22 (E) personnel management;

23 (F) debt management;

24 (G) facility acquisition and construction
25 management;

26 (H) cash management;

27 (I) budgetary planning;

28 (J) overall business management;

29 (K) compliance with rules; and

30 (L) data quality; and

31 (2) any other information the board of trustees

1 determines to be necessary or useful.

2 (d) The board of trustees of each school district and the
3 governing body of each open-enrollment charter school shall hold a
4 public hearing on the report. The board shall give notice of the
5 hearing to, as applicable, owners of real property in the district
6 and to parents of district students or to owners of real property in
7 the district in which the open-enrollment charter school is located
8 and to the parents of school students. In addition to other notice
9 required by law, notice of the hearing must be provided:

10 (1) to a newspaper of general circulation in the
11 district; and

12 (2) through electronic mail to media serving the
13 district.

14 (e) After the hearing, the report shall be disseminated in
15 the district or in the district in which the open-enrollment
16 charter school is located in the manner prescribed by the
17 commissioner.

18 SECTION 14. Section 12.113(b), Education Code, is repealed.

19 SECTION 15. This Act applies beginning with the 2009-2010
20 school year.

21 SECTION 16. This Act does not make an appropriation. This
22 Act takes effect only if a specific appropriation for the
23 implementation of the Act is provided in a general appropriations
24 act of the 81st Legislature.

25 SECTION 17. Except as provided by Section 16 of this Act,
26 this Act takes effect immediately if it receives a vote of
27 two-thirds of all the members elected to each house, as provided by
28 Section 39, Article III, Texas Constitution. If this Act does not
29 receive the vote necessary for immediate effect, this Act takes
30 effect September 1, 2009, except as provided by Section 16 of this
31 Act.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 28, 2009

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB3220 by Hancock (relating to the applicability of certain laws to open-enrollment charter schools.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3220, As Passed 2nd House: a negative impact of (\$9,726,035) through the biennium ending August 31, 2011.

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
2010	(\$3,954,855)
2011	(\$5,771,180)
2012	(\$9,078,018)
2013	(\$12,549,659)
2014	(\$15,740,646)

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 2009
2010	(\$2,077,680)	(\$1,877,175)	8.0
2011	(\$765,380)	(\$5,005,800)	8.0
2012	(\$943,593)	(\$8,134,425)	12.0
2013	(\$1,286,609)	(\$11,263,050)	16.0
2014	(\$1,348,971)	(\$14,391,675)	17.0

Fiscal Analysis

The bill would authorize the State Board of Education to grant up to 10 new charters for open-enrollment charter schools each year and would allow certain charter holders to establish new campuses without applying for authorization from the State Board of Education. The bill would authorize an unlimited number of new charters to be granted for open-enrollment charter schools intended primarily to serve students with disabilities, including autism. The bill would provide for automatic renewal of a charter for a term of at least 10 years unless a charter is revoked before expiration. The bill would direct the commissioner of education to develop a financial accountability rating system for open enrollment charter schools and would require open enrollment charter schools to prepare and distribute an annual financial management report that is similar to reports required of school districts. The bill would authorize school districts to enter into educational

services agreements with charter schools and would entitle districts that provide services to charter school students to state aid entitlement that represents the greater of the amount the charter school would receive for the student or the amount the district would receive.

Methodology

It is assumed for the purpose of this estimate, that the State Board of Education would grant 20 new charters each year, consisting of the 10 traditional open-enrollment charters authorized under the bill and 10 charters under the unlimited authorization for open-enrollment charter schools intended primarily to serve students with disabilities, including autism. In addition, it is assumed that the approximately 165 existing charter holders who would be authorized to establish new campuses without prior SBOE approval would open an estimated 30 new campuses each year.

To the extent that new open-enrollment charter schools and new campuses opened by existing charter holders may enroll some students who would not otherwise enroll in public school districts or existing open-enrollment charter schools, there would be fiscal implications for increased Foundation School Program (FSP) costs of approximately \$5,150 per weighted student. For the purpose of this estimate it is assumed that the average enrollment at each new charter school and each new campus opened by existing charter holders would be 200 students and that 5 percent of new enrollment would represent students who would otherwise not have enrolled in public schools or existing charter schools. Assuming that newly granted charters would most likely begin operations in FY11, FSP costs for FY10 for students who would not otherwise have enrolled in public schools or existing charters is limited to the estimated 30 expansion campuses. On this basis, an FSP cost of approximately \$1.9 million would be anticipated beginning in FY2010. These costs would continue in FY11 and subsequent years and would increase due to new enrollment at an estimated 30 additional expansion campuses and in 20 newly operating charters annually. FSP costs for students who would not otherwise have enrolled in public schools or existing charter schools are estimated to be approximately \$5.0 million in FY11, increasing to \$14.4 million in FY 14.

The Texas Education Agency would incur significant costs in functional areas associated with various administrative and oversight functions with the additional number of charter holders and campuses anticipated under the bill. Agency functions related to funding and audit/financial technical assistance for charter schools would require an additional 5 FTEs beginning in the first year of implementation. As additional charters are granted and existing charters add campuses, additional staffing increasing to 14 ftes by FY14 would be needed to support a variety of functional areas including funding, audit, accountability, assessment, accreditation, monitoring and interventions. Increased costs for staffing, operating expenses, and systems modifications are anticipated to be \$529,000 in FY10, increasing to approximately \$1.1 million by FY14.

The Texas Education Agency estimates that technology-related costs of \$1,313,100 would be incurred in FY10 to develop and maintain a financial accountability rating system for open enrollment charter schools. The Agency estimates that ongoing functions related to administering the ratings system, providing associated technical assistance to charter holders, and performing fiscal analysis and oversight would require 3.0 additional FTEs. Estimated costs of \$235,815 for these functions in FY10 would be somewhat higher due to start-up expenditures for cubicles and office equipment. Costs for FY11 and subsequent years are estimated to be \$216,615.

Technology

One-time costs for systems modifications totaling \$240,000 are anticipated with \$90,000 incurred in FY10 and \$150,000 in FY11 to accommodate campus level calculation of funding for school districts and that enter into educational services agreements with charter schools and are entitled to state aid that represents the greater of the amount the charter school would receive for the student or the amount the district would receive. Development costs for the charter schools financial accountability ratings system of \$1,313,100 would be anticipated in FY10.

Local Government Impact

Fiscal implications for school districts would vary depending upon individual circumstances. School

districts that experience reduced enrollment due to increased enrollment in charter schools could experience reduced revenues. School districts entering into educational services agreements with charter schools could receive additional revenue if the entitlement the charter school would receive for the student exceeded the amount to which the district would otherwise have been entitled.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, JSp, JGM

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 15, 2009

TO: Honorable Florence Shapiro, Chair, Senate Committee on Education

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB3220 by Hancock (Relating to the applicability of certain laws to open-enrollment charter schools.), **As Engrossed**

No fiscal implication to the State is anticipated.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance, 701 Central Education Agency

LBB Staff: JOB, JSp

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 5, 2009

TO: Honorable Rob Eissler, Chair, House Committee on Public Education

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: **HB3220** by Hancock (relating to the applicability of certain laws to open-enrollment charter schools.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance, 701 Central Education Agency

LBB Staff: JOB, JSp

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 6, 2009

TO: Honorable Rob Eissler, Chair, House Committee on Public Education

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: **HB3220** by Hancock (Relating to the applicability of certain laws to open-enrollment charter schools.), **As Introduced**

No fiscal implication to the State is anticipated.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance, 701 Central Education Agency

LBB Staff: JOB, JSp

