

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 22, 2011

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

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

IN RE: HB1311 by Shelton (Relating to certain open-enrollment charter schools dedicated to serving certain students at risk of dropping out of school.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1311, As Introduced: a negative impact of (\$1,042,728) through the biennium ending August 31, 2013.

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
2012	(\$338,221)
2013	(\$704,507)
2014	(\$1,079,194)
2015	(\$1,451,170)
2016	(\$1,825,857)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from Foundation School Fund 193	Change in Number of State Employees from FY 2011
2012	(\$338,221)	\$0	4.0
2013	(\$332,530)	(\$371,977)	4.0
2014	(\$335,240)	(\$743,954)	4.0
2015	(\$335,240)	(\$1,115,930)	4.0
2016	(\$337,950)	(\$1,487,907)	4.0

Fiscal Analysis

The bill would create separate criteria for the application of the state performance-based monitoring analysis system (PBMAS) to certain open-enrollment charter schools that serve a majority of high school students with at least 75 percent of enrollment classified as students at risk of dropping out of school. Affected charters would be limited to those that are evaluated under the existing alternative accountability evaluation system.

The bill also would permit charter holders meeting certain criteria to establish additional open-enrollment charter school campuses without applying for authorization.

Methodology

The bill would require additional and ongoing data collection and analysis under PBMAS to monitor selected charters in the manner prescribed by the bill. It estimated that the Texas Education Agency would require two programmers starting in FY12 and each year thereafter, at a cost of approximately \$156,000 in salary and benefits, as well as \$60,000 in one-time contract costs in FY12 to revise the Public Education Information Management System (PEIMS) to gather the necessary information from the affected charters. The agency would also require one auditor beginning in FY13 to comply with financial and attendance auditing and investigation and monitoring responsibilities, at an estimated annual cost of approximately \$84,000, including salary, benefits and travel costs.

Regarding the additional charter campuses allowed under the bill, it is estimated that the agency would require one program specialist in its Charter School Administration Division to develop and manage a process for reviewing the campus expansion requests and to implement the commissioner's review process, as well as assisting in the development of accountability procedures, at a cost of approximately \$68,000 per year.

Additionally, it is assumed that charter holders granted authority by the bill to open new campuses would do so at a rate of approximately 5 per year, beginning in FY13. Under the assumption that each new charter campus has an average enrollment of 200 students, and that approximately 5 percent of the enrollment are students that otherwise would not be enrolled in public schools, it is estimated that each group of 5 new campuses would add approximately \$372,000 in additional Foundation School Program costs annually.

Technology

The total estimated expenditures for FY12 under the bill would include approximately \$60,000 in PEIMS development costs.

Local Government Impact

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

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, LXH, JGM, JSp