

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**May 9, 2011**

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

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

**IN RE: SB1872** by Van de Putte (Relating to revising, revoking, or denying renewal of charters of open-enrollment charter schools under certain circumstances.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB1872, As Engrossed: a positive impact of \$387,500 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2012	\$0
2013	\$387,500
2014	\$387,500
2015	\$387,500
2016	\$387,500

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Savings/(Cost) from <i>Foundation School Fund</i> 193</b>
2012	\$0
2013	\$387,500
2014	\$387,500
2015	\$387,500
2016	\$387,500

**Fiscal Analysis**

The bill would prohibit the commissioner of education from denying approval for a charter holder to add additional campuses if the charter holder fails to meet performance criteria solely on the basis of dropout and completion rates provided that the charter demonstrates through a process developed by the Agency that those criteria would have been met by excluding from the count of dropouts any students who were at least 17 years of age at the time of enrollment and by counting as graduates those students who complete high school prior to the end of their sixth year of high school enrollment. The bill would also require affected charter holders to have a financial accountability rating of satisfactory or better. The prohibition would expire September 1, 2013.

The bill would limit the number of campuses the commissioner would be authorized to approve under these criteria to 10 campuses in total. Campuses added under the provisions of the bill would also

be limited to those that would be located in the charter's specific geographical area, serve only high school students, and enroll a student body with at least 50% representing students who did not graduate with a ninth grade cohort. In addition, the commissioner would have the authority to limit the enrollment at additional campuses to the capacity limit applicable to the charter holder or the demand for services in the geographical area. However, limitations on enrollment at the new campuses could not be less than the number of high school students currently enrolled at a campus operated by the charter holder that focuses on dropout recovery.

The bill would prohibit the commissioner of education from revoking or denying the renewal of a charter if the charter holder has been assigned a financial accountability rating of satisfactory or better and if the charter holder meets all criteria established for adding an additional campus other than performance criteria based on dropout and completion rates provided that the charter holder demonstrates through a process developed by the Agency that those criteria would have been met by excluding from the count of dropouts any students who were at least 17 years of age at the time of enrollment and by counting as graduates those students who complete high school prior to the end of their sixth year of high school enrollment. This prohibition would also expire September 1, 2013.

### **Methodology**

The bill would authorize up to 10 additional charter school campuses primarily designed to serve students who had previously dropped out of school. To the extent that such students were not in attendance at another charter school or school district, there would be additional cost to the Foundation School Program in the form of state aid generated by their attendance at the new charter campuses.

Assuming that initial implementation activities at the Agency would occur in FY12, new campuses approved under the bill would be expected to open for enrollment at the beginning of FY13. Based on the average size of charter campuses of potentially affected charter holders, it is assumed that each of the new campuses authorized under the bill would have about 100 students in average daily attendance. For the purpose of this estimate, it is assumed that approximately five percent of the students enrolled at each new campus would be students who had previously dropped out of school and had not been generating Foundation School Program state aid. The estimated additional state cost associated with these students' attendance would be estimated to be \$387,500 in FY13. Although the authority to create new campuses would expire September 1, 2013, the campuses opening under the bill's provisions would be assumed to continue operating. For the purpose of this estimate, it is assumed that the student population served each year by the campuses initiated in FY13 would continue to consist of 95% of students who had been generating Foundation School Program funding at that school or another public school district or charter school and about 5 percent who had previously dropped out of school and had not been generating Foundation School Program state aid. As a result, the cost for additional Foundation School Program entitlement would be expected to remain at the FY13 level with no significant increases in cost expected over time.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated. Charter holders operating additional campuses would realize additional Foundation School Program revenue based on student attendance at the new campuses.

**Source Agencies:** 701 Central Education Agency

**LBB Staff:** JOB, LXH, JGM, JSp