

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

**FISCAL NOTE, 85TH LEGISLATURE 1st CALLED SESSION - 2017**

**July 31, 2017**

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

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB325** by Dutton (Relating to including students enrolled in open-enrollment charter schools in the determination of a district's weighted average daily attendance for purposes of complying with equalized wealth level requirements.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB325, As Introduced: a negative impact of (\$654,437,236) 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2018	(\$296,886,727)
2019	(\$357,550,509)
2020	(\$458,730,322)
2021	(\$591,553,547)
2022	(\$726,821,953)

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

<b>Fiscal Year</b>	<b>Probable Revenue Gain/(Loss) from Recapture Revenue</b>
	<b>193</b>
2018	(\$296,886,727)
2019	(\$357,550,509)
2020	(\$458,730,322)
2021	(\$591,553,547)
2022	(\$726,821,953)

**Fiscal Analysis**

The bill would include students attending open-enrollment charter schools in the calculation of the weighted average daily attendance (WADA) for the school district they would have otherwise attended, for the purposes of calculating the school district's wealth per weighted student.

The bill would take effect December 1, 2017.

### **Methodology**

This bill would decrease the amount of recapture that certain districts are required to pay under the provisions of Chapter 41, Education Code.

The Texas Education Agency (TEA) used its school finance model to estimate the costs of this bill. As a proxy for the bill's reference to a student residing in the boundaries of a school district who is attending an open-enrollment charter school, TEA determined each school district's average daily attendance (ADA) as a percentage of the total ADA for all districts within that county. TEA then applied that percentage to the total charter WADA for all charters within that county. The resulting charter school WADA was added to school district WADA and the increased WADA was used to recalculate school districts' equalized wealth levels and estimated recapture. Reduced recapture revenue is estimated to be \$296.9 million in 2018 and \$357.6 million in fiscal year 2019, increasing to \$726.8 million in 2022.

### **Local Government Impact**

Certain school districts subject to recapture would see a reduction in required recapture payments.

**Source Agencies:** 701 Texas Education Agency

**LBB Staff:** UP, AG, AM, AH