

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 27, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB480 by Burkett (Relating to open-enrollment charter schools that provide only prekindergarten programs.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB480, As Introduced: a negative impact of (\$39,707,076) 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	(\$19,705,588)
2019	(\$20,001,488)
2020	(\$20,318,074)
2021	(\$20,639,725)
2022	(\$20,966,522)

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	(\$230,588)	(\$19,475,000)	4.0
2019	(\$214,888)	(\$19,786,600)	4.0
2020	(\$214,888)	(\$20,103,186)	4.0
2021	(\$214,888)	(\$20,424,837)	4.0
2022	(\$214,888)	(\$20,751,634)	4.0

Fiscal Analysis

The bill would authorize the Commissioner of Education to grant a charter for an open-enrollment charter school intended to provide only prekindergarten programs.

The bill would take effect immediately if it received a vote of two-thirds of all members elected to each chamber; otherwise, it would take effect September 1, 2017.

Methodology

To the extent that students enroll in the new charter schools that would have otherwise gone to other charter schools or school districts, there would be no cost to the Foundation School Program (FSP). However, any student who would enroll in a charter school as a result of this bill that would not have otherwise attended a school operated by a charter or school district would create additional cost to the FSP.

The bill does not expand eligibility for students to qualify for prekindergarten under Chapter 29 of the Education Code. However, according to the Texas Education Agency (TEA), an estimated 44,000 children currently eligible for FSP prekindergarten are not enrolled. Of this amount, TEA assumes that 5,000 students in fiscal year 2018 would enroll in a charter under the provisions of this bill due to the increase in access of prekindergarten programs available to students. TEA assumed these students would generate an average daily attendance of 2,375 in fiscal year 2018, and that this participation rate would grow by 1.6 percent per year.

Based on a statewide average cost of \$8,200 per ADA, the additional students would cost the FSP an additional \$19.5 million in fiscal year 2018, \$19.8 million in fiscal year 2019, and increasing to \$20.8 million in fiscal year 2022.

TEA indicates administrative costs related to approving and overseeing the new charters. This analysis assumes implementing the bill would require two FTEs, costing \$230,588 in fiscal year 2018 and \$214,888 in each subsequent year.

Local Government Impact

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

Source Agencies: 701 Texas Education Agency

LBB Staff: UP, THo, AM, AH