

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 26, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2337 by Dutton (Relating to funding for an open-enrollment charter school based on the guaranteed level of state and local funds provided to school districts through the existing debt allotment.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2337, As Introduced: a negative impact of (\$410,908,004) 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	(\$195,307,923)
2019	(\$215,600,081)
2020	(\$232,007,590)
2021	(\$241,190,799)
2022	(\$248,328,768)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 193
2018	(\$195,307,923)
2019	(\$215,600,081)
2020	(\$232,007,590)
2021	(\$241,190,799)
2022	(\$248,328,768)

Fiscal Analysis

The bill would provide charter holders with funding in addition to current state aid received under the Foundation School Program. The bill would provide charter holders facilities funding equal to the number of students in average daily attendance multiplied by the guaranteed level of state and

local funds per student per cent of tax effort under Section 46.032(a) of the Education Code, multiplied by the state average interest and sinking tax rate imposed by school districts for the current year.

The bill would take effect on September 1, 2017.

Methodology

Based on information provided by the Texas Education Agency (TEA) the statewide interest and sinking tax rate is 19.91 cents of tax effort per \$100 of eligible property value, the guaranteed yield under Section 46.032(a) of the Education Code is \$35 per penny of tax effort per student in average daily attendance. Multiplying these values by the estimated statewide charter school average daily attendance for fiscal years 2018 to 2022 provides an estimated cost of \$195.3 million in fiscal year 2018, \$215.6 million in fiscal year 2019, and increasing to \$248.3 million in fiscal year 2022.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 701 Texas Education Agency

LBB Staff: UP, THo, AM, AH