

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 3, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3439 by Koop (Relating to a school district contract to partner with an open-enrollment charter school to operate a district campus and share education resources.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3439, As Introduced: an impact of \$0 through the biennium ending August 31, 2019.

The bill would have an estimated impact of \$33.3 million in fiscal year 2020, \$44.4 million in fiscal year 2021, and \$55.5 million in 2022.

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	\$0
2019	\$0
2020	(\$33,295,158)
2021	(\$44,393,544)
2022	(\$55,491,930)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 193
2018	\$0
2019	\$0
2020	(\$33,295,158)
2021	(\$44,393,544)
2022	(\$55,491,930)

Fiscal Analysis

The bill would authorize a school district to contract with the governing body of an open-enrollment charter school for the district to partner with the charter school to operate a district campus and share teachers, facilities, or other education resources on that campus.

The bill would entitle the school district and charter school that enter into such an agreement to receive the greater of: 1) the amount to which the district would be entitled per student in weighted average daily attendance; or 2) the amount the charter school would be entitled per student in weighted average daily attendance.

The bill would apply beginning with the 2017-18 school year.

Methodology

The Texas Education Agency (TEA) indicates that the average adjusted allotment for school districts is \$5,679 per student in average daily attendance (ADA), and the average adjusted allotment per ADA for charter schools is \$6,453. As a result, under the provisions of the bill, TEA indicates that school district campuses that enter into an agreement with an open-enrollment charter school under the provisions of the bill would be entitled to an additional \$774 per ADA.

TEA assumes that campuses that receive a D or F rating would be most likely to enter into an agreement with an open-enrollment charter school and that campuses would wait until the A-F accountability ratings are released for the first time in August 2018 to begin to implement the provisions of the bill. TEA also assumes that school districts would require at least an additional year to negotiate contracts with charter schools and hire staff. TEA further assumes that three percent of eligible campuses would enter into such an agreement in fiscal year 2020, increasing by one percent per subsequent year. TEA indicates that this would equate to approximately 43,017 ADA in fiscal year 2020, increasing to 71,695 ADA in 2022. At an assumed cost of \$774 per ADA, this would equate to an anticipated cost of \$33.3 million in fiscal year 2020, \$44.4 million in fiscal year 2021, and \$55.5 million in fiscal year 2022.

Local Government Impact

School districts and open-enrollment charter schools would be able to enter into contracts for the operation of certain campuses and potentially receive an increase in state aid through the Foundation School Program.

Source Agencies: 701 Texas Education Agency

LBB Staff: UP, THo, AM, AH, SL