

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 8, 2019

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

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB2760 by Allison (Relating to the requirements for an application for or a request for the revision of a charter for an open-enrollment charter school.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2760, As Introduced: a negative impact of (\$1,014,444) through the biennium ending August 31, 2021.

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
2020	(\$517,222)
2021	(\$497,222)
2022	(\$497,222)
2023	(\$497,222)
2024	(\$497,222)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from General Revenue Fund	Change in Number of State Employees from FY 2019
2020	(\$517,222)	5.0
2021	(\$497,222)	5.0
2022	(\$497,222)	5.0
2023	(\$497,222)	5.0
2024	(\$497,222)	5.0

Fiscal Analysis

The bill would amend the Education Code to require the Texas Education Agency (TEA) Commissioner to notify certain affected legislators and boards of trustees of school districts regarding charter school requests to increase maximum allowable enrollment, extend

grade levels served, change geographic boundaries, or add a campus or site.

The bill would allow a school district whose enrollment may be affected by the proposed new or expanded charter school to submit an impact analysis to TEA. The bill would require the Commissioner to issue an impact report regarding each application to expand a charter school or establish a new charter school. The report would include an analysis of education effects on school district campuses, including an evaluation of the proximity of the location to existing school district campuses and the ability of the local community to support a new open-enrollment charter school or campus; the availability and duplication of programs, services, and resources; information on fiscal impacts to school districts due to decreased enrollment; information on concerns raised by school districts or the public; a fiscal analysis of the cost of the proposed school or campus, including costs related to state and local school district revenue; and any written statement received by a school district.

The bill would require the Legislative Budget Board (LBB) to submit a report to the governor and the legislature each year documenting the financial impact of open-enrollment charter schools on the state budget and on local school districts.

Methodology

TEA assumes it would be required to create an impact report for approximately 30 new charter school applications and 200 expansion amendment applications per year. To collect data, prepare the new reports, this analysis assumes TEA would require \$517,222 in fiscal year 2020 and \$497,222 each year thereafter for 5.0 additional FTEs, including 2.0 Program Specialist VIs and 3.0 Research Specialist Vs.

This analysis assumes the provisions of the bill regarding LBB documenting the financial impact of open-enrollment charter schools could be absorbed using existing resources.

Local Government Impact

TEA assumes there would be costs to school districts to submit significant additional student enrollment and financial data to TEA to allow the agency to complete the required impact reports.

Source Agencies: 701 Texas Education Agency

LBB Staff: WP, HL, AM, ASa