

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 20, 2023

**TO:** Honorable Brad Buckley, Chair, House Committee on Public Education

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB3716** by Buckley (Relating to the authorization of certain adult high school charter school programs.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3716, As Introduced : a negative impact of (\$18,406,523) through the biennium ending August 31, 2025.

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:

| <i>Fiscal<br/>Year</i> | Probable Net Positive/(Negative) Impact<br>to<br><i>General Revenue Related Funds</i> |
|------------------------|---------------------------------------------------------------------------------------|
| 2024                   | (\$6,074,760)                                                                         |
| 2025                   | (\$12,331,763)                                                                        |
| 2026                   | (\$18,776,476)                                                                        |
| 2027                   | (\$31,671,533)                                                                        |
| 2028                   | (\$51,398,154)                                                                        |

All Funds, Five-Year Impact:

| <i>Fiscal<br/>Year</i> | Probable Savings/(Cost) from<br><i>Foundation School Fund</i><br>193 |
|------------------------|----------------------------------------------------------------------|
| 2024                   | (\$6,074,760)                                                        |
| 2025                   | (\$12,331,763)                                                       |
| 2026                   | (\$18,776,476)                                                       |
| 2027                   | (\$31,671,533)                                                       |
| 2028                   | (\$51,398,154)                                                       |

Fiscal Analysis

The bill would establish an alternative process for the commissioner to authorize adult education charter schools for eligible entities. These programs would not be held to the same authorizing provisions including authorizing timeline, charter holder quantity limit, and enrollment cap, as other adult education charter schools.

The bill would require the Texas Education Agency (TEA) to implement administrative changes and review additional applications for new adult education charter schools.

**Methodology**

While precise estimates of demand for the program are unknown, TEA assumes enrollment at adult high school charter schools would increase from 600 students in fiscal year 2024 to 5,077 students in fiscal year 2028, and the number of charter schools operating under the program would increase by ten during that timeframe. This analysis assumes that the agency would review four applications for new charters each year, with an approval rate of fifty percent and average enrollment of 200 students per application. Additionally, the analysis assumes an additional 200 students from ISDs annually, two new additional approved applications in each subsequent year, and a 3.0 percent growth rate for existing entities. TEA estimates costs to the Foundation School Program for these additional students to be \$6,074,760 in fiscal year 2024 and \$12,331,763 in fiscal year 2025, increasing to \$51,398,154 in fiscal year 2028.

This analysis assumes that administrative costs to implement provisions of the bill could be absorbed by TEA using existing resources.

**Local Government Impact**

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

**Source Agencies:** 701 Texas Education Agency, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 783 University of Houston System Administration, 978 San Jacinto College

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