

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 17, 2023

TO: Honorable Brandon Creighton, Chair, Senate Committee on Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB2032 by Creighton (relating to adult high school charter school programs.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB2032, Committee Report 1st House, Substituted : 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 Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2024	(\$6,074,760)
2025	(\$12,331,763)
2026	(\$18,776,476)
2027	(\$31,671,533)
2028	(\$35,087,315)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>Foundation School Fund</i> 193
2024	(\$6,074,760)
2025	(\$12,331,763)
2026	(\$18,776,476)
2027	(\$31,671,533)
2028	(\$35,087,315)

Fiscal Analysis

This bill would expand the list of eligible entities that can apply for a charter to run an adult education program. The bill would establish a 60-day timeline for the application process and would establish 10 as the maximum number of charters that may be granted.

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 3,466 students in fiscal year 2028, and the number of charter schools operating under the program would increase to 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 districts annually, two new additional approved applications in each subsequent year, and a 3.0 percent growth rate for existing entities. The bill would provide for certain basic allotment increases for given outcomes in the previous school year, but this analysis assumes these costs, beginning in fiscal year 2025, while unable to be determined precisely, would not be significant to the Foundation School Program (FSP). TEA estimates costs to the FSP for these additional students to be \$6.1 million in fiscal year 2024 and \$12.3 million in fiscal year 2025, increasing to \$35.1 million 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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