

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 6, 2025

TO: Honorable Brandon Creighton, Chair, Senate Committee on Education K-16

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1750 by Paxton (relating to instructional facilities funding for certain open-enrollment charter schools.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1750, Committee Report 1st House, Substituted: a negative impact of (\$193,206,292) through the biennium ending August 31, 2027.

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>
2026	(\$92,783,557)
2027	(\$100,422,735)
2028	(\$108,443,872)
2029	(\$116,866,066)
2030	(\$125,709,369)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>Foundation School Fund</i> 193
2026	(\$92,783,557)
2027	(\$100,422,735)
2028	(\$108,443,872)
2029	(\$116,866,066)
2030	(\$125,709,369)

Fiscal Analysis

The bill would amend the formula for instructional facilities funding for certain open-enrollment charter schools. The bill would entitle charter schools to an annual allotment that would provide funding only for purposes related to the purchase, lease, sale, acquisition, or maintenance of an instructional facility, or to purchase or pay debt service on certain bonds.

The bill would remove the \$60 million cap on instructional facilities funding for open-enrollment charter schools. Open-enrollment charter schools would be entitled to an annual allotment per student in average daily attendance equal to the lesser of the state average interest and sinking fund tax rate imposed by school districts

for the current year multiplied by the guaranteed level of state and local funds per student per cent of tax effort or the basic allotment multiplied by 0.06.

Methodology

The Texas Education Agency estimates that the cost to the Foundation School Program (FSP) would be \$92.8 million in fiscal year 2026, \$100.4 million in fiscal year 2027, increasing to \$125.7 million in fiscal year 2030.

This analysis assumes any administrative costs to the agency could be absorbed using existing resources.

Local Government Impact

This analysis assumes open-enrollment charter schools would receive additional facilities funding through the FSP under this bill.

Source Agencies: 701 Texas Education Agency

LBB Staff: JMc, JPE, ASA, ANa, MJe