

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**March 27, 2017**

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

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB1023** by Simmons (Relating to the powers and duties of the commissioner of education regarding granting additional charters for open-enrollment charter schools.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1023, As Introduced: a negative impact of (\$20,722,888) through the biennium ending August 31, 2019.

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	(\$8,315,444)
2019	(\$12,407,444)
2020	(\$16,507,444)
2021	(\$20,607,444)
2022	(\$24,707,444)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Foundation School Fund</i> 193	Change in Number of State Employees from FY 2017
2018	(\$115,444)	(\$8,200,000)	1.0
2019	(\$107,444)	(\$12,300,000)	1.0
2020	(\$107,444)	(\$16,400,000)	1.0
2021	(\$107,444)	(\$20,500,000)	1.0
2022	(\$107,444)	(\$24,600,000)	1.0

**Fiscal Analysis**

The bill would authorize the Commissioner of Education to grant more than one charter for an open-enrollment charter school to a charter holder if the additional charter is for an open-

enrollment charter school that has a distinct purpose or student population. The bill provides for types of open-enrollment charter schools that would qualify under the provisions of this bill, including: open-enrollment charter schools that serve a general student population through a distinctly different education model; an alternative education open-enrollment charter school that serves students who have dropped out of school or at risk of dropping out of school; an open-enrollment charter school operating under a charter granted under Section 12.1014 of the Education Code; a virtual open-enrollment charter school; or any other open-enrollment charter school that serves a distinct student population, as determined by commissioner rule.

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

### **Methodology**

To the extent that students enroll in the new charter schools that would have otherwise gone to other charter schools or school districts, there would be no cost to the Foundation School Program (FSP). However, any student who would enroll in a charter school as a result of this bill that would not have otherwise attended a school operated by a charter or school district would create additional cost to the FSP. The Texas Education Agency (TEA) assumes that 1,000 additional students in average daily attendance (ADA) in fiscal year 2018, and 500 additional students in ADA would enroll in a charter school under the provisions of the bill that would not have otherwise attended a public school.

Based on a statewide average cost of \$8,200 per ADA, the additional students would cost the FSP an additional \$8.2 million in fiscal year 2018, \$12.3 million in fiscal year 2019, and increasing to \$24.6 million in fiscal year 2022.

TEA indicates administrative costs related to approving and overseeing the new charters. These costs are anticipated to be \$115,444 and one FTE in fiscal year 2018, and \$107,444 and one FTE in subsequent years.

### **Local Government Impact**

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

**Source Agencies:** 701 Texas Education Agency

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