

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 8, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3795 by Dutton (Relating to including students enrolled in open-enrollment charter schools in the determination of a district's weighted average daily attendance for purposes of complying with equalized wealth level requirements.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3795, As Introduced: a negative impact of (\$654,437,236) 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	(\$296,886,727)
2019	(\$357,550,509)
2020	(\$458,730,322)
2021	(\$591,553,547)
2022	(\$726,821,953)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from Recapture Revenue
	193
2018	(\$296,886,727)
2019	(\$357,550,509)
2020	(\$458,730,322)
2021	(\$591,553,547)
2022	(\$726,821,953)

Fiscal Analysis

The bill would include students attending open-enrollment charter schools in the calculation of the weighted average daily attendance (WADA) for the school district they would have otherwise attended, for the purposes of calculating the school district's wealth per weighted student.

The bill would take effect September 1, 2017.

Methodology

This bill would decrease the amount of recapture that certain districts are required to pay under the provisions of Chapter 41, Education Code.

The Texas Education Agency (TEA) used its school finance model to estimate the costs of this bill. As a proxy for the bill's reference to a student residing in the boundaries of a school district who is attending an open-enrollment charter school, TEA determined each school district's average daily attendance (ADA) as a percentage of the total ADA for all districts within that county. TEA then applied that percentage to the total charter WADA for all charters within that county. The resulting charter school WADA was added to school district WADA and the increased WADA was used to recalculate school districts' equalized wealth levels and estimated recapture. Reduced recapture revenue is estimated to be \$296.9 million in 2018 and \$357.6 million in fiscal year 2019, increasing to \$726.8 million in 2022.

Local Government Impact

Certain school districts subject to recapture would see a reduction in required recapture payments.

Source Agencies: 701 Texas Education Agency

LBB Staff: UP, THo, AM, AH