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FISCAL IMPACT REPORT

ORIGINAL DATE 02/11/09
LAST UPDATED _____ **HB** 292

SPONSOR Madalena

SHORT TITLE School Chartering Authority Transfers **SB** _____

ANALYST Aguilar

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY09	FY10	FY11		
	Indeterminate but could be substantial	Indeterminate but could be substantial	Recurring	PED Operating Fund

(Parenthesis () Indicate Revenue Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		Indeterminate				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Public Education Department (PED)

Office of Educational Accountability (OEA)

Public School Facilities Authority (PSFA)

SUMMARY

Synopsis of Bill

House Bill 292 provides that the chartering authority of a charter school may be transferred to the Public Education Commission as a state chartered school at any time after its charter has been renewed by the local school board if the governing body, the local school board and the public education commission agree to the transfer.

The bill also provides for the charter school to amend its charter if the same parties agree and after the transfer to the public education commission, the amended charter shall be deemed a contract between the commission and the school that will remain in effect until the charter school renewal date unless suspended or revoked.

FISCAL IMPLICATIONS

The fiscal impact of this bill is difficult to determine since it is unclear how many schools will take advantage of this opportunity. The department could see a considerable impact due to increased monitoring and oversight activities as well as providing increased support to the commission.

Under current statute, the local school district or PED is authorized to keep 2 percent of a school's operating budget for administrative uses. Depending on the number of schools transferring to state charter, this amount could be significant.

SIGNIFICANT ISSUES

House Bill 292 presents a modification to the current renewal process that has been established by the PEC. Currently, the PEC reviews renewal applications on a yearly basis and has a statutory requirement to render a decision 180 days prior to the expiration of the charter term. Because of the logistical considerations necessary to complete a thorough review of the renewal application, as well as the requirement that all PEC meetings comply with the Open Meetings Act, receiving renewal applications at any time after its charter has been renewed may place a significant burden on the PEC to meet the statutory deadlines. Along with the requirement to receive renewal applications, the PEC is also charged with receiving and reviewing start-up applications and conducting public meetings throughout the state to gather community input. Introducing an additional review process into the PEC calendar would add to the logistical preparations necessary to complete its prescribed duties.

State chartered schools are subject to a different set of criteria regarding capital outlay and almost achieve status as an individual district regarding state match provisions for standards-based awards; potentially having a significant impact on the standards based awards process.

It is not clear how beneficial the provisions contained in this bill would be particularly with the possibility of disrupting students, changing a charter in mid-stream could be viewed as abandoning a school's identity and moving in a different direction making the move tantamount to moving a student to a new school in the middle of a school year,

TECHNICAL ISSUES

As written, this bill does not specify whether or not the charter school would have the right to appeal in the event of disagreement to transfer authority by either or both the current chartering authority and/or the PEC.

PA/svb