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FISCAL IMPACT REPORT

ORIGINAL DATE 3/2/2009

SPONSOR SFC LAST UPDATED _____ HB _____

SHORT TITLE Charter School T & E Index Calculation SB 454/SFCS

ANALYST Aguilar

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	None See Fiscal Implications		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of SFC Substitute

The Senate Finance Committee Substitute for Senate Bill 454 provides for the use of different instructional staff Training and Experience Indices in calculating units for the first two years a charter school is in operation.

The committee substitute also contains a hold harmless provision for charter schools.

FISCAL IMPLICATIONS

The committee substitute does not specifically contain an appropriation, however provisions contained in the bill could result in a small redistribution of the State Equalization Guarantee (SEG) to school districts and charter schools for two years. This redistribution would have no effect on general fund appropriations to the SEG.

SIGNIFICANT ISSUES

All charter schools statewide, both locally and state chartered, in their first year of operation develop a budget based on the number of units generated by the charter school and its students and using the training and experience (T&E) index of the school district in which the charter school is physically located.

The committee substitute provides that for the second and subsequent years of operation for both locally and state chartered charter schools, the schools will use their own T&E index for calculating the number of units for the school year.

For those charter schools changing their chartering authority from local to state or vice-versa, for the first year, the bill provides for the use of the charter school's prior year 80th and 120th day enrollment data and the use of the T&E index of the district in which the charter school is physically located. In subsequent years the charter schools will use their own T&E index.

The committee substitute also holds charter schools harmless for two years from revenue reductions caused by the provisions of this bill. This is accomplished by using the greater of the charter school's FY09 T&E or the charter school's T&E in calculating total units. The bill sunsets this provision at the end of FY11 and beginning in FY12 all charter schools in their second and subsequent years of operation shall use its own T&E index.

Charter schools by the nature of their individual charters could have an instructional staff make-up considerably different than the district. Provisions contained in this bill could have a significant impact on school funding, creating the need for a phase-in period.

OTHER SUBSTANTIVE ISSUES

Beginning with the 2008 school year, charter schools were to begin using the training and experience index generated by its own staff. In FY09, PED was to have begun implementation of this process using staff data from the prior year. This was not put in place by the department due to the short period of time between enactment of the legislation and the date to determine the annual T&E index. PED expects to have all necessary data available to calculate the index for use in FY10.

PA/mt