

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: HB 314

51st Legislature, 1st Session, 2013

Tracking Number: .190747.2

Short Title: Charter School Facility Procedures

Sponsor(s): Representative Larry Larrañaga and others

Analyst: Sarah Amador-Guzman

Date: February 12, 2013

**FOR THE PUBLIC SCHOOL CAPITAL OUTLAY OVERSIGHT TASK FORCE AND
THE LEGISLATIVE EDUCATION STUDY COMMITTEE**

Bill Summary:

HB 314 amends the *Public School Capital Outlay Act* to:

- reestablish the Charter School Capital Outlay Fund (CSCOF), which expired on July 1, 2012;
- provide procedures for the Public School Capital Outlay Council (PSCOC) to administer the assistance to charter schools;
- ensure that charter schools meet the requirement of being in publicly owned facilities by 2015; and
- provide charter schools with funding to help meet the local share match required in granting a PSCOC standards-based project award.

Fiscal Impact:

HB 314 does not make an appropriation from the General Fund; however by re-establishing the CSCOF, funding from appropriations, gifts, and grants will be credited to the fund.

Fiscal Issues:

During the 2012 legislative session, bill analysis completed by the Legislative Education Study Committee (LESC) reported that during the 2007 legislative session, two pieces of legislation were enacted relating to charter schools:

- Laws 2007, Chapter 214 (SB 634, *Charter School Facilities Needs*) added new sections of the *Public School Capital Outlay Act* that among its provisions:
 - required the PSCOC to develop a program for assisting charter schools to be located in public buildings or in buildings being acquired by charter schools pursuant to a lease-purchase agreement; and
 - created the CSCOF; and
 - included a repeal date of July 1, 2012 for the program provisions and the CSCOF with the unencumbered fund balance reverting to the Severance Tax Bond (STB) Fund.

- Laws 2007, Chapter 334 (House Bill 936, *Capital Outlay Projects*) that among its provisions:
 - made a \$4.5 million appropriation from Severance Tax Bond proceeds to the CSCOF; and
 - included a reversion date of June 30, 2011 for projects funded with Severance Tax Bond proceeds.
- the State Board of Finance requested reversion of any unexpended dollars in the CSCOF on June 30, 2011 based on the provisions of Laws 2007, Chapter 334;
- of the \$4.5 million appropriated to the fund:
 - \$3.14 million had been expended; and
 - \$1.36 million would revert to the STB Fund.

Substantive Issues:

According to the Public School Facilities Authority (PSFA) bill analysis, charter schools cannot sell bonds to finance their local share match required by the PSCOC to be awarded a standards-based project award. If HB 314 is not enacted, no funds will be available to assist charter schools in meeting their local share match.

Background:

According to the LESC 2012 bill analysis, during the 2012 legislative session the Legislature considered legislation to repeal the July 1, 2012 sunset date of the CSCOF and provisions in the *Public School Capital Outlay Act*; however, the bill did not pass and subsequently the balance in the CSCOF was reverted to the STB Fund.

PSFA reports that money available in the CSCOF may be used for the following purposes, listed in priority order:

- making grants to a state-chartered charter school for its share of a PSCOC project;
- making grants to locally or state-chartered charter schools;
- providing grants to a locally chartered school for its share of a PSCOC project; and
- providing the state share of a project from the CSCOF instead of from the Public School Capital Outlay Fund (PSCOF).

Additionally, the PSFA identifies the reasons behind the creation of the CSCOF:

- state-chartered charter schools do not have access to funds for their “local share” for participation in PSCOC standards-based grant awards;
- by July 1, 2015, all charter schools must be in public buildings, or in other buildings that meet certain criteria; and many charter schools still do not meet these requirements; and
- many locally chartered charter schools also have limited access to their share of their districts’ “local share,” as districts may not have bond funds available for their use.

Committee Referrals:

HEC/HAFC

Related Bills:

HB 268a *School District Funding Match Waivers*