

BILL ANALYSIS

C.S.H.B. 2251
By: Anchia
Public Education
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties contend that the current payment schedule for state education funding places a significant burden on open-enrollment charter schools. According to the parties, all open-enrollment charter schools, regardless of size or rate of growth, are issued equal payments once a month. For those schools that begin classes mid-summer, the July and August payments are calculated using the previous school year's enrollment. As a result, these schools begin the first two months of the school year with funding based on an outdated student count, which encumbers fast-growth charter schools. Conversely, the parties continue, some school districts operate on a payment schedule that provides the bulk of a school's funding early in the school year, providing much needed support for the purchases, hires, and operational costs that come with a new school year in a fast-growth district. C.S.H.B. 2251 seeks to allow a charter school with increased enrollment from the previous year to request an alternative payment schedule that frontloads the percentage of yearly entitlement payments in order to better manage growth while maintaining strict quality standards.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2251 amends the Education Code to require the commissioner of education, on the request of an open-enrollment charter school, to compare the student enrollment of the open-enrollment charter school for the current school year to the student enrollment of the school during the preceding school year. The bill authorizes the open-enrollment charter school, if the number of students enrolled at the school for the current school year has increased by 10 percent or more from the number of students enrolled during the preceding school year, to request that payments from the foundation school fund to the school for the following school year and each subsequent school year be made according to a schedule as prescribed by the bill. The bill entitles an open-enrollment charter school that qualifies to receive foundation school fund transfers as provided by the bill to receive funding in that manner for three school years. The bill requires the commissioner, on the expiration of that period, to determine the eligibility of the open-enrollment charter school to continue receiving payments from the foundation school fund for an additional three school years and requires the open-enrollment charter school to subsequently reestablish eligibility every three school years.

C.S.H.B. 2251 prescribes the payment schedule and authorizes the modification of the amount of

any installment under the schedule to provide an open-enrollment charter school with the proper amount to which the school may be entitled by law and to correct errors in the allocation or distribution of funds. The bill requires previously unpaid additional funds from prior fiscal years owed to an open-enrollment charter school to be paid to the school together with the September payment of the current fiscal year entitlement. The bill limits the applicability of its provisions to a payment from the foundation school fund that is made on or after September 1, 2015. The bill requires the commissioner to determine the eligibility of an open-enrollment charter school to receive the payments for the 2015–2016 school year based on the growth in the school's enrollment between the 2013–2014 and 2014–2015 school years.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2251 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subchapter E, Chapter 42, Education Code, is amended by adding Section 42.2591 to read as follows:

Sec. 42.2591. FOUNDATION SCHOOL FUND TRANSFERS TO CERTAIN CHARTER SCHOOLS. (a) Not later than May 1 of each school year, the commissioner shall compare the student enrollment of each open-enrollment charter school for the current school year to the student enrollment of the school during the preceding school year. If the number of students enrolled at the open-enrollment charter school for the current school year has increased by 10 percent or more from the number of students enrolled during the preceding school year, the open-enrollment charter school may request that payments from the foundation school fund to the school for the following school year and each subsequent school year, subject to Subsection (b), be made according to the schedule provided under Subsection (c).

(b) Each year the commissioner shall determine the continued eligibility of an open-enrollment charter school to receive payments from the foundation school fund under this section. Notwithstanding Subsection (a), an open-enrollment charter

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subchapter E, Chapter 42, Education Code, is amended by adding Section 42.2591 to read as follows:

Sec. 42.2591. FOUNDATION SCHOOL FUND TRANSFERS TO CERTAIN CHARTER SCHOOLS. (a) On the request of an open-enrollment charter school, the commissioner shall compare the student enrollment of the open-enrollment charter school for the current school year to the student enrollment of the school during the preceding school year. If the number of students enrolled at the open-enrollment charter school for the current school year has increased by 10 percent or more from the number of students enrolled during the preceding school year, the open-enrollment charter school may request that payments from the foundation school fund to the school for the following school year and each subsequent school year, subject to Subsection (b), be made according to the schedule provided under Subsection (c).

(b) An open-enrollment charter school that qualifies to receive funding as provided by this section is entitled to receive funding in that manner for three school years. On the expiration of that period, the commissioner shall determine the eligibility of the open-enrollment charter school to continue receiving payments from the foundation school fund under this section for an additional three school years. Subsequently,

school that no longer qualifies to receive payment from the foundation school fund under this section may continue to receive payments under the schedule provided by Subsection (c) for one additional school year.

(c) Payments from the foundation school fund to an open-enrollment charter school under this section shall be made as follows:

(1) 22 percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of September of a fiscal year;

(2) 18 percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of October;

(3) 9.5 percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of November;

(4) four percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of December;

(5) four percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of January;

(6) four percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of February;

(7) four percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of March;

(8) 7.5 percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of April;

(9) five percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of May;

(10) seven percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of June;

(11) seven percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of July; and

(12) eight percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of August.

(d) The amount of any installment required

the open-enrollment charter school must reestablish eligibility in the manner provided by this subsection every three school years.

(c) Payments from the foundation school fund to an open-enrollment charter school under this section shall be made as follows:

(1) 22 percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of September of a fiscal year;

(2) 18 percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of October;

(3) 9.5 percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of November;

(4) four percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of December;

(5) four percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of January;

(6) four percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of February;

(7) four percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of March;

(8) 7.5 percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of April;

(9) five percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of May;

(10) seven percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of June;

(11) seven percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of July; and

(12) eight percent of the yearly entitlement of the school shall be paid in an installment to be made on or before the 25th day of August.

(d) The amount of any installment required

by this section may be modified to provide an open-enrollment charter school with the proper amount to which the school may be entitled by law and to correct errors in the allocation or distribution of funds.

(e) Previously unpaid additional funds from prior fiscal years owed to an open-enrollment charter school shall be paid to the school together with the September payment of the current fiscal year entitlement.

SECTION 2. (a) Section 42.2591, Education Code, as added by this Act, applies only to a payment from the foundation school fund that is made on or after September 1, 2015. A payment to an open-enrollment charter school from the foundation school fund that is made before September 1, 2015, is governed by the law in effect on the date the payment was made, and the former law is continued in effect for that purpose.

(b) The commissioner of education shall determine the eligibility of an open-enrollment charter school to receive payments under Section 42.2591, Education Code, as added by this Act, for the 2015-2016 school year based on the growth in the school's enrollment between the 2013-2014 and 2014-2015 school years.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2015.

by this section may be modified to provide an open-enrollment charter school with the proper amount to which the school may be entitled by law and to correct errors in the allocation or distribution of funds.

(e) Previously unpaid additional funds from prior fiscal years owed to an open-enrollment charter school shall be paid to the school together with the September payment of the current fiscal year entitlement.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.