

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 14, 2003

TO: Honorable Florence Shapiro, Chair, Senate Committee on Education

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB352 by Wentworth (Relating to the small and mid-sized district adjustment under the public school finance system.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB352, As Introduced: a negative impact of (\$38,000,000) through the biennium ending August 31, 2005.

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
2004	(\$18,600,000)
2005	(\$19,400,000)
2006	(\$21,500,000)
2007	(\$23,300,000)
2008	(\$23,300,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from FOUNDATION SCHOOL FUND 193
2004	(\$18,600,000)
2005	(\$19,400,000)
2006	(\$21,500,000)
2007	(\$23,300,000)
2008	(\$23,300,000)

Fiscal Analysis

Under current law, school districts identified as property-wealthy and subject to the requirements of Chapter 41, Texas Education Code, are not eligible for the mid-size district adjustment.

The bill would grant the adjustment to these districts, compensating them for the higher fixed costs of operating schools in less populated areas.

The bill would allow the mid-size districts subject to Chapter 41 to retain additional maintenance and operations tax revenues, because it will give the districts affected a higher count of weighted students. The effect will vary from district to district because the adjustment is proportional to the size of the district in terms of average daily attendance. The additional retained revenue would reduce the funds received under Chapter 41 for the purposes of funding the Foundation School Program, thereby

increasing the cost to the state for state aid.

Methodology

To determine the statewide impact, the Texas Education Agency removed the limitation in the school finance projection model. The bill would take effect for the 2003-04 school year.

Local Government Impact

There would be an increase in the amount of local tax revenue that certain school districts would be permitted to keep. This effectively results in additional net revenue for these districts.

Source Agencies: 701 Central Education Agency

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