

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 9, 2007

TO: Honorable Rob Eissler, Chair, House Committee on Public Education

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB30 by Berman (Relating to the consolidation of certain school districts into a county school district.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would create Chapter 14, Education Code to authorize counties with populations of 300,000 or less to consolidate school districts located in whole or in part in the county into one county school district. Action to consolidate would be initiated by submission to the commissioner's court of a petition signed by at least 10% of the registered voters in the last gubernatorial election. Consolidation would occur if the proposition received a majority of votes cast in each of the individual school districts to be consolidated. The bill would require the commissioner of education to establish the number of employee positions authorized for a county school district.

The bill would require at least 60% of the county school district's total revenue to be spent for instructional purposes as defined by the National Center for Education Statistics. The bill would also require the use of any monetary savings attributable to the creation of a county school district to provide additional compensation or other benefits to each employee other than the superintendent, assistant superintendent, or their immediate staff.

There are 242 Texas counties with populations of 300,000 or less, based on 2000 U.S. Census Bureau county population estimates. Of these counties, the Texas Education Agency indicates that approximately 30 counties would not be affected by the bill's provisions due to the current relationship between school district and county boundaries. It is assumed for the purpose of this fiscal note that districts would not elect to consolidate if the action resulted in a net loss of state aid.

If all districts eligible under the bill elected to consolidate, the state would realize significant savings in the Foundation School Program primarily due to substantial reduction in the number of districts that would qualify for small and mid-size scale adjustments. The Texas Education Agency indicates that if 5% of eligible districts exercised the bill's consolidation mechanism in 2008, net savings of approximately \$42.0 million could be realized in 2009 and each subsequent fiscal year. Additional consolidations would result in proportionate increases in state savings.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

It is assumed for the purpose of this fiscal note that districts would not elect to consolidate if the action resulted in a net loss of state aid.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, UP, JSp