

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 15, 2007

TO: Honorable Warren Chisum, Chair, House Committee on Appropriations

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

IN RE: HB207 by Flores (Relating to the transportation allotment provided under the public school finance system.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The increase to allocation per route mile would generate additional Foundation School Program (FSP) state costs in the transportation allotment. Due to changes made by House Bill 1, 79th Legislature, 3rd Called Session, increases to Foundation School Program formula funding elements are generally either offset by a decrease in districts' entitlement to hold harmless funds or an increase in funds dragged back to hold districts to a total revenue target. Since the bill does not amend Texas Education Code 42.2516 regarding the calculation of school district entitlements under the Foundation School Program, no net cost to the state associated with increases to the transportation allotment is expected.

If Texas Education Code 42.2516 were amended to allow for changes in the transportation allotment to impact state aid, the estimated state cost would be approximately \$74.6 million in fiscal year 2008, \$148.8 million in fiscal year 2009 and increasing by approximately the same amount in the out years.

The Texas Education Agency indicates that while the rate changes would have to be implemented by making modifications to existing software, associated administrative costs to the agency are not significant.

Local Government Impact

School districts would not experience any net increase in state aid under the provisions of the bill. If Texas Education Code 42.2516 were amended to allow for increases in state aid associated with the transportation allotment, district revenues would increase as described above.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, CT, UP