

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 14, 2007

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

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

IN RE: HB828 by Hochberg (Relating to the amount of the guaranteed yield under the Foundation School Program.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would set the guaranteed yield per weighted student for the four cents (which increases to six cents in 2009 under current law) by which a school district's maintenance and operations tax rate exceeds the state compression percentage at that of Austin Independent School District (ISD), or the yield from the previous year, if higher. The bill would take effect immediately upon enactment with the necessary voting majorities or September 1, 2007 and would apply beginning with the 2007-2008 school-year.

In order for Austin ISD's revenue yield per penny per weighted student to decrease from year to year, its property value would need to grow more slowly than its number of weighted students. While this has occurred in the past, current projections do not estimate a decline in Austin ISD's yield, and thus the bill would have no fiscal impact on the state cost of the Foundation School Program. In the event that Austin ISD did experience property value decline, there would be a state cost to hold the enrichment yield at the prior year's higher level. For example, if Austin ISD experienced a 3 percent property value decline in fiscal year 2010, it is estimated state costs in the enrichment tier could increase by approximately \$39 million that year.

Local Government Impact

Under current assumptions, the bill is not expected to have a fiscal impact on school districts. If Austin ISD were to experience a property value decline, the bill would provide additional state aid in the enrichment tier compared to current law.

Source Agencies: 701 Central Education Agency

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