

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 16, 2007

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

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

IN RE: HB2560 by Zedler (Relating to the availability of certain school district financial information on districts' Internet websites.), **As Engrossed**

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| Fiscal implications to the State cannot be determined. |
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The bill would require the state to indemnify school districts from any loss due to fraud resulting from information posted on the school district's website under the provisions of the bill, provided such fraud is committed by a person who is not an employee of the school district. While specific cost resulting from the indemnification provision cannot be predicted at this time, there would be potential for significant state cost should the fraud against which the bill would indemnify school districts occur.

Local Government Impact

The bill would require school districts to maintain an electronic form of the school district's checking account transactions annotated with specific information that is posted prominently on the school district's website and updated on a monthly basis. The bill would prohibit certain information from being included in the electronic transactions file, including checks issued to employees for salary, wages, stipends, or certain benefits. School districts would be required to transfer the data to any interested person who requested the information.

The bill would also require the posting of credit card transaction information and the listing of aggregated salary and staff information. School districts would also be required to transfer these data to any interested person who requested the information.

Some school districts currently publish check registers on district websites as a means of providing financial transparency. In addition, school districts that do not meet the financial accountability indicator requiring a 65% instructional expenditure ratio can opt to publish the check register on the district website as a means of obtaining alternative credit for this indicator. The Texas Education Agency anticipates that school districts will experience increased operating and administrative expenses related to the posting of credit card transaction information and the publication of employee salaries in the prescribed format. The Agency assumes that administrative costs to meet all of the requirements in the bill would vary by district, but could be significant.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, UP, JSp