

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 18, 2007

TO: Honorable Frank Corte, Jr., Chair, House Committee on Defense Affairs & State-Federal Relations

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

IN RE: HB3262 by Chavez (Relating to an allotment under the foundation school program for certain students who transfer midyear or who are military dependents.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3262, As Introduced: a negative impact of (\$283,000,000) through the biennium ending August 31, 2009.

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
2008	(\$141,500,000)
2009	(\$141,500,000)
2010	(\$141,500,000)
2011	(\$141,500,000)
2012	(\$141,500,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1
2008	(\$141,500,000)
2009	(\$141,500,000)
2010	(\$141,500,000)
2011	(\$141,500,000)
2012	(\$141,500,000)

Fiscal Analysis

The bill increases state aid under the Foundation School Program by providing additional funding for each student in average daily attendance who (1) as a result of a change in residence has transferred to a campus in the district during the school year; or (2) has a parent or guardian who is serving on active duty in a combat zone as a member of the armed forces of the United States. The bill would take effect September 1, 2007.

Methodology

Data from a variety of sources suggest the number of students in Texas with a parent who is a member of the U.S armed forces on active duty in a combat zone can be estimated at roughly 48,400 annually,

on average. Based on this assumption, the additional state aid that would be generated under the Foundation School Program (FSP) would be estimated to average \$31.5 million each year beginning in FY2008. The Texas Education Agency is expected to be able to absorb the costs of tracking and calculating district FSP payments with existing resources.

For the purposes of this fiscal note, it is assumed that school districts would determine eligibility of a student at a single time at the beginning of the school year, and that the student would continue to receive the weighted funding for the entire school year, regardless of a change in his or her parent's military status during the year. If this or other assumptions used in the calculation of this fiscal note are not used for actual implementation, state costs would be expected to vary from this estimate.

Based on PEIMS attendance data, the Texas Education Agency estimates that approximately 175,000 students transfer to a new campus during a given school year. These students also would receive an additional funding weight. Factoring in a small amount of overlap between these two student groups, it is estimated that these students would generate an additional \$110 million in state aid each year beginning in FY2008.

Actual costs could be different if the number of eligible students is significantly different from this estimate.

Local Government Impact

School districts serving eligible students would realize additional state aid under the bill.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, JGM, ES, UP, JSp