

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 24, 2007

TO: Honorable David Dewhurst, Lieutenant Governor, Senate

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

IN RE: SB962 by Shapleigh (Relating to funding under the instructional facilities allotment for school districts affected by troop reassignments at military installations.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for SB962, As Passed 2nd House: a negative impact of (\$4,900,000) 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	(\$2,400,000)
2009	(\$2,500,000)
2010	(\$2,500,000)
2011	(\$2,500,000)
2012	(\$2,500,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from FOUNDATION SCHOOL FUND 193
2008	(\$2,400,000)
2009	(\$2,500,000)
2010	(\$2,500,000)
2011	(\$2,500,000)
2012	(\$2,500,000)

Fiscal Analysis

The bill would provide for a school district’s wealth per student to be reduced by 25 percent if the district can demonstrate that it must construct, acquire, renovate, or improve on or more instructional facilities to serve the children of military personnel who have been transferred to a military base in or near the school district under the Defense Base Closure and Realignment Act of 1990 (BRAC). The reduction in wealth per student would be in addition to other prescribed reductions related to the priority ranking.

In addition, the bill would amend the Existing Debt Allotment (EDA) by entitling districts that demonstate the need to construct or renovate facilities to serve children of military personnel to EDA state aid based on the district's current year tax rate instead of the rate from the final year of the

preceding biennium.

Methodology

The bill could alter the final outcome of the Instructional Facilities Allotments (IFA) awards process in terms of which districts receive awards, but it would not increase the cost of the IFA program. It is assumed that the establishing and administering a process by which a district could demonstrate eligibility for the proposed adjustment for IFA priority ranking would not significantly affect the operations of the Texas Education Agency.

The section revising the EDA statute potentially could result in an increased state cost in the EDA program by increasing the number of pennies of tax effort eligible for state aid in selected districts. Based on projections of debt issuances and debt service payments scheduled by the BRAC-affected El Paso Independent School District, The Texas Education Agency estimates that the bill could increase state aid payments under the EDA program by approximately \$2.4 million in fiscal year 2008 and \$2.5 million in fiscal year 2009, continuing at roughly that amount for the remaining life of the debt.

Local Government Impact

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

School districts located near military bases could benefit from the bill's provisions if the reduction in wealth per student allows them access to funds that would not have been available without the adjustment to the property wealth measure. Additionally, these districts may receive additional state aid through the EDA program.

Source Agencies: 701 Central Education Agency

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