

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 13, 2009**

**TO:** Honorable Rob Eissler, Chair, House Committee on Public Education

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

**IN RE: HB2364** by Eissler (Relating to an exception to the wealth per student limitation for certain school districts.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

This bill relates to providing an exemption to the wealth equalization provisions of Chapter 41 for certain school districts.

The school districts exempted by the bill would be those located at least partially in a county with a population of 1.5 million or more and that met the following criteria: 20 percent or more of the district's prekindergarteners through fifth graders were classified as having limited English proficiency, 50 percent or more of the district's total students were economically disadvantaged and had family incomes below the federal poverty level, 65 percent or more of the district's prekindergarteners through fifth graders were economically disadvantaged, the district had a student mobility rate of 25 percent or higher, and at least 75 percent of the district's students were minority students.

The bill would provide that eligible districts would be entitled to the exemption for four consecutive school years once their eligibility had been established. After the four years, a district would remain eligible until the student population changed sufficiently that the district failed to meet at least two of the criteria by at least 5 percentage points.

The bill would take effect September 1, 2009.

Under current estimates of property values, student counts, and tax effort, districts that would be eligible for exemptions under the bill are not projected to be subject to the wealth equalization provisions of Chapter 41. It is possible that the actual levels of property wealth per weighted student and tax effort in the enrichment tier for these districts would exceed the established equalized wealth level for a given fiscal year. To the extent this occurs, the bill potentially would reduce recapture payments from these districts and increase overall state costs in the Foundation School Program.

**Local Government Impact**

To the extent eligible districts' actual property wealth per weighted student exceeds established equalized wealth levels for a given fiscal year, the bill potentially could increase local revenue retained by the districts.

**Source Agencies:** 701 Central Education Agency

**LBB Staff:** JOB, JSp, JGM