

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 27, 2015

TO: Honorable Jimmie Don Aycock, Chair, House Committee on Public Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2593 by Price (Relating to the method of determining the average daily attendance in certain school districts.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2593, As Introduced: a negative impact of (\$3,200,000) through the biennium ending August 31, 2017.

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
2016	(\$1,600,000)
2017	(\$1,600,000)
2018	(\$1,700,000)
2019	(\$1,500,000)
2020	(\$1,500,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 193
2016	(\$1,600,000)
2017	(\$1,600,000)
2018	(\$1,700,000)
2019	(\$1,500,000)
2020	(\$1,500,000)

Fiscal Analysis

The bill would allow the attendance of students who are residents of another state but attend school in a Texas public school district to be included in the computation of average daily attendance for the purpose of determining a school district's entitlement under the Foundation School Program. The bill would limit the application of the provision to school districts that serve

both Texas students and students that reside in one of the states sharing a border with Texas that qualify for in-state tuition at institutions of higher education in either state. The bill would further stipulate a qualifying school district as one that shares students with an out-of-state district that does not offer competing instructional services.

Methodology

The bill would increase state cost under the Foundation School Program (FSP) by providing entitlement on the basis of average daily attendance that is ineligible for funding under current law.

Section 54.231, Education Code indicates that students who are residents of Arkansas, Louisiana, New Mexico, or Oklahoma qualify for in-state tuition at certain institutions of higher education. The Texas Education Agency and the Legislative Budget Board could not identify a definitive source of data by which to determine the number of school districts and charter schools that might qualify with respect to the language requiring that a district share students with an out-of-state district that does not offer competing instructional services.

For the purpose of this analysis, the counts of ineligible students enrolled in Texas school districts and charter schools were extracted from the Public Education Information Management System (PEIMS) for the years 2008-2015 in counties that border the neighboring states listed above. Using these data, staff identified 12 school districts with more than 5 percent of enrollment consisting of FSP-ineligible students for at least 3 of the last 4 school years. Average daily attendance was estimated using the data concerning FSP-ineligible students reported for the 2014-2015 school year for each of the 12 identified school districts.

A model of the Foundation School Program indicates that the additional average daily attendance that would become eligible for funding under this bill would carry a cost to the state of approximately \$1.6 million in fiscal year 2016 and \$1.6 million in fiscal year 2017. If additional school districts or charter schools were determined to meet the qualifications stipulated by the bill, costs would likely be higher than estimated in this analysis.

Local Government Impact

School districts and charter schools meeting the requirements of the bill would receive additional revenue through the attendance of students who are ineligible for FSP entitlement under current law. Among the districts identified as likely to benefit under the provisions of the bill, one district sharing a border with the state of Oklahoma would be projected to receive approximately \$576,000 in additional revenue each year in fiscal years 2016 and 2017, with other affected districts benefitting to a lesser degree based on the proportion of average daily attendance represented by students residing in neighboring states.

Source Agencies: 701 Central Education Agency

LBB Staff: UP, JBi, AM, JSp