

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 1, 2017

TO: Honorable Dan Huberty, Chair, House Committee on Public Education

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB4087 by Faircloth (Relating to a reduction of the amount required to be paid by a school district to achieve the equalized wealth level under the public school finance system.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB4087, As Introduced: a negative impact of (\$1,150,703,418) through the biennium ending August 31, 2019.

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
2018	(\$513,254,940)
2019	(\$637,448,478)
2020	(\$765,868,920)
2021	(\$928,505,638)
2022	(\$1,109,209,159)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 193
2018	(\$513,254,940)
2019	(\$637,448,478)
2020	(\$765,868,920)
2021	(\$928,505,638)
2022	(\$1,109,209,159)

Fiscal Analysis

The bill would amend the Education Code to reduce the total amount required to be paid in the purchase of attendance credits under Section 41.093 of the Education Code by 25 percent, and would require affected school districts to use these funds to instead pay district maintenance and

operations costs.

The bill would take effect September 1, 2017.

Methodology

The Texas Education Agency (TEA) calculated the additional cost to the state from the reduced recapture revenue through their school finance model, and determined that implementing the provisions of the bill would have an estimated fiscal impact of \$513.3 million in fiscal year 2018, \$637.4 million in fiscal year 2019, increasing to \$1,109.2 million in fiscal year 2022.

Local Government Impact

TEA indicates that 19 percent of school districts serving 14 percent of students statewide would pay reduced recapture in fiscal year 2018, and 22 percent of districts serving 18 percent of students statewide would pay reduced recapture in fiscal year 2019.

TEA indicates that the average reduction in recapture payments for affected school districts would be approximately \$1,055 per weighted student.

Source Agencies: 701 Texas Education Agency

LBB Staff: UP, THo, AM, AH