

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 23, 2017

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1353 by Taylor, Larry (Relating to state financial assistance for a school district to which an academically unacceptable school district is annexed.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1353, As Passed 2nd House: a negative impact of (\$10,143,429) through the biennium ending August 31, 2019, assuming that the 85th Legislature appropriates money for the implementation of the bill. The Commissioner of Education would be required to implement the legislation only if the Legislature specifically appropriates funds for the purposes of the legislation. If the Legislature does not appropriate funds for that purpose, the Commissioner may, but would not be required to, implement the legislation using other appropriations available for the purposes of the legislation.

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	(\$6,762,286)
2019	(\$3,381,143)
2020	(\$3,381,143)
2021	(\$3,381,143)
2022	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 193
2018	(\$6,762,286)
2019	(\$3,381,143)
2020	(\$3,381,143)
2021	(\$3,381,143)
2022	\$0

Fiscal Analysis

The bill would amend the Education Code related to the amount of state aid provided to a district that is ordered by the Commissioner of Education to annex an academically unacceptable school district. The bill would provide the receiving district additional state aid in the amount of debt service taxes levied by the receiving district in the tax year preceding the annexation per student and multiplying that per student amount by the additional students enrolled in the district on September 1 following the annexation. The bill would authorize a receiving district to receive Incentive Aid payments instead of funding under Education Code, Section 13.054(f), if it would result in greater payments to the district.

The bill would apply to any annexation that occurred on or after July 1, 2016.

The Commissioner of Education would be required to implement the legislation only if the Legislature specifically appropriates funds for the purposes of the legislation. If the Legislature does not appropriate funds for that purpose, the Commissioner may, but would not be required to, implement the legislation using other appropriations available for the purposes of the legislation.

Methodology

This analysis assumes that the 85th Legislature will make an appropriation specifically for the purpose of implementing the bill.

The Texas Education Agency (TEA) indicates the only district to which this bill would currently apply is Texas City ISD, which annexed La Marque ISD in July 2016. Any additional costs that would occur from any future annexations cannot be determined at this time.

The 2015 tax year debt service collections of Texas City ISD was \$8,778,818, which when divided by a corresponding enrollment of 6,356 provides a debt service tax collection per student of \$1,381. Applying this amount to the increased student population experienced by the district in the following school year of 2,448 students provides additional state aid of \$3,381,143 per year.

The bill provides that a school district would be entitled to this state aid beginning with the school year in which the annexation occurs. Since the bill would entitle Texas City ISD this additional state aid in the 2016-17 school year, TEA assumed that the additional state aid for the 2016-17 school year and the 2017-18 school year would both be provided in fiscal year 2018.

Local Government Impact

Local school districts to which academically unacceptable school districts would be annexed would be entitled to additional state aid under the provisions of this bill.

Source Agencies: 701 Texas Education Agency

LBB Staff: UP, THo, AM, AH