

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 18, 2019

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

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HJR24 by Geren (Proposing a constitutional amendment requiring the state to pay at least 50 percent of the cost of maintaining and operating the public school system and prohibiting the comptroller from certifying legislation containing an appropriation for public education unless the requirement is met.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HJR24, As Introduced: a negative impact of (\$22,925,794,320) through the biennium ending August 31, 2021.

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
2020	(\$10,755,886,213)
2021	(\$12,169,908,107)
2022	(\$13,710,930,475)
2023	(\$14,901,284,233)
2024	(\$16,595,046,630)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 193
2020	(\$10,755,886,213)
2021	(\$12,169,908,107)
2022	(\$13,710,930,475)
2023	(\$14,901,284,233)
2024	(\$16,595,046,630)

Fiscal Analysis

The resolution would amend the Constitution to require the state to fund at least 50 percent of the cost of maintaining and operating a system of public and free schools.

The resolution would prohibit a bill that contains an appropriation for the general maintenance and operation of the system of public free schools to be considered as passed or sent to the Governor for consideration unless the Comptroller of Public Accounts certifies that the appropriation, together with all other appropriations, complies with the requirement that the state fund at least 50 percent of the cost of maintaining and operating the public school system.

This resolution would be submitted to voters at an election to be held on November 5, 2019.

Methodology

This analysis calculates costs assuming that the fifty percent state share would be achieved solely from increasing state aid in the manner specified in House Bill 462 as Introduced, 86th Legislature, 2019, which is the legislation accompanying this resolution. To the extent that the constitutional requirement was met in another manner, such as a reduction of recapture revenue, local property taxes, or some combination of increased state aid and a decrease in local property taxes, state costs would be less.

Based on current projections, in fiscal year 2020, the local share of the M&O entitlement of the FSP is estimated to be \$28.4 billion, while the state share is estimated to be \$17.7 billion. The additional state aid that would be needed in fiscal year 2020 to achieve the required state share would be \$10.8 billion.

Current projections for fiscal year 2021 estimate a local share of M&O entitlement to be \$29.6 billion and a state share of \$17.4 billion based on the current law requirements of the FSP. The necessary additional state aid in that fiscal year to achieve the required state share would be \$12.2 billion.

Current projections for fiscal year 2022 estimate a local share of M&O entitlement to be \$31.3 billion and a state share of \$17.6 billion based on the current law requirements of the FSP. The necessary additional state aid in that fiscal year to achieve the required state share would be \$13.7 billion.

Current projections for fiscal year 2023 estimate a local share of M&O entitlement to be \$32.6 billion and a state share of \$17.7 billion based on the current law requirements of the FSP. The necessary additional state aid in that fiscal year to achieve the required state share would be \$14.9 billion.

Current projections for fiscal year 2024 estimate a local share of M&O entitlement to be \$33.9 billion and a state share of \$17.3 billion based on the current law requirements of the FSP. The necessary additional state aid in that fiscal year to achieve the required state share would be \$16.6 billion.

Local Government Impact

This analysis assumes the additional state aid to school districts from implementing the requirements of the resolution would be significant.

Source Agencies: 304 Comptroller of Public Accounts, 701 Texas Education Agency

LBB Staff: WP, HL, AM, AH, KK