

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 3, 2019

TO: Honorable Larry Taylor, Chair, Senate Committee on Education

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

IN RE: **SB1252** by Kolkhorst (Relating to a reduction in school funding under the Foundation School Program for a school district that receives a supplemental payment under an agreement to limit the appraised value of property in the district.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1252, As Introduced: a positive impact of \$145,254,118 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	\$72,521,558
2021	\$72,732,560
2022	\$78,067,086
2023	\$77,408,108
2024	\$71,684,547

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund</i> 1	Probable Savings/(Cost) from <i>Foundation School Fund</i> 193
2020	(\$99,912)	\$72,621,470
2021	(\$95,912)	\$72,828,472
2022	(\$95,912)	\$78,162,998
2023	(\$95,912)	\$77,504,020
2024	(\$95,912)	\$71,780,459

Fiscal Year	Change in Number of State Employees from FY 2019
2020	1.0
2021	1.0
2022	1.0
2023	1.0
2024	1.0

Fiscal Analysis

The bill would require the Commissioner of Education to reduce the amounts due to a school district under Chapter 42 or Chapter 46 of the Education Code by the amount of any supplemental payment received by the district during the preceding fiscal year under Section 313.027(i) of the Tax Code.

Methodology

Based on information provided by the Texas Education Agency (TEA), there are currently 389 active limitation agreements with a total of \$85 million in supplemental payments in fiscal year 2020. TEA incorporated the additional adjustment into their school finance model to develop an estimated savings to the Foundation School Program of \$72.6 million in fiscal year 2020, \$72.8 million in fiscal year 2021, increasing to \$71.8 million in fiscal year 2024.

Based on information provided by TEA, one full-time equivalent would be required to process the adjustment, at an estimated cost of \$99,912 in fiscal year 2020, and \$95,912 in subsequent years including salary, benefits, and other operating expenses.

Local Government Impact

School districts which have negotiated supplemental payments under Chapter 313 of the Tax Code would have their Foundation School Program payments reduced.

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

LBB Staff: WP, HL, AM, AH