

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 1, 2019

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Property Tax

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

IN RE: **SB1315** by Bettencourt (Relating to periodic zero-based budgeting for certain political subdivisions.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend the Education Code and the Local Government Code to require certain school districts, county departments of education, counties, and municipalities to prepare an initial zero-based budget and then periodically prepare such a budget again every twelfth year. The bill would specify certain characteristics for these zero-based budgets.

According to the Texas Education Agency (TEA), no fiscal implication to the State is anticipated.

Local Government Impact

According to TEA, the cost per zero-based budget is estimated to be \$25,000 to \$250,000. The agency states that there are 21 districts or County Education Departments that would be subject to the provisions of the bill. At an average cost of \$137,000, the total impact on these 21 districts is estimated by the agency to be \$2,887,500 in the initial year.

According to TEA, districts could need to hire 1-3 additional staff members in the accounting/budgeting office to maintain records, to accumulate the data, and to analyze budgeted line items. Districts would also require additional computer programming support because most are not setup to perform zero-based budgeting. According to the agency, the zero-based budgeting process also requires more intensive budget workshops would generate overtime costs for non-exempt employees.

According to Harris County, the county anticipates a fiscal impact from the bill but is unable to quantify the extent of that impact at this time.

According to the Texas Municipal League, no significant fiscal impact is anticipated.

Source Agencies: 701 Texas Education Agency

LBB Staff: WP, KK, SD, GP