

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATURE 4th CALLED SESSION 2023

November 10, 2023

TO: Honorable Brad Buckley, Chair, House Committee on Educational Opportunity & Enrichment, Select

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2 by King, Ken (Relating to measures for ensuring safety and security in public schools, including the establishment of a school safety grant program and a school safety plan implementation grant program, and the allocation of certain constitutional transfers of money to the state school safety fund, the economic stabilization fund, and the state highway fund.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2, As Introduced : a positive impact of \$205,172,469 through the biennium ending August 31, 2025.

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:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	\$0
2025	\$205,172,469
2026	\$206,326,621
2027	\$210,663,091
2028	\$210,042,190

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from Foundation School Fund 193</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Savings/(Cost) from State School Safety Fund</i>	<i>Probable Revenue Gain/(Loss) from Recapture Payments Atten Crdts 8905</i>
2024	\$0	\$0	\$0	\$0
2025	\$205,421,147	(\$248,678)	(\$1,100,000,000)	(\$36,975,806)
2026	\$206,569,999	(\$243,378)	(\$1,100,000,000)	(\$37,182,600)
2027	\$210,906,469	(\$243,378)	(\$1,100,000,000)	(\$37,963,164)
2028	\$210,285,568	(\$243,378)	(\$1,100,000,000)	(\$37,851,402)

<i>Fiscal Year</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	0.0
2025	2.0
2026	2.0
2027	2.0
2028	2.0

Fiscal Analysis

The bill would establish two grant programs funded using proceeds of the new State School Safety Fund (SSSF) that would be established contingent on the enactment of HJR 1, Eighty-eighth Legislature, Fourth Called Session, and subsequent voter approval of the constitutional amendment. Under HJR 1, the SSSF would receive certain transfers from the Economic Stabilization Fund (ESF), not to exceed \$1.1 billion per year. Additionally, if the commissioner of education determines that the amount appropriated for the Foundation School Program (FSP) exceeds the amount to which school districts are entitled, HJR 1 would direct the commissioner to designate a portion of the excess funds to be transferred to the SSSF.

The bill would create a School Safety Grant Program that would allow the commissioner of education to provide grants to school districts and open-enrollment charter schools. The amount of the grant would be equal to the sum of the basic allotment under the FSP, if that allotment were allotted for each student enrolled in the district or school instead of for each student in average daily attendance, multiplied by 0.01 and an additional amount per campus that would depend on the number of enrolled students at the campus. Grants under the program would be limited to a statewide total of \$1.1 billion per year. The bill would establish permissible uses of the grant.

The bill would create the School Safety Plan Implementation Grant Program to provide grants to school districts and open-enrollment charter schools for the reimbursement of expenditures required for the implementation of a school safety plan that has been approved by the Texas Education Agency (TEA). Funding for the program would be limited to \$250.0 million in total per year and awards would be limited to \$10.0 million per school district or open-enrollment charter school.

The bill would repeal the school safety allotment under the FSP.

The bill would prescribe the procedure by which to adjust the amount of transfer to the SSSF and the State Highway Fund (SHF) if the balance of the ESF is below the threshold for transfer to the SSSF and SHF.

Methodology

TEA assumes total funding available for both grant programs would be limited to the maximum \$1.1 billion annual transfer from the ESF to the SSSF allowed under HJR 1. This analysis assumes that there would be no FSP surplus; and therefore, no additional available revenue in the SSSF.

TEA assumes that there would be a cost to the state of \$1.05 billion annually to provide School Safety Grants to local education agencies (LEAs).

TEA further assumes that grants for the School Safety Plan Implementation Grant Program would total \$45.3 million in fiscal year 2025, \$45.6 million in fiscal year 2026, increasing to \$48.4 million in fiscal year 2028. To the extent that additional funding were available in the SSSF, TEA assumes the annual cost of the grant program could increase up to the \$250.0 million annual cap.

This analysis assumes that TEA would need 1.0 Program Specialist VII and 1.0 Grant Specialist V to implement provisions of the bill at a cost of \$248,678 in fiscal year 2025 and \$243,378 in subsequent years.

TEA assumes that the repeal of the school safety allotment would result in a savings to the FSP of \$205.4 million in fiscal year 2025, \$206.6 million in fiscal year 2026, growing to a savings of \$210.3 million in fiscal year 2028.

The cost to the FSP includes estimated revenue losses from Recapture Payments – Attendance Credits of \$37.0 million in fiscal year 2025, \$37.2 million in fiscal year 2026, increasing to \$37.9 million in fiscal year 2028.

The balance of the ESF for the 2024-25 biennium is greater than seven percent of the certified General Revenue-related appropriations for the biennium; therefore, the provisions of this bill regarding the threshold for transfer to the SSSF and SHF would have no effect during the current biennium. As future appropriations

and transfers from the ESF are unknown, the fiscal implications after the current biennium cannot be determined.

Local Government Impact

To the extent that funds were available for the SSSF and could be used by districts for qualifying expenses, LEAs could see an increase in funding.

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

LBB Staff: JMc, CMA, ASA, SL