

BILL ANALYSIS

H.B. 1206
By: Guillen
Public Education
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Property wealthy public school districts face the possibility of negative performance ratings under the School Financial Integrity Rating System of Texas (FIRST), TEA's financial accountability system, due to the payments that districts must make to the state to reduce their revenues in excess of their entitlement under the school finance system. In determining a district's ratio of assets to liabilities, School FIRST considers these required payments liabilities with major fiscal implications. A low score on School FIRST will trigger a review by rating agencies, who may downgrade the status of outstanding bonds, thus leading to higher interest rates. The burden of the higher interest rates will fall on taxpayers. H.B. 1206 seeks to restore equity to the financial accountability rating system by prohibiting the system from providing for the inclusion of any amount required to be expended by a district to reduce the district's revenues in excess of the district's entitlement amount.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 1206 amends the Education Code to prohibit the public school financial accountability rating system from including an indicator or performance measure that includes in determining the ratio of assets to liabilities for a public school district any amount required to be expended by the district to reduce its local revenue levels that are in excess of the district's entitlement amount under the foundation school program. This prohibition applies beginning with the 2023-2024 school year.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2023.