

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 5, 2023

TO: Honorable Brandon Creighton, Chair, Senate Committee on Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **SB2088** by Creighton (Relating to a credit for prepayment of the amount required to be paid by a school district for the purchase of attendance credit under the public school finance system.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB2088, As Introduced : a negative impact of (\$967,039,029) 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> | Probable Net Positive/(Negative) Impact to<br><i>General Revenue Related Funds</i> |
|--------------------|--|
| 2024               | (\$465,455,919)  |
| 2025               | (\$501,583,110)  |
| 2026               | (\$482,225,408)  |
| 2027               | (\$533,536,486)  |
| 2028               | (\$555,576,144)  |

All Funds, Five-Year Impact:

| <i>Fiscal Year</i> | Probable Savings/(Cost) from<br><i>Foundation School Fund</i><br>193 | Probable Savings/(Cost) from<br><i>Recapture Payments Atten Crdts</i><br>8905 |
|--------------------|--|---|
| 2024               | (\$465,455,919)  | \$468,053,513   |
| 2025               | (\$501,583,110)  | \$504,060,375   |
| 2026               | (\$482,225,408)  | \$485,480,781   |
| 2027               | (\$533,536,486)  | \$537,030,828   |
| 2028               | (\$555,576,144)  | \$559,721,477   |

Fiscal Analysis

The bill would amend Subchapter D, Chapter 49, Education Code, by adding Section 49.1541 that would establish a credit for prepayment of the amount required by a school district for the purchase of attendance credit under the public school finance system. A school district would be eligible for a 10 percent reduction of the total amount required to purchase attendance credit for a school year. The reduction would be made after any reduction to which the district is entitled under Section 49.157 or another provisions of Chapter 49.

**Methodology**

This analysis is based on the assumption that all districts paying recapture would elect to use the prepayment credit that would be established by the bill.

Modeling shows that the fiscal impact to the Foundation School Fund, No. 193, in fiscal year 2024 would be \$465.5 million, \$501.6 million in fiscal year 2025, increasing to \$555.6 million in fiscal year 2028. The cost includes estimated decreases in Recapture Payments - Attendance Credits of \$468.1 million in fiscal year 2024, \$504.1 million in fiscal year 2025, increasing to \$559.7 million in fiscal year 2028. The decrease in recapture is reflected as a savings in the table above because recapture is appropriated as a method of finance for the FSP in the General Appropriations Act.

To the extent that fewer districts paying recapture utilize the prepayment, the cost would be less. The cost to the state would be due to additional state aid required to cover the cost of the reduction in attendance credits as districts paying recapture would elect to use the prepayments.

**Technology**

No technology impact is anticipated.

**Local Government Impact**

It is assumed certain districts would elect to use the prepayment under this bill and would receive a reduction in recapture payments.

**Source Agencies:** 701 Texas Education Agency

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