

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 5, 2025

**TO:** Honorable Brad Buckley, Chair, House Committee on Public Education

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB441** by Landgraf (Relating to the sparsity adjustment for certain school districts under the Foundation School Program.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB441, As Introduced: a negative impact of (\$888,504,493) through the biennium ending August 31, 2027.

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 <i>General Revenue Related Funds</i>
2026	(\$433,849,944)
2027	(\$454,654,549)
2028	(\$463,766,904)
2029	(\$471,052,845)
2030	(\$472,441,801)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>Foundation School Fund 193</i>	Probable Revenue Gain/(Loss) from <i>Recapture Payments Atten Crdts 8905</i>
2026	(\$433,849,944)	(\$37,788,873)
2027	(\$454,654,549)	(\$38,295,010)
2028	(\$463,766,904)	(\$38,066,888)
2029	(\$471,052,845)	(\$37,158,204)
2030	(\$472,441,801)	(\$37,138,554)

Fiscal Analysis

The bill would increase and expand eligibility for the sparsity adjustment under the Foundation School Program (FSP) from districts with fewer than 130 students in average daily attendance (ADA) meeting certain criteria to districts with fewer than 350 students in ADA meeting certain criteria.

Methodology

The bill would increase and expand eligibility for the sparsity adjustment which would increase FSP funding to

eligible districts through the basic allotment and the small and mid-sized allotment.

TEA assumes the cost to the FSP would be \$433.8 million in fiscal year 2026, \$454.7 million in fiscal year 2027, increasing to \$472.4 million in fiscal year 2030. TEA assumes the cost to the FSP includes estimated decreases in Recapture Payments - Attendance Credits revenue of \$37.8 million in fiscal year 2026, \$38.3 million in fiscal year 2027, decreasing to \$37.1 million in fiscal year 2030.

### **Local Government Impact**

This analysis assumes a greater number of school districts would be eligible for the sparsity adjustment and would receive additional funding through the FSP under the bill.

**Source Agencies:** 701 Texas Education Agency

**LBB Staff:** JMc, NC, ASA, MJe