

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 26, 2025

TO: Honorable Brandon Creighton, Chair, Senate Committee on Education K-16

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1939 by Meyer (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 Engrossed

Estimated Two-year Net Impact to General Revenue Related Funds for HB1939, As Engrossed: a negative impact of (\$389,065,754) 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>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2026	(\$184,533,518)
2027	(\$204,532,236)
2028	(\$192,475,808)
2029	(\$215,114,850)
2030	(\$191,644,951)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from Foundation School Fund 193</i>	<i>Probable Savings/(Cost) from Recapture Payments Atten Crdts 8905</i>
2026	(\$184,533,518)	(\$124,673,853)
2027	(\$204,532,236)	(\$137,643,344)
2028	(\$192,475,808)	(\$130,668,483)
2029	(\$215,114,850)	(\$147,665,005)
2030	(\$191,644,951)	(\$136,737,362)

Fiscal Analysis

The bill would establish a credit for prepayment of the amount required by a school district for the purchase of attendance credit under the Foundation School Program (FSP). A school district would be eligible for a 4 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 Education Code, 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.

This analysis assumes the fiscal impact to the FSP would be \$184.5 million in fiscal year 2026, \$204.5 million in fiscal year 2027, decreasing to \$191.6 million in fiscal year 2030. The cost to the FSP includes estimated reductions in Recapture Payments -Attendance Credits of \$124.7 million in fiscal year 2026, \$137.6 million in fiscal year 2027, and \$136.7 million in fiscal year 2030.

To the extent that fewer districts paying recapture utilize the prepayment, the cost would be less.

This analysis assumes any administrative costs to the Texas Education Agency could be absorbed using existing resources.

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

LBB Staff: JMc, NC, MJe, ASA