

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

February 28, 2009

TO: Honorable Florence Shapiro, Chair, Senate Committee on Education

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: SB401 by Seliger (Relating to eligibility for the small and mid-sized district adjustment under the public school finance system.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB401, As Introduced: a negative impact of (\$95,086,790) through the biennium ending August 31, 2011.

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:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$47,072,641)
2011	(\$48,014,149)
2012	(\$50,732,193)
2013	(\$57,013,428)
2014	(\$58,300,289)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from <i>Foundation School Fund</i> 193
2010	(\$47,072,641)
2011	(\$48,014,149)
2012	(\$50,732,193)
2013	(\$57,013,428)
2014	(\$58,300,289)

Fiscal Analysis

The proposed repeal of §42.103(e), Education Code would extend application of the Foundation School Program (FSP) mid-sized adjustment to districts that exceed the equalized wealth level under §41.002, Education Code. Application of the adjustment would increase the number of students in weighted average daily attendance (WADA) for affected districts. Because WADA is a significant factor in the determination of school district entitlement, the proposed repeal would increase the state's obligation under the Foundation School Program.

Methodology

Due to increased Foundation School Program entitlement and reduced recapture additional annual state costs beginning in fiscal year 2010 are projected to be \$47.1 million increasing to \$58.3 million

by fiscal year 2014.

Local Government Impact

School districts that currently do not qualify for the mid-sized adjustment due to wealth per WADA in excess of the equalized wealth level would realize additional revenue under the Foundation School Program via increased entitlement and reduced recapture obligations.

Source Agencies: 701 Central Education Agency

LBB Staff: JOB, JSp, JGM