

LEGISLATIVE BUDGET BOARD

FOUNDATION SCHOOL PROGRAM ESTIMATES

84th Legislature, Regular Session 2015

The following pages contain estimates of the state cost and changes in school district revenues resulting from certain actions taken by the 84th Legislature during the regular session in 2015 affecting the Foundation School Program.

The summary page and district detail provided for LBB Model 84497 reflect the \$1.5 billion increase made in Foundation School Program Entitlement for the 2016-2017 biennium. The \$1.5 billion increase consists of \$1.2 billion distributed through the basic allotment, \$200 million for M&O rate conversion affecting districts with compressed rates below \$1.00 (fractional funding), funding for the New Instructional Facilities Allotment (NIFA) of \$23,750,000 each year, and \$55.5 million for Instructional Facilities Allotment (IFA) awards in fiscal year 2017. Please note that district detail for FY16 and FY17 for Model 84497 do not include distribution by individual school district of the \$23,750,000 appropriated for the New Instructional Facilities Allotment (NIFA) that provides operational start-up aid for new campuses and \$55,500,000 appropriated for new Instructional Facilities Allotment (IFA) Awards. The amount appropriated for NIFA is not distributed by district due to insufficient data available at this time with which to project the districts that are opening new facilities and will benefit from the additional state aid. Likewise, the amount appropriated for IFA awards in FY17 is not distributed by district in the FY17 district detail estimates since the districts that will be authorized to issue qualifying debt in FY17 are not known at this time.

For reference, a summary page and district detail are also provided for LBB Model 95129 which reflects the estimated effect of only the increased basic allotment, accounting for \$1.2 billion of the \$1.5 billion increase in Foundation School Program Entitlement for the 2016-2017 biennium.

Note: All figures contained in these documents are estimates and are subject to change based on actual and final student counts, property values, and tax effort. Items labeled "current law" reflect statute prior to the changes enacted by the 84th Legislature per LBB Model 154, which is based on available statewide estimates and may differ from local projections. Updates to key source data including student counts, property values, and tax rates may change results significantly.

Foundation School Program (FSP) State Aid Impact Summary					
Fiscal Year		FY 2016	FY 2017	FY 2018	FY 2019
	Tier 1 Formula State Cost/(Savings)	\$887,050,119	\$874,580,831	\$875,815,184	\$888,565,121
	Tier 1 ASATR Hold Harmless State Cost/(Savings)	(\$91,986,303)	(\$92,177,386)	\$0	\$0
	Tier 2 State Cost/(Savings)	(\$52,682,454)	(\$47,345,088)	(\$35,035,295)	(\$28,003,337)
	IFA State Cost/(Savings)	\$0	\$55,500,000	\$0	\$0
	Annual State Cost/(Savings)	\$742,381,362	\$790,558,357	\$840,779,889	\$860,561,784
	Biennial State Cost/(Savings)		\$1,532,939,719		\$1,701,341,673

Foundation School Program (FSP) Model Description				
	FY 2016	FY 2017	FY 2018	FY 2019
Basic Allotment (current law \$5,040)	\$5,140	\$5,140	\$5,140	\$5,140
Rate Conversion for Districts Compressed < \$1.00	Optional	Optional	Automatic	Automatic
NIFA New Campus Start-Up Aid	\$23,750,000	\$23,750,000	per appropriation	per appropriation
Additional Round of IFA Awards in FY17	\$0	\$55,500,000	\$55,500,000	\$55,500,000

Student Counts and Projected Property Value Growth for this model are based on the most recent Projections provided by the Texas Education Agency and the Comptroller of Public Accounts; Adopted M&O Tax Rates are the rates in effect for FY15 per the Comptroller's Tax Year 2014 Preliminary Property Value Study Self-Report file

Change in School Districts' Formula Funding Status				
	FY 2016	FY 2017	FY 2018	FY 2019
Number of Tier 1 Formula-Funded School Districts:				
Current Law	786	806	1,024	1,024
Model 84497	832	855	1,024	1,024

FY16 % Districts Formula-Funded

Category	% Districts Hold Harmless	% Districts Formula-Funded
Current Law	23%	77%
Model 84497	19%	81%

FY17 % Districts Formula-Funded

Category	% Districts Hold Harmless	% Districts Formula-Funded
Current Law	21%	79%
Model 84497	17%	83%

Chapter 41 Recapture Comparison				
	FY 2016	FY 2017	FY 2018	FY 2019
Number of School Districts Subject to Recapture Tier 1 Equalized Wealth Level:				
Current Law: \$504,000	179	193	215	239
This model \$514,000 - \$514,000 - \$514,000 - \$514,000	175	184	206	229
Total Tier 1 Recapture:				
Current Law	\$1,775,141,869	\$2,066,654,046	\$2,412,801,902	\$2,830,779,154
This Model	\$1,701,430,825	\$1,988,507,293	\$2,336,745,434	\$2,748,035,254
Change in Tier 1 Recapture:	(\$73,711,044)	(\$78,146,753)	(\$76,056,468)	(\$82,743,900)
Number of School Districts Paying Recapture Tier 2 Equalized Wealth Level (at current tax rates):				
Current Law: \$319,500	155	167	184	210
This Model: \$319,500	104	106	76	94
Total Tier 2 Recapture:				
Current Law	\$77,702,324	\$87,170,631	\$98,515,326	\$113,934,092
This Model	\$64,854,238	\$67,418,111	\$61,807,633	\$71,387,398
Change in Tier 2 Recapture:	(\$12,848,086)	(\$19,752,520)	(\$36,707,693)	(\$42,546,694)

Categorical Analysis						
CATEGORY	#	Enrollment	Weighted Average Change in Total M&O Revenue per CL WADA		Percent ADA	
			FY 2016	FY 2017	FY 2016	FY 2017
	18	50,000 and over	\$110	\$94	28.4%	28.2%
	30	25,000 to 49,999	\$107	\$109	21.7%	21.7%
	57	10,000 to 24,999	\$112	\$113	18.1%	18.3%
	69	5,000 to 9,999	\$94	\$95	9.8%	9.8%
	91	3,000 to 4,999	\$104	\$110	7.0%	7.0%
	134	1,600 to 2,999	\$108	\$110	5.7%	5.8%
	140	1,000 to 1,599	\$100	\$101	3.6%	3.6%
	244	500 to 999	\$113	\$115	3.5%	3.5%
	431	Under 500	\$112	\$114	2.2%	2.2%
	#	District Type	FY 2016	FY 2017	FY 2016	FY 2017
	11	Major Urban	\$112	\$88	18.5%	18.3%
	79	Major Suburban	\$98	\$101	32.9%	32.9%
	41	Other Central City	\$112	\$110	16.3%	16.3%
	165	Other Central City Suburban	\$113	\$115	13.9%	13.9%
	70	Independent Town	\$104	\$110	4.8%	4.7%
	32	Non-metropolitan Fast Growing	\$83	\$80	0.7%	0.7%
	182	Non-metropolitan Stable	\$104	\$105	5.4%	5.4%
	444	Rural	\$113	\$115	3.1%	3.0%
	190	Charters	\$126	\$126	4.4%	4.9%
	#	Wealth - 2014-15	FY 2016	FY 2017	FY 2016	FY 2017
	72	Under \$100,000 per WADA	\$145	\$144	6.4%	6.3%
	144	\$100,000 - \$149,999 per WADA	\$123	\$123	9.2%	9.1%
	169	\$150,000 - \$199,999 per WADA	\$114	\$114	13.1%	13.0%
	283	\$200,000 - \$319,499 per WADA	\$112	\$113	31.6%	31.5%
	192	\$319,500 - \$504,000 per WADA	\$99	\$82	27.3%	27.3%
	156	Districts Subject to Current Law Recapture	\$41	\$59	7.9%	7.8%
	195	Non-Taxing Districts & Charters	\$124	\$124	4.6%	5.0%
STATE TOTAL			\$107	\$105	100.0%	100.0%

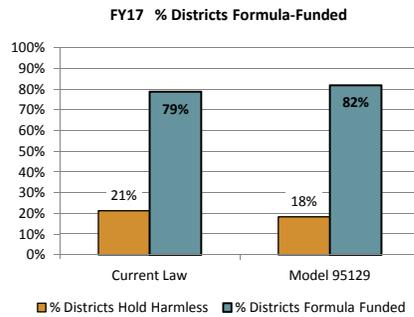
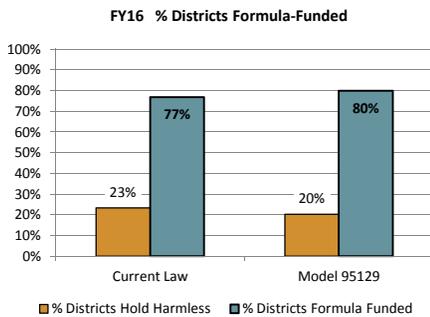
This model presents outcomes only for the increased basic allotment which represents \$1.2 billion of the \$1.5 billion increase in Foundation School Program Entitlement for the 2016-2017 biennium. The \$1.5 billion increase also includes funding for M&O rate conversion affecting districts with compressed rates below \$1.00 (fractional funding), funding for the New Instructional Facilities Allotment (NIFA) of \$23,750,000 each year, and \$55.5 million for Instructional Facilities Allotment (IFA) awards in fiscal year 2017.

Foundation School Program (FSP) State Aid Impact Summary				
Fiscal Year	FY 2016	FY 2017	FY 2018	FY 2019
Tier 1 Formula State Cost/(Savings)	\$707,841,287	\$695,273,370	\$702,043,822	\$716,345,029
Tier 1 ASATR Hold Harmless State Cost/(Savings)	(\$83,592,986)	(\$82,671,298)	\$0	\$0
Tier 2 State Cost/(Savings)	(\$4,322)	(\$4,558)	(\$4,734)	(\$4,894)
Annual State Cost/(Savings)	\$624,243,979	\$612,597,514	\$702,039,088	\$716,340,135
Biennial State Cost/(Savings)		\$1,236,841,493		\$1,418,379,223

Foundation School Program (FSP) Model Description				
	FY 2016	FY 2017	FY 2018	FY 2019
Basic Allotment (current law \$5,040)	\$5,140	\$5,140	\$5,140	\$5,140
Tier 1 Equalized Wealth Level (current law \$504,000)	\$514,000	\$514,000	\$514,000	\$514,000
Golden Penny Yield	\$74.28	\$77.53	\$80.55	\$85.12
Copper Penny Yield	\$31.95	\$31.95	\$31.95	\$31.95
Copper Penny Tier 2 Equalized Wealth Level	\$319,500	\$319,500	\$319,500	\$319,500
State Compression Percentage	0.6667	0.6667	0.6667	0.6667
Hold Harmless Reduction Percentage §42.2516(i)**	0.9263	0.9263	expired	expired

**Section 42.2516(i), Education Code requires the legislature to set the percentage by appropriation

Change in School Districts' and Students' Formula Funding Status				
	FY 2016	FY 2017	FY 2018	FY 2019
Number of Tier 1 Formula-Funded School Districts:				
Current Law	786	806	1,024	1,024
Model 95129	817	837	1,024	1,024
ASATR Hold Harmless State Aid Amount:				
Current Law	\$359,553,263	\$322,083,372	\$0	\$0
Model 95129	\$275,960,277	\$239,412,074	\$0	\$0
Change in Hold Harmless Amount	(\$83,592,986)	(\$82,671,298)	\$0	\$0



Chapter 41 Recapture Comparison				
	FY 2016	FY 2017	FY 2018	FY 2019
Number of School Districts Subject to Recapture Tier 1 Equalized Wealth Level:				
Current Law: \$504,000	179	193	215	239
This model \$514,000 - \$514,000 - \$514,000	175	184	206	229
Total Tier 1 Recapture:				
Current Law	\$1,775,141,869	\$2,066,654,046	\$2,412,801,902	\$2,830,779,154
This Model	\$1,697,444,529	\$1,982,753,842	\$2,322,967,144	\$2,732,084,910
Change in Tier 1 Recapture:	(\$77,697,340)	(\$83,900,204)	(\$89,834,758)	(\$98,694,244)

Categorical Analysis				
CATEGORY	Weighted Average Change in Total M&O Revenue per CL WADA		Percent ADA	
	FY 2016	FY 2017	FY 2016	FY 2017
# Enrollment				
18 50,000 and over	\$109	\$92	28.4%	28.2%
30 25,000 to 49,999	\$88	\$91	21.7%	21.7%
57 10,000 to 24,999	\$91	\$93	18.1%	18.3%
69 5,000 to 9,999	\$87	\$88	9.8%	9.8%
91 3,000 to 4,999	\$85	\$90	7.0%	7.0%
134 1,600 to 2,999	\$86	\$87	5.7%	5.8%
140 1,000 to 1,599	\$80	\$82	3.6%	3.6%
244 500 to 999	\$81	\$83	3.5%	3.5%
431 Under 500	\$80	\$82	2.2%	2.2%
# District Type				
11 Major Urban	\$111	\$85	18.5%	18.3%
79 Major Suburban	\$93	\$95	32.9%	32.9%
41 Other Central City	\$90	\$90	16.3%	16.3%
165 Other Central City Suburban	\$86	\$87	13.9%	13.9%
70 Independent Town	\$91	\$96	4.8%	4.7%
32 Non-metropolitan Fast Growing	\$62	\$64	0.7%	0.7%
182 Non-metropolitan Stable	\$79	\$80	5.4%	5.4%
444 Rural	\$76	\$78	3.1%	3.0%
190 Charters	\$99	\$99	4.4%	4.9%
# Wealth - 2014-15				
72 Under \$100,000 per WADA	\$102	\$102	6.4%	6.3%
144 \$100,000 - \$149,999 per WADA	\$100	\$100	9.2%	9.1%
169 \$150,000 - \$199,999 per WADA	\$102	\$102	13.1%	13.0%
283 \$200,000 - \$319,499 per WADA	\$100	\$100	31.6%	31.5%
192 \$319,500 - \$504,000 per WADA	\$92	\$75	27.3%	27.3%
156 Districts Subject to Current Law Recapture	\$37	\$49	7.9%	7.8%
195 Non-Taxing Districts & Charters	\$100	\$100	4.6%	5.0%
STATE TOTAL	\$93	\$90	100.0%	100.0%