

SUBJECT: Changing the start of school districts' fiscal years to August 1

COMMITTEE: Public Education — committee substitute recommended

VOTE: 8 ayes — Sadler, Dunnam, Grusendorf, Hochberg, Lengefeld, Oliveira, Olivo, Smith

0 nays

1 present, not voting — Dutton

WITNESSES: (*On original version*)
For — Michael Griffin, Carter Scherff, and Gwendolyn Santiago, Texas Association of School Business Officials; Lonnie Curtis; Gene Sheets

Against — David Dunn, Texas Association of School Boards

On — David Anderson, Texas Education Agency

DIGEST: CSHB 98 would require every school district's fiscal year to begin August 1, starting in 2002.

By June 15, the chief appraiser of each county appraisal district would have to certify to the assessor for each participating school district an estimate of the taxable value of property in the district. The chief appraiser would have to assist each school district in determining its property values for budgetary purposes.

The bill would take effect September 1, 2001.

SUPPORTERS SAY: Currently, school districts' fiscal years begin September 1. That date is established in financial rules set out by the Texas Education Agency (TEA). However, most school districts begin operations in early August. For that month, districts are operating under the previous fiscal year's budget. By moving the start of the fiscal year to August 1, CSHB 98 would ensure that districts could operate for the full year under one budget. It also is important to have a uniform starting date for all districts for conducting financial audits and reporting data to TEA.

Requiring chief appraisers to give each school district an estimate of its property value by June 15 would give districts a good idea of what numbers to include in their budgets for tax collections. The certified appraisal rolls are due to districts on July 25 of each year. While it might appear that districts would not be budgeting off certified appraisal rolls, most districts actually do not have their certified rolls available when they develop their budgets under the current September 1 starting date.

The August 1 date was a compromise between setting the start of the school fiscal year on July 1 and leaving the starting date at September 1. In odd-numbered years when the Legislature is in session, many changes in law affecting school districts do not take effect until mid-June, and there is not enough time for districts to incorporate the changes in state aid and salary schedules by July 1. The August 1 date would give districts additional time to absorb legislative changes and better align the school year with the fiscal year.

OPPONENTS
SAY:

The August 1 date would not align Texas districts with the districts in 45 other states and the federal government. Texas school districts would have to make additional accounting changes to be able to accept federal money.

OTHER
OPPONENTS
SAY:

Under principles of local control, each school district should be allowed to determine which date is best to begin its own fiscal year.

A July 1 starting date, rather than August 1, would give districts ample time to create a budget before the start of the school year and would align districts with the fiscal year used by the federal government for disbursements to schools. Forty-five other states begin their school districts' fiscal years on July 1.

NOTES:

The original bill would have changed the starting date of the school fiscal year to July 1 and would have set the implementation date at July 1, 2000.