

- SUBJECT:** Reversing the Foundation School Program payment deferral
- COMMITTEE:** Appropriations — favorable, without amendment
- VOTE:** 24 ayes — Pitts, Sylvester Turner, Ashby, Bell, G. Bonnen, Carter, Crownover, Darby, Giddings, Gonzales, Howard, Hughes, S. King, Longoria, Márquez, Muñoz, Orr, Otto, Patrick, Perry, Price, Raney, Ratliff, Zerwas
- 0 nays
- 3 absent — S. Davis, Dukes, McClendon
- SENATE VOTE:** On final passage, March 5 — 30-0
- WITNESSES:** No public hearing
- BACKGROUND:** Education Code, sec. 42.259, establishes the schedule of Foundation School Program (FSP) payments to school districts. Under the schedule, installment payments must be made to certain school districts by the end of the fiscal year, generally August 25.
- The 82nd Legislature, in its first called session, enacted SB 1 by Duncan, which had a positive fiscal impact of \$7.3 billion in general revenue funds for fiscal 2012-13.
- One of the measures SB 1 deployed to increase revenue for the biennium was to amend Education Code, sec. 42.259, to defer FSP payments to certain school districts scheduled for August of fiscal 2013 to no earlier than September 5 of the following fiscal year. The payments deferred were:
- 15 percent of the yearly entitlement for category 2 school districts (those having a wealth-per-student ratio of at least one-half of the statewide average); and
 - 20 percent of the yearly entitlement for category 3 school districts (those having a wealth-per-student ratio more than the statewide average).

The Legislative Budget Board estimated, at the time and given funding levels approved in the General Appropriations Act for fiscal 2012-13, the deferrals would result in a one-time savings of \$2.3 billion in fiscal 2013.

DIGEST: SB 758 would reverse provisions the Legislature enacted in 2011 that deferred Foundation School Program payments to certain districts to September from August 25. The bill would restore the August 25 deadline in general, but would set the date to make the payments to no later than August 30 for fiscal 2013.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect on the 91st day after the last day of the legislative session.

NOTES: The Legislative Budget Board estimates that the bill would result in a cost of \$1.75 billion to general revenue funds through one additional monthly Foundation School Program payment in fiscal 2013.