

- SUBJECT:** Providing facility funding for school districts that annex failing districts
- COMMITTEE:** Public Education — favorable, without amendment
- VOTE:** 10 ayes — Huberty, Bernal, Allen, Bohac, Deshotel, Gooden, K. King, Koop, Meyer, VanDeaver
- 0 nays
- 1 absent — Dutton
- SENATE VOTE:** On final passage, May 15 — 31-0
- WITNESSES:** None
- BACKGROUND:** Under Education Code, sec. 13.054, the Commissioner of Education by order may annex to one or more adjoining districts a school district that has been rated academically unacceptable for two years. Sec. 13.054(f) requires state Tier 1 funding be adjusted for the enlarged district for five years beginning with the school year in which the annexation occurs. Funding is adjusted using a multiplier that takes into consideration the number of students residing in the enlarged district before and after annexation. Sec. 13.054(g) entitles a district to additional state aid for debt service under certain conditions.
- Some have suggested that districts forced to annex neighboring districts should receive additional funding for facility costs associated with the annexation.
- DIGEST:** SB 1353 would assist a district to which territory was annexed with the costs of facility renovation, repair, and replacement. It would entitle the district to additional state aid for five years, beginning with the school year in which the annexation occurred.
- The bill would replace existing law entitling a district to additional state aid equal to the amount by which the annual debt service required to meet

the indebtedness incurred by the district due to the annexation exceeds the additional amount of state aid that results from Education Code, sec. 13.054(f). Instead, the Commissioner of Education would determine the amount of additional state aid in the amount of debt service taxes levied by the receiving district in the tax year preceding the annexation per student and multiplying that per student amount by the additional students enrolled in the district on September 1 following the annexation.

The commissioner would be required to provide the additional state aid from funds appropriated for the Foundation School Program and available for that purpose. The commissioner's determination would be final and could not be appealed.

The bill would apply to a school district to which territory was annexed on or after July 1, 2016. The commissioner would be required to implement the bill only if the Legislature appropriated money specifically for that purpose. If money was not appropriated, the commissioner could, but would not be required to, implement the bill using other available appropriations.

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 September 1, 2017.

NOTES:

According to the Legislative Budget Board's fiscal note, SB 1353 would cost the Foundation School Fund an estimated \$10.1 million in fiscal 2018-19, assuming that the Legislature appropriated funds for the bill. The Texas Education Agency indicates that the only district to which the bill would currently apply would be Texas City ISD, which annexed La Marque ISD in July 2016.

A companion bill, HB 3106 by Faircloth, was left pending following a public hearing in the House Public Education Committee on April 11.