

## **BILL ANALYSIS**

Senate Research Center  
80R9414 ESH-D

H.B. 828  
By: Hochberg et al. (Shapiro)  
Education  
5/17/2007  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

H.B. 1, 79th Legislature, 3rd Called Session, 2006, reconfigured the school finance system in Texas. One of its provisions added a new tier of equalized enrichment funding on top of that previously provided under the Foundation School Program for the maintenance and operations of public schools. This new tier, referred to as the "golden pennies" because of higher yields due to the tier's exemption from recapture under Chapter 41 (Equalized Wealth Level), Education Code, equalizes funding across school districts of varying property wealth through a guaranteed yield mechanism. Under H.B. 1, the guaranteed yield on the golden pennies is linked to that of the Austin Independent School District (AISD), making other Texas school districts vulnerable to the fluctuations of the Austin real estate market. This bill eliminates this vulnerability for school districts by inserting a floor in the formula, thus insulating school districts from the financial fallout of any potential decline in property values in Travis County.

H.B. 828 amends Section 42.302(a-1), Education Code, by adding a second anchor to which the guaranteed yield on the first six cents of school district property tax effort above the compressed maintenance and operations (M&O) tax rate is tied. This bill sets the guaranteed level of state and local funding per weighted student per penny of tax effort for the first six cents of tax effort above the M&O tax rate (the golden pennies) for a given school district at either: the yield on the golden pennies available to AISD or the yield on the golden pennies for that district for the previous year, whichever is higher.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to any state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 42.302(a-1), Education Code, to redefine "wealth per student" to provide that the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort for a school district is the greater of the amount of district tax revenue per weighted student per cent of tax effort either available to the Austin Independent School District or the amount used for purposes of this subdivision in the preceding school year.

SECTION 2. Effective date: September 1, 2007.