

BILL ANALYSIS

Senate Research Center

S.B. 1353
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Education
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under the Texas Education Code, when certain conditions are met, the Texas commissioner of education (commissioner) is authorized to order the annexation of an academically unacceptable school district into a neighboring school district, without the consent of the receiving school district.

Upon the effective date of the annexation, the receiving school district is immediately responsible for all the students, facilities, and debt of the annexed school district. Section 13.054, Education Code, provides certain funding over a five-year period following the annexation to assist the receiving school district with operations of the newly expanded school district; however, Section 13.054 does not provide specific funding for costs of facility renovation, repair, and replacement of facilities acquired from the newly annexed territory.

Although commissioner orders requiring the annexation of academically unacceptable school districts are rare, the financial impact on the receiving school district can be significant and can directly impact the overall success of the annexation effort.

S.B. 1353 amends Section 13.054(g), Education Code, to provide financial assistance to assist with the costs of facility renovation, repair, and replacement within the newly annexed territory from the academically unacceptable school district.

S.B. 1353 provides an additional five years of state aid to a receiving school district to which territory is annexed under a set financial formula based on the number of students received by the receiving school district.

The commissioner shall provide additional state aid from funds appropriated for purposes of the Foundation School Program and available for that purpose. S.B. 1353 establishes that a determination by the commissioner shall be final and may not be appealed. S.B. 1353 applies to a school district to which territory is annexed under Section 13.054, Education Code, on or after July 1, 2016. (Original Author's / Sponsor's Statement of Intent)

S.B. 1353 amends current law relating to state funding for school districts, including a school district to which an academically unacceptable school district is annexed.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the commissioner of education in SECTION 1 (Section 13.054, Education Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 13.054, Education Code, by amending Subsections (f) and (g) and adding Subsections (h), (i), and (j), as follows:

(f) Requires a school district to receive additional funding under this subsection or Subsection (h), rather than requires the commissioner of education (commissioner) to annually adjust the local fund assignment of a district to which territory is annexed under this section by certain formulas, for five years beginning with the school year in which

the annexation occurs. Requires that the amount of funding be determined by multiplying the lesser of the enlarged district's local fund assignment computed under Section 42.252 (Local Share of Program Cost (Tier One)) or the enlarged district's total cost of tier one by a fraction, the numerator of which is the number of students residing in the territory annexed to the receiving district preceding the date of the annexation and the denominator of which is the number of students residing in the district as enlarged on the date of the annexation, rather than by multiplying the enlarged district's local fund assignment computed under Section 42.252 by a fraction, the numerator of which is the number of students residing in the district preceding the date of the annexation and the denominator of which is the number of students residing in the district as enlarged on the date of the annexation.

(g) Provides that, in order to assist with the costs of facility renovation, repair, and replacement, a school district to which territory is annexed under this section is entitled to additional state aid for five years, beginning with the school year in which the annexation occurs, rather than provides that a district to which territory is annexed is entitled 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 the adjustment under Subsection (f), if any. Requires the commissioner to determine the amount of additional state aid provided each year by dividing the amount of debt service taxes received by the district during the tax year preceding the tax year in which the annexation occurs by the number of students enrolled in the district immediately preceding the date of annexation, and multiplying that result by the number of additional students enrolled in the district on September 1 after the date of annexation. Requires the commissioner to provide additional state aid under this subsection from funds appropriated for purposes of the Foundation School Program and available for that purpose. Provides that the commissioner's determination under this subsection is final and is prohibited from being appealed. Deletes existing text requiring that the estimated tax levy from applying the receiving district's current debt service tax rate, if any, to the territory that has been annexed be deducted in determining the amount of annual debt service required.

(h) Authorizes the commissioner to authorize a district to receive payments provided by Subchapter G (Incentive Aid Payments), instead of Subsection (f), if the commissioner determines that would result in greater payments for the district. Provides that a determination by the commissioner is final and is prohibited from being appealed.

(i) Provides that the funding provided under Subsection (f), (g), or (h) is in addition to other funding the district receives through other provisions of this code, including Chapters 41 (Equalized Wealth Level) and 42 (Foundation School Program).

(j) Authorizes the commissioner to adopt rules as necessary to implement this section.

SECTION 2. Amends Section 41.002(g), Education Code, to decrease from 1.5 to 1.17 the denominator by which the district's adopted maintenance and operations tax rate for the current school year is divided to calculate the district's wealth per student.

SECTION 3. Makes application of Section 13.054(f), Education Code, as amended by this Act, and Section 13.054(h), Education Code, as added by this Act, prospective to September 1, 2017.

SECTION 4. Provides that Section 13.054(g), Education Code, as amended by this Act, applies to a school district to which territory is annexed on or after July 1, 2016.

SECTION 5. Provides that the commissioner is required to implement this Act only if the legislature appropriates money specifically for that purpose. Authorizes the commissioner, if the legislature does not appropriate money specifically for that purpose, but does not require the commissioner, to implement this Act using other appropriations available for the purpose.

SECTION 6. Effective date: upon passage or September 1, 2017.