



LEGISLATIVE BUDGET BOARD

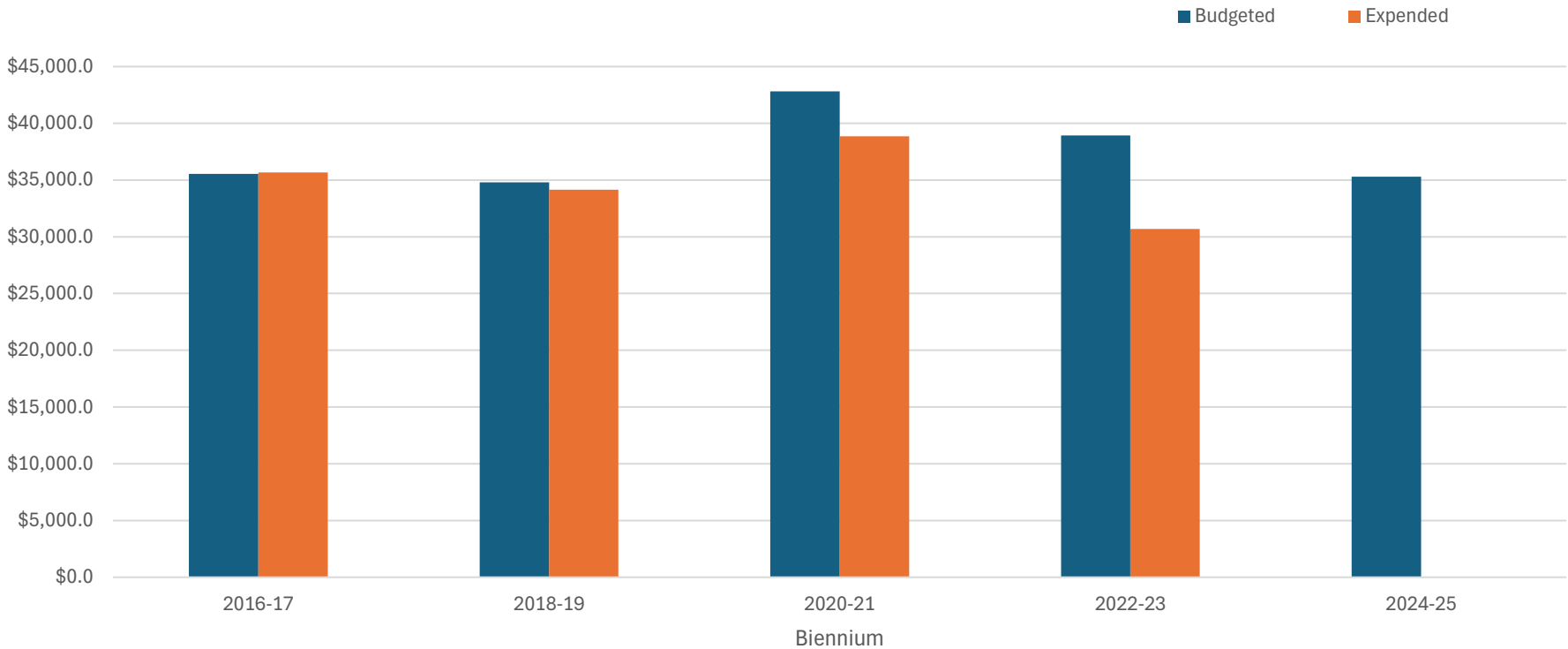
Foundation School Program State Aid and Average Daily Attendance

**PRESENTED TO SENATE FINANCE COMMITTEE
LEGISLATIVE BUDGET BOARD STAFF**

October 2024

Budgeted vs Expended FSP State Aid

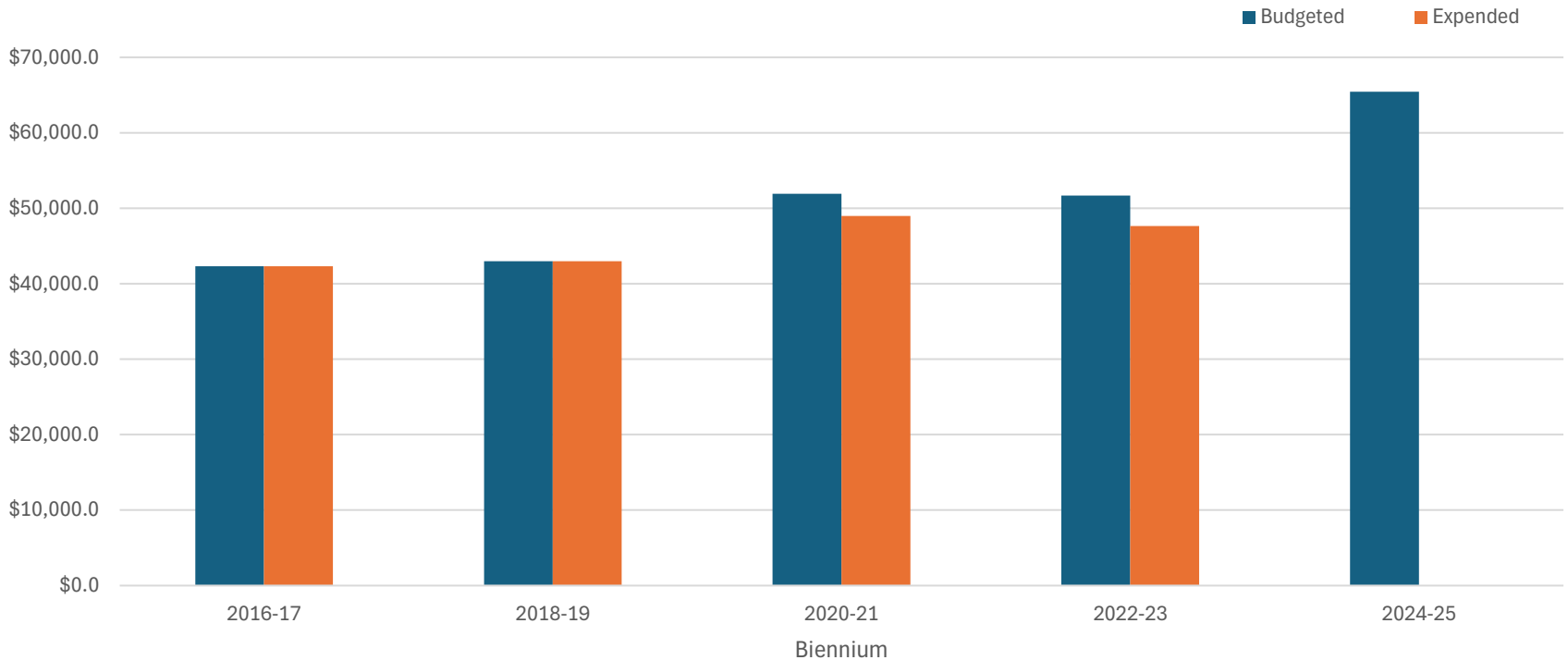
Biennial FSP State Aid, in millions (GR)



Biennium	2016-17	2018-19	2020-21	2022-23
Percentage Change State Aid	0.4%	(1.9%)	(9.2%)	(21.2%)
State Cost (Savings) over Budgeted, in millions	\$133.3	(\$652.5)	(\$3,947.5)	(\$8,243.2)

Budgeted vs Expended FSP State Aid

Biennial FSP State Aid, in millions (All Funds)



Biennium	2016-17	2018-19	2020-21	2022-23
Percentage Change State Aid	0.0%	0.0%	(5.6%)	(7.8%)
State Cost (Savings) over Budgeted, in millions	(\$18.2)	(\$2.5)	(\$2,920.1)	(\$4,048.9)

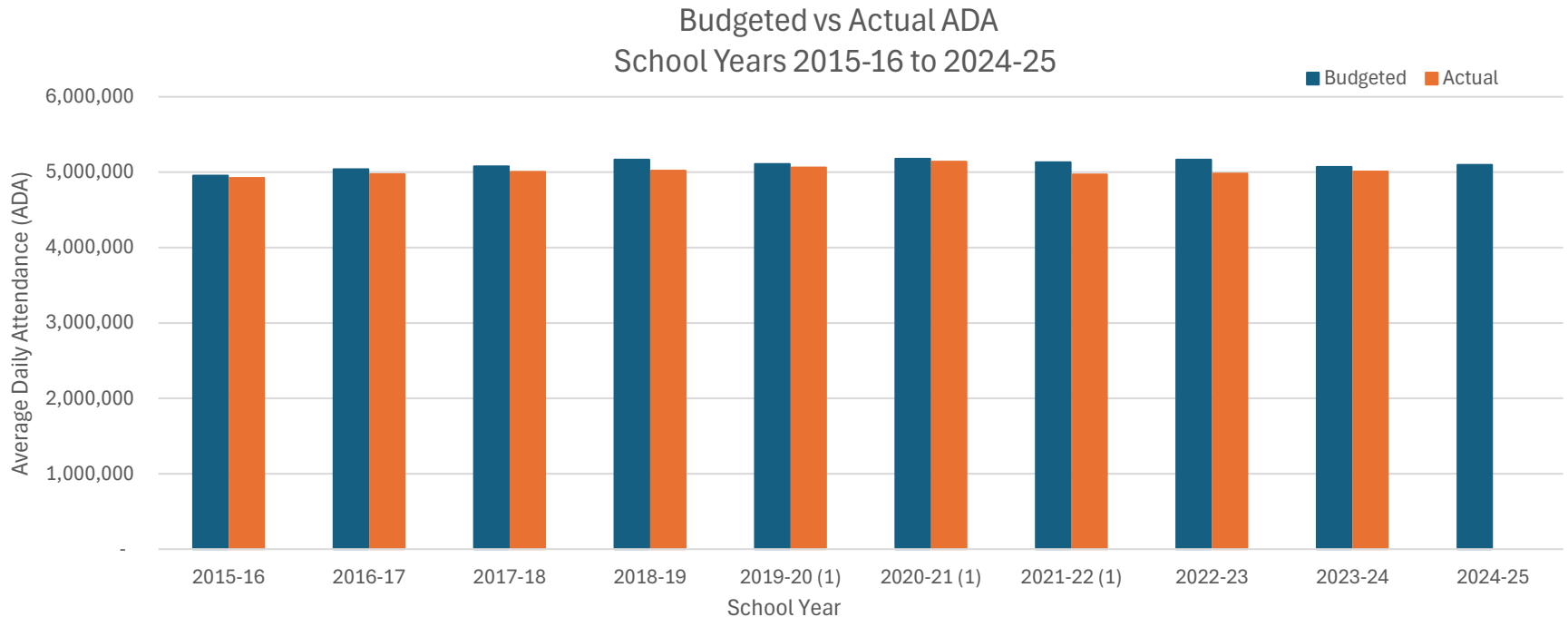
Attendance Projection Development Process

- Sec. 48.269 Education Code, requires the Texas Education Agency (TEA) to submit estimates of school district tax rates and student enrollment for the following biennium to the legislature.
 - Initial estimates due October 1 of even-numbered years;
 - Updated estimates due March 1 of odd-numbered years.
- LBB staff work with TEA to review the estimates for reasonableness, then use them to develop FSP cost projections. LBB projections are provided to appropriators for funding consideration in the General Appropriations Act (GAA).

Attendance Projection Development Process

- After the GAA is enacted, Sec. 48.266, Education Code, requires the commissioner of education to distribute FSP appropriations to districts based on:
 - estimates provided under Sec. 48.269, Education Code, or;
 - estimates provided in the General Appropriations Act.
- TEA Rider 3, General Appropriations Act, specifies which estimates will be used by the commissioner to make allocations to local school districts.

Average Daily Attendance School Years 2015-16 to 2024-25

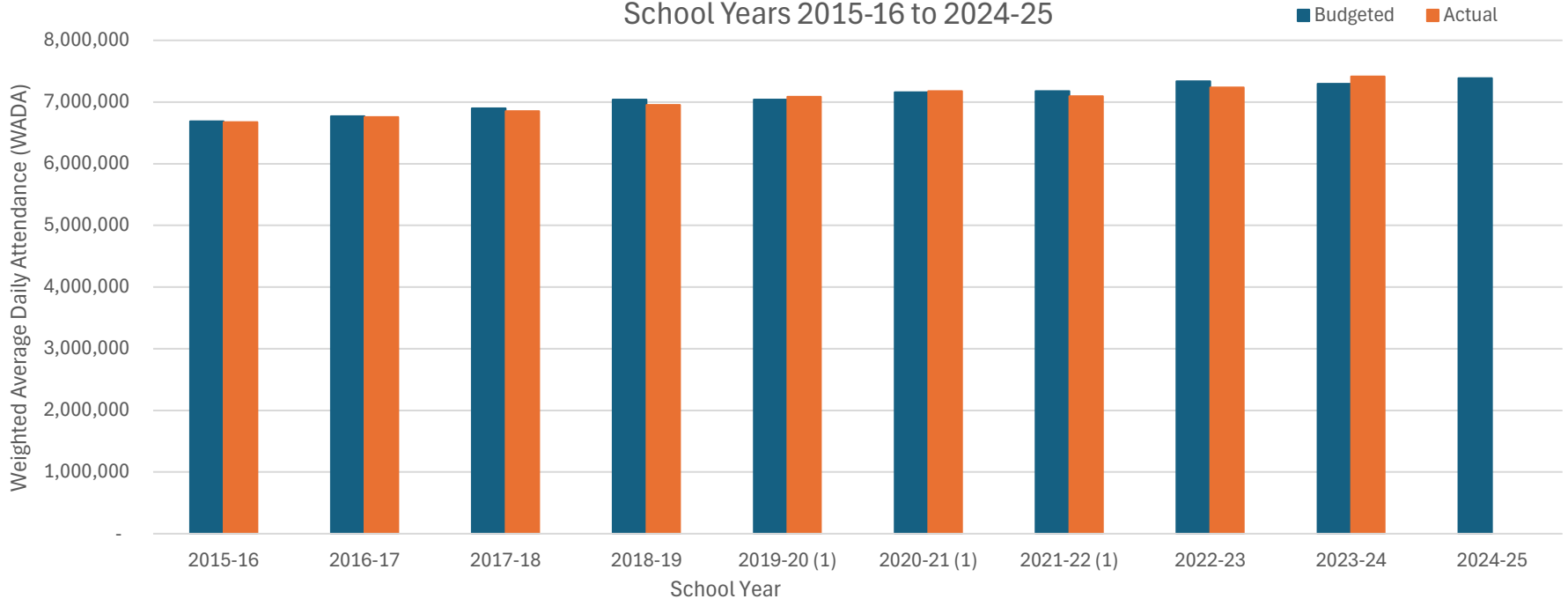


School Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Variance	(0.6%)	(1.3%)	(1.4%)	(2.8%)	(0.9%)	(0.7%)	(3.2%)	(3.6%)	(1.2%)
Difference (2)	(32,000)	(66,000)	(71,000)	(146,000)	(48,000)	(36,000)	(162,000)	(186,000)	(63,000)

- 1) Actual Average Daily Attendance (ADA) for school years 2019-20 and 2020-21 includes additional student attendance to maintain district funding during the COVID-19 pandemic. ADA for school year 2021-22 includes the Operational Minutes Adjustment to hold districts harmless for decreased attendance rates due to the pandemic for the first four six-week periods of the school year.
- 2) Difference in student counts rounded to the thousands.

Weighted Average Daily Attendance School Years 2015-16 to 2024-25

Budgeted vs Actual WADA
School Years 2015-16 to 2024-25



School Year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Variance	(0.2%)	(0.2%)	(0.6%)	(1.2%)	0.7%	0.2%	(1.1%)	(1.4%)	1.7%
Difference (2)	(14,000)	(14,000)	(43,000)	(86,000)	46,000	17,000	(80,000)	(103,000)	121,000

- 1) Actual Weighted Average Daily Attendance (WADA) for school years 2019-20 and 2020-21 includes additional student attendance to maintain district funding during the COVID-19 pandemic. ADA for school year 2021-22 includes the Operational Minutes Adjustment to hold districts harmless for decreased attendance rates due to the pandemic for the first four six-week periods of the school year.
- 2) Difference in student counts rounded to the thousands.

Settle-up

- TEA Rider 3, GAA, also requires the commissioner to settle-up with school districts if estimates under Rider 3 differ from actual amounts.
- Charter school attendance is settled-up during the same fiscal year, but school district attendance is settled-up at the beginning of following fiscal year.
- **Final payments to districts and charters are based on actual average daily attendance, not projections.**

Settle-up

HB 3
86(R)
enacted

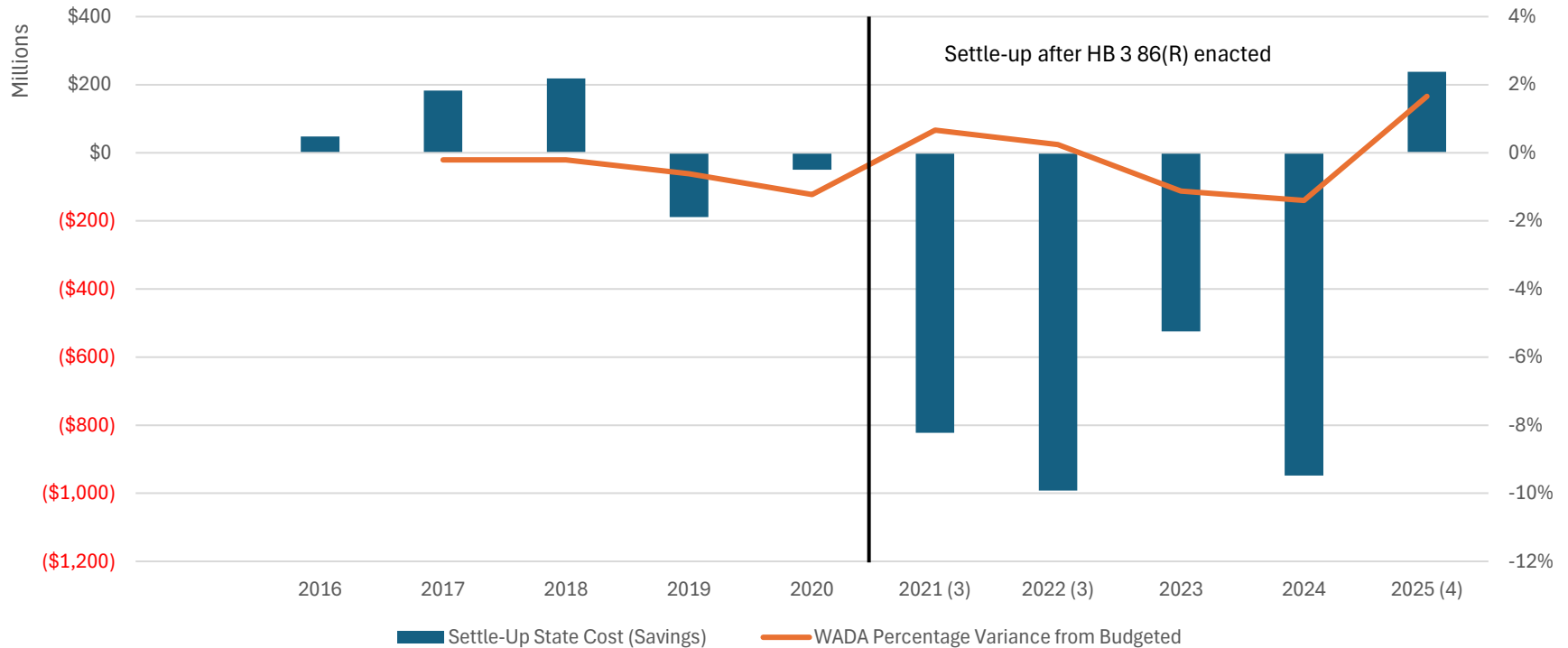
School Year	Settle-Up Fiscal Year	Settle-Up State Cost (Savings), in millions
2014-15	2016	\$48.4
2015-16	2017	\$182.9
2016-17	2018	\$218.7
2017-18	2019	(\$189.0)
2018-19	2020	(\$49.3)
2019-20	2021	(\$822.1)
2020-21	2022	(\$992.4)
2021-22	2023	(\$524.8)
2022-23	2024	(\$948.3)
2023-24	2025 (4)	\$238.4

Notes:

- 1) Positive settle-up amounts represent a cost to the state while negative amounts represent a savings.
- 2) Prior to fiscal year 2021, settle-up costs were the result of changes in both property values and student attendance. After the enactment of HB 3, 86(R), adjustments for actual property values are made during the current fiscal year and are not reflected in settle-up amounts.
- 3) Settle up for fiscal years 2021 and 2022 reflects both changes in attendance counts and reductions in General Revenue to transfer pandemic-related attendance hold harmless costs to federal funds, which total (\$1,145.9) million in fiscal year 2021 and (\$1,109.2) million in fiscal year 2022.
- 4) Preliminary estimate.

Settle-up

Settle-up vs Prior School Year WADA Variance



Notes:

- 1) Positive settle-up amounts represent a cost to the state while negative amounts represent a savings.
- 2) Prior to fiscal year 2021, settle-up costs were the result of changes in both property values and student attendance. After the enactment of HB 3, 86(R), adjustments for actual property values are made during the current fiscal year and are not reflected in settle-up amounts.
- 3) Settle up for fiscal years 2021 and 2022 reflects both changes in attendance counts and reductions in General Revenue to transfer pandemic-related attendance hold harmless costs to federal funds, which total (\$1,145.9) million in fiscal year 2021 and (\$1,109.2) million in fiscal year 2022.
- 4) Preliminary estimate.



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Contact the LBB

Legislative Budget Board

www.lbb.texas.gov

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