

Public Education: Budget Drivers

Senate Education Committee

Austin, Texas

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Three Major Budget Drivers

Number of students

- More students increase state cost
- Fewer students decrease state cost

Property values

- Higher values save the state general revenue (GR)
- Lower values cost the state GR

Tax rates

- Higher tax rates increase state cost & local budgets
 - Lower tax rates decrease state cost & local budgets
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Number of Students—*contd.*

- ❑ Measured as students in average daily attendance (ADA)
 - ❑ Student population grows about 2% each year
 - ❑ Increase of one ADA costs the state about \$7,750
 - ❑ Enrollment growth typically costs about \$1.5 billion/biennium
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Property Values

- Determined by comptroller of public accounts
 - Reported by local county appraisal districts (CADs)
 - Comptroller's Property Tax Assistance Division (PTAD) study provides value for state funding purposes
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Property Values

- An increase of \$1 billion in tax base generally reduces state aid by \$7-9 million
 - Preliminary property values for 2009 are lower than projected - estimated to increase FSP costs by \$251 million in FY 2010
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Tax Collections

- An increase of 1¢ in tax effort can increase state costs as much as \$238 million
 - Tax rate increases for tax year 2009 are estimated to cost \$46 million
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