



MOAKCASEY

PROVEN LEADERS ADVANCING TEXAS SCHOOLS

A History Lesson & Preview of the 88th Legislative Session



Prepared for





85th Legislative Session



HB 21

- **Texas Supreme Court Rules School Funding System is Constitutional – May 2016**
 - Urging state lawmakers to implement "transformational, top-to-bottom reforms that amount to more than Band-Aid on top of Band-Aid."
- **Legislature needed to decide what if anything to do**
- **HB 21 – \$351 million into schools & created the school fiancé commission**
- **"Disappointed" House accepts Senate's changes to school finance bill**
 - **The Texas House voted Tuesday to swallow a bitter pill and accept a version of a school finance bill that had \$1.5 billion less in funding for schools than the lower chamber initially approved.**





Finance
Commission

85th Interim Session

- **Started in January of 2018, the commission made up of 15 members worked for a year to come up with meaningful recommendations**
 - **Create a long-term systemic balance between the state and local share of district foundation funding for public education**
 - **Substantially increase the level of equity in the system with significantly greater investment in low income and other historically underperforming student groups to markedly grow their educational outcomes by the year 2030**
 - **Significantly reduce the growth rate of property taxes and reliance on recapture as a method of finance for the state**
 - **Encourage widespread adoption of data-informed best practices that deliver improved results for students**
 - **Immediately infuse, net of property tax relief and new funding needed for student growth, significant additional state resources to fund the data-informed strategies that will improve student outcomes**
 - **Formulaically increase per pupil funding in the future (relative to current law) as outcomes-based funding grows from the successful investments in early learning, teacher quality, and high school supports made possible by the implementation of these recommendations**



86th Legislative Session



HB 3

- Huberty and Taylor Introduce HB 3 The Texas Plan – 03/05/2019
- The \$11.6 billion school finance measure includes about \$6.5 billion in new public education spending, plus about \$5.1 billion devoted to lowering Texans' property tax bills.
- The spending will increase per-student base funding by about 20%. It includes money to give teachers raises, fund free full-day pre-K for eligible 4-year-olds and reduce the amount of money wealthy districts must spend to subsidize poor districts through the state's recapture program, known as "Robin Hood."
- Abbott signs HB 3 06/12/19 stating, "We did something that was considered to be highly improbable, and that is to be able to transform public education in the state of Texas without a court order forcing us to do so."



86th Legislative Session



House Bill 3: Highlights



Funding Increases On Average - \$635 per ADA



Supports Teachers and Rewards Teacher Excellence

- Teacher Incentive funding
- Increased Minimum Salary Schedule
- Teacher Mentor Allotment program
- Do Not Hire registry



Increases Funding and Equity

- Compensatory Education increased to 0.225 - 0.275 based on density of neighborhood poverty
- Current year values equalizing Tier One
- Equal treatment of ASF funding



Focuses on Learning and Improving Student Outcomes

- Full day Pre-K, K-3 reading support
- Dual Language
- Increased SPED mainstream funding
- Dyslexia funding
- CCMR Outcomes Bonus
- CTE, P-TECH, New Tech
- Extended elementary school year
- Blended Learning



Reduces and Reforms Property Taxes and Recapture

- Tax rates drop an average of 8 cents in year one
- Tax rates continue to decline as property values grow more than 2.5%
- Additional board local discretion
- Recapture cut from \$3.6B to \$2.0B in year one



HB 3

<https://tea.texas.gov/sites/default/files/HB%203%20Master%20Deck%20Final.pdf>



86th Legislative Session

TEA Budget and Compensation Increases



HB 3

Basic Allotment Increased from \$5,140 to \$6,160

District Budget Increases



Educator Compensation Increases



- ✓ This increases the minimum salary schedule (MSS) by \$5.5K - \$9K per creditable year of service (CYS)
- ✓ Teacher Retirement System (TRS) contributions from the state for all who are subject to the MSS will be increased, reducing the amount LEAs fund out of their own budgets

- ✓ **30%** of a district's budget increase must go to increases in compensation
 - **75%** of this total must go to **teachers, librarians, counselors, and nurses**, with priority given to veteran classroom teachers (greater than 5 years experience)

Teacher Retirement System (TRS) payments for Charters and Districts of Innovation (DOI) now match those of ISDs



87th Legislative Session

- HB 1525 – Clean Up Bill for HB 3
- House Bill (HB) 1525, passed by the 87th Texas Legislature and signed into law by Governor Abbott on June 16, 2021, provides additional Foundation School Program (FSP) funding to local educational agencies (LEAs) to ensure compliance with federal requirements regarding maintenance of effort and state-level maintenance of equity (MOEquity).



HB 1525



87th Legislative Session



HB 1525

Grants/Funding

Creates new grant programs for districts, from both state and federal funds, paid for in part by a \$1.14 billion reduction to the FSP and a \$620 million reduction in TIMA, as per HB 1525 contingency rider in SB 1. (biennial amounts shown)

COVID-19 learning acceleration supports & changes in instructional practice (innovation in curriculum and instruction, diagnosing student mastery, extended instructional time, and supports for teachers)	\$1.35 billion ((\$406M GR; \$944M state discretionary ESSER)
Allotment for schools receiving low or no ESSER funding; \$208.35 per student plus \$1,290 for each student multiplied by the percentage of students who need additional support. The allotment amount the district may receive is reduced by the amount received under the LEA subgrants from ESSER II or ESSER III (distributed equally across both 2021-22 and 2022-23 school years)	\$207 million
Expanding learning options for P-TECH, Regional Pathways Network, and JET	\$118 million
Supplemental instructional supports (including tutoring)	\$100 million
Technical assistance for students with limited or no internet access	\$8 million
Reimbursement for technology acquisitions made by schools before February 28, 2021	\$390 million
Reimbursement for costs incurred for Winter Storm Uri, including costs for electricity price hikes.	\$35 million
Extends and expands grant programs for serving students with Autism and Dyslexia	\$100 million



87th Legislative Session



HB 1525

Foundation School Program

Career & Technology Allotment	Changes Career & Technical Education (CTE) funding from one weight of 1.35 per FTE to a system of tiered weights related to courses (1.1 for non-approved programs, 1.28 weight for approved CTE programs for levels 1 & 2, and 1.47 for approved CTE programs for levels 3 & 4). Entitles small and mid-sized districts to full CTE funding.
Gifted & Talented Allotment	Entitles schools to a weight of 0.07 for each identified GT student served. Not more than 5% of students are eligible for this funding. Funding is capped at the amount appropriated: \$100 million per year.
Fast Growth Allotment	Changes the current weight of 0.04 per ADA for every district in the top quartile of growth to instead entitle schools to an applicable weight for enrollment growth exceeding 250 students over a six-year period; weight is determined by ranking eligible districts, with the top 40% receiving the highest weight, and the next 30%, and lowest 30% to qualify. For school year 2021-22, the weights would be 0.45, 0.30, and 0.15. The weights would increase to 0.48, 0.33, and 0.18 beginning with the 2022-23 school year. Allotment distribution may be prorated if funding required exceeds maximum amount set in statute, which will be \$320 million per year by 2024-25, with a specified schedule increase gradually until then. \$40 million is specified to provide some transitional aid in 2021-22 for the difference between entitlements for this allotment under prior and new law.
CCMR Bonus	Adds qualification for the College, Career, Military Readiness (CCMR) Outcomes Bonus for students earning an associate degree from a THECB approved institution while attending high school (or within a certain determined period).
Comp Ed Allotment	Entitles districts to the highest possible compensatory education weight for each enrolled student who is homeless. Allows use of comp ed funds to pay for an instructional coach to help disadvantaged students, duties performed by attendance officers, & programs to build skills related to social emotional wellness.
Formula Transition Grant	Beginning in the 2021-22 school year, limits Formula Transition Grant funding to an amount that may not exceed \$400 million per year; grant amounts would be proportionally reduced for all districts if the total funding exceeds that capped amount.
MOE/MOQ	Allows Commissioner to increase school district and charter funding entitlements to ensure compliance with Maintenance of Effort (MOE) and Maintenance of Equity (MOQ) in federal legislation. (\$396 million)



88th Legislative Session

More than 900 bills were filed on the first day – a record level at this early stage.



Looking forward
to the 88th



Source: Mesquite Strategies



State Revenue Picture

The 88th Legislature will have access to huge surpluses as it writes the budget for the next two years:

- **\$26.9 billion** surplus in General Revenue-Related (GR-R) funds,
- **\$13.7 billion** in the rainy day fund, and
- **\$3 billion** in federal dollars from the American Rescue Plan.



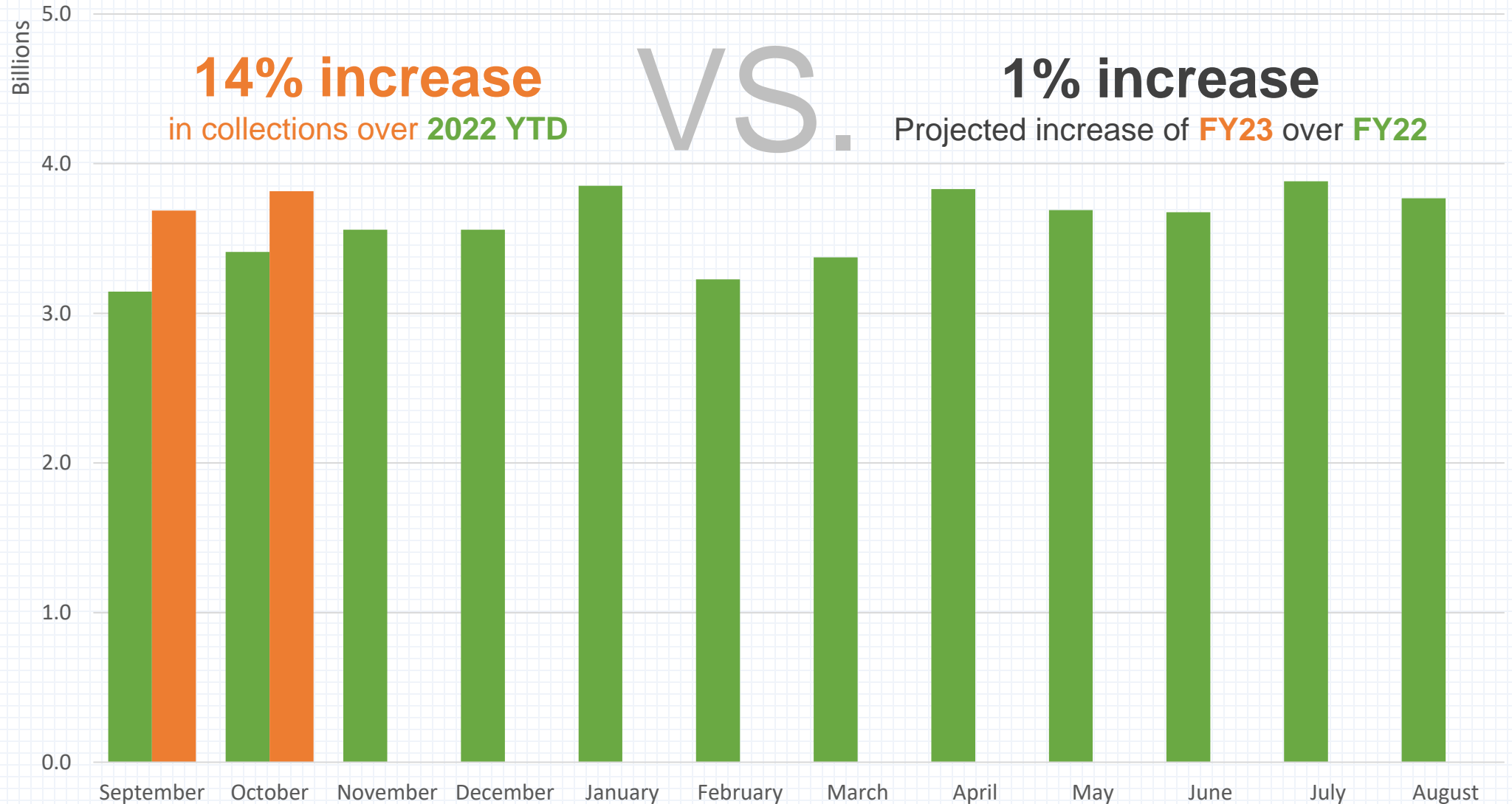
The \$26.9 billion surplus in GR-R is a **\$15 billion increase** from Hegar's last forecast, which was published last November.



Looking forward
to the 88th



Sales Tax Collections (All Funds)



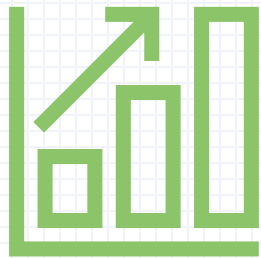
Looking forward to the 88th



State Spending Limits



Looking forward
to the 88th



Tax Spending

Non-constitutionally dedicated appropriations can't grow faster than state economy.

Economic growth rate projection is adopted by LBB.



Consolidated GR

NEW biennial growth of CGR appropriations cannot exceed estimated compounded growth of state population and monetary inflation.

Disaster spending and tax relief is exempt.



Pay-As-You-Go

Expenditures can't exceed revenue projections.



Basic Allotment

- The **Basic Allotment (BA)** is the basic per-student amount that serves as the basis for the Foundation School Program.
- In a year in which the BA is increased, **current law requires that 30% of the overall year-over-year increase go to teacher compensation increases.**
- BA increase would also trigger **copper penny compression.**
- Growing consensus on need to **link BA to some measure of inflation.**



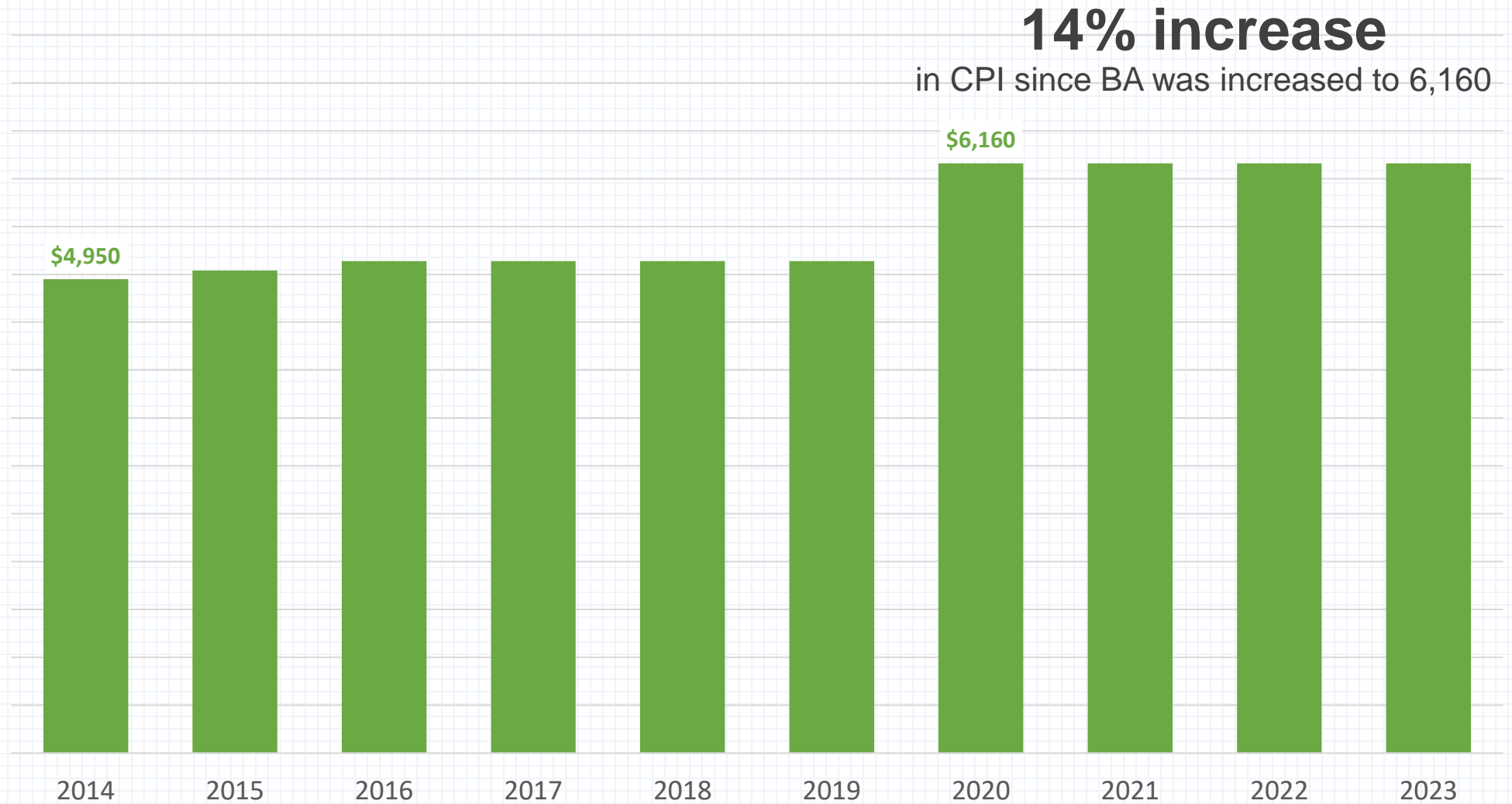
Looking forward
to the 88th



Basic Allotment



Looking forward
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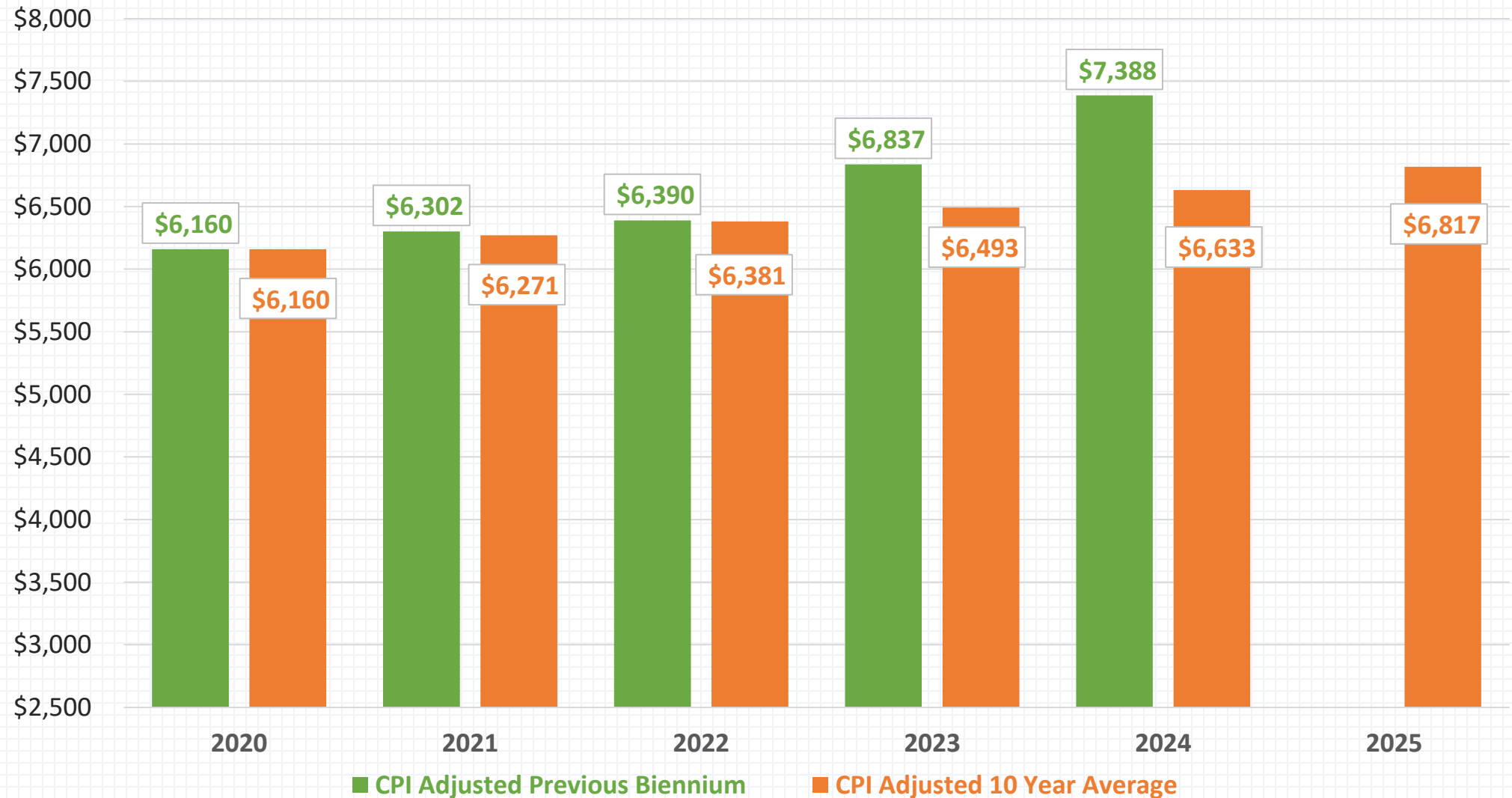




What if HB 3 had tied the BA to inflation?



Looking forward
to the 88th



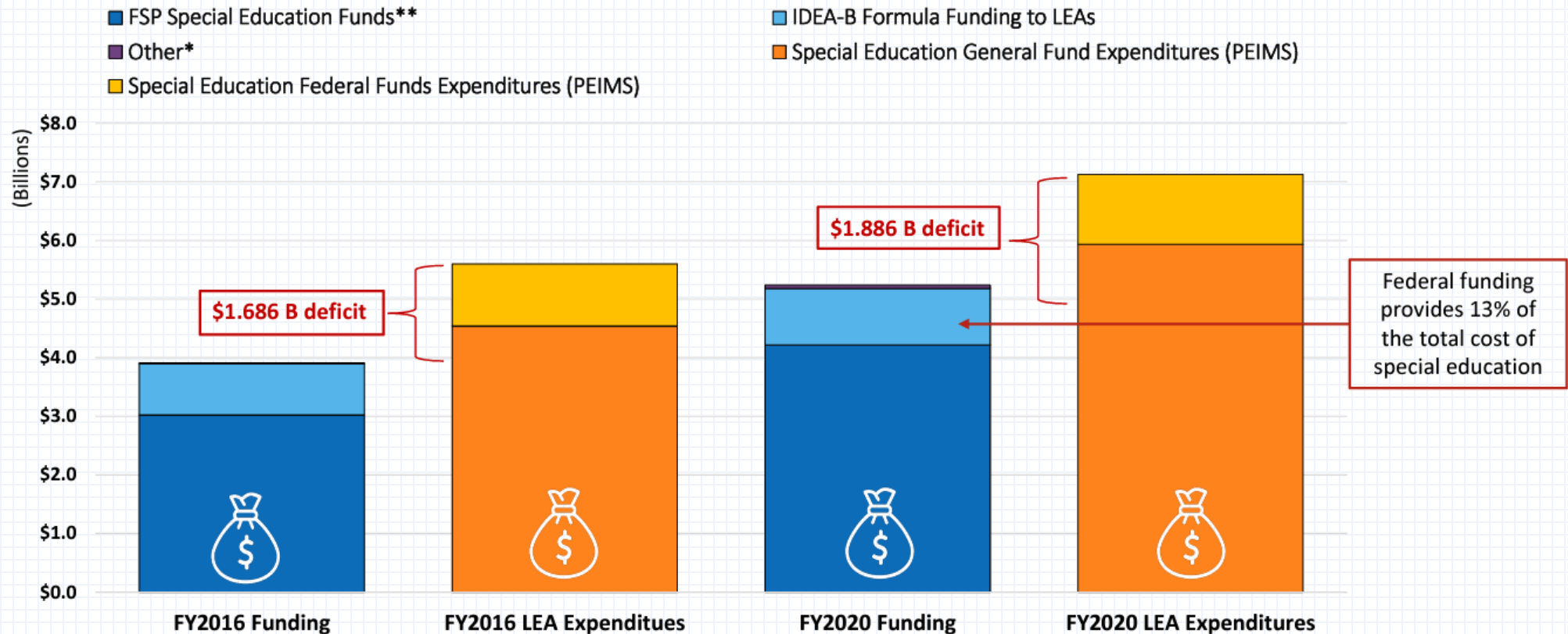


Special Education

Special education funding gaps have remained despite changes made in recent legislation.



Looking forward
to the 88th



Source: Texas Education Agency



Special Education - Draft Recs



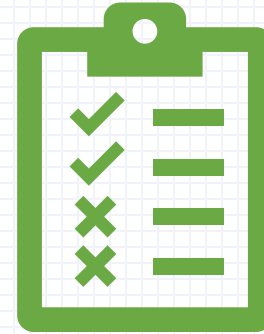
Looking forward
to the 88th



Intensity of Services Model

*Fund based on services
provided rather than instructional
setting*

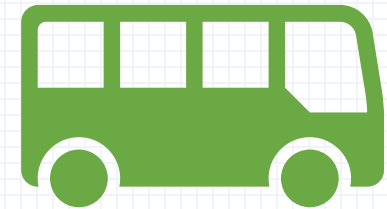
**\$100 Million
- \$1.6 Billion**



Evaluation Costs

*Reimburse districts for a
portion of the costs
related to a FIE.*

**\$25-\$100
Million**



Transportation

*Current funding gap is
estimated at \$180 million*

**\$5-\$15
Million**



Looking forward
to the 88th

Special Education - Draft Recs



Salary Stipends & Certification Grants

Stipends could range from \$1,000-\$2,500, grants would cover first attempt at SPED cert. exams.

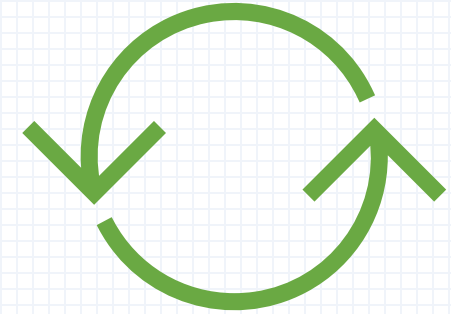
**\$12-\$80
Million**



Grow Your Own Grants

Support for up to 20 districts.

**\$5-\$50
Million**



Retire/Rehire

Reimburse districts for required TRS payments for SPED educators

**\$2-\$12
Million**



Special Education - Draft Recs



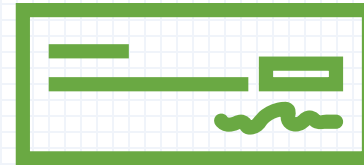
Looking forward
to the 88th



Grants to Increase Day Placement Program Capacity

*Competitive grant would help
start-up 10-20 programs.*

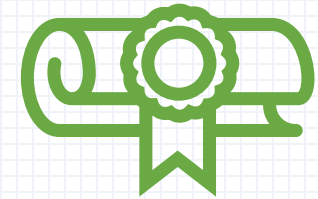
**\$4-\$8
Million**



Supplemental Services

*Clear out waitlist and continue
to grow program.*

**\$115
Million**



CCMR Outcomes Bonus

*Increase Sp. Ed. CCMR
outcomes bonus to \$4,000 per
student*

**\$2
Million**

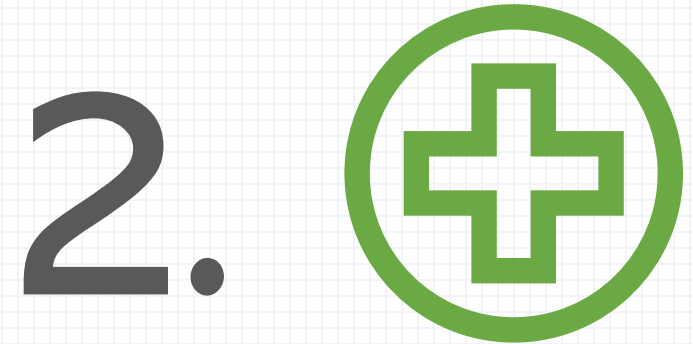


Virtual Education

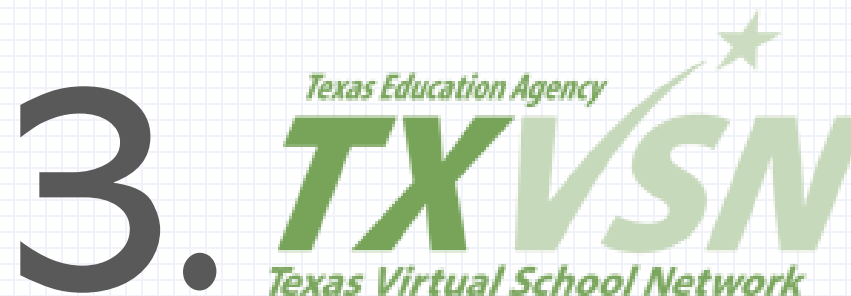


**Local Remote
Learning Program
SB 15**

Expires at end of 2022-23 school year



**Remote
Conferencing**



Looking forward
to the 88th



School Safety

Earlier this summer, Gov. Abbott announced **\$105.5 million** to support school safety and mental health initiatives. Some of the major items include:

- **\$50 million** for bullet-resistant shields (deadline has passed);
- **\$17.1 million** for school districts to purchase silent panic alert technology (grant application closes December 12);
- **\$10 million** for costs related to rapid response training by the Advanced Law Enforcement Rapid Response Training (ALERRT) Center; and
- **\$7 million** to the Texas School Safety Center



Looking forward
to the 88th



School Safety

In late October, state leaders announced a transfer of more than **\$874.6 million** to support critical public safety and recovery initiatives. Some of the major items include:

- **\$400 million** to assist school districts in replacing or upgrading doors, windows, fencing, communications, and other safety measures
- **\$15 million** to assist in the construction of a new elementary school in Uvalde;
- **\$339 million** to the Texas Military Department for continued border security activities related to Operation Lone Star;
- **\$20.6 million** to support other state agencies under Operation Lone Star to continue responding to the border; and
- **\$100 million** to the TDEM for COVID-19 response expenses.

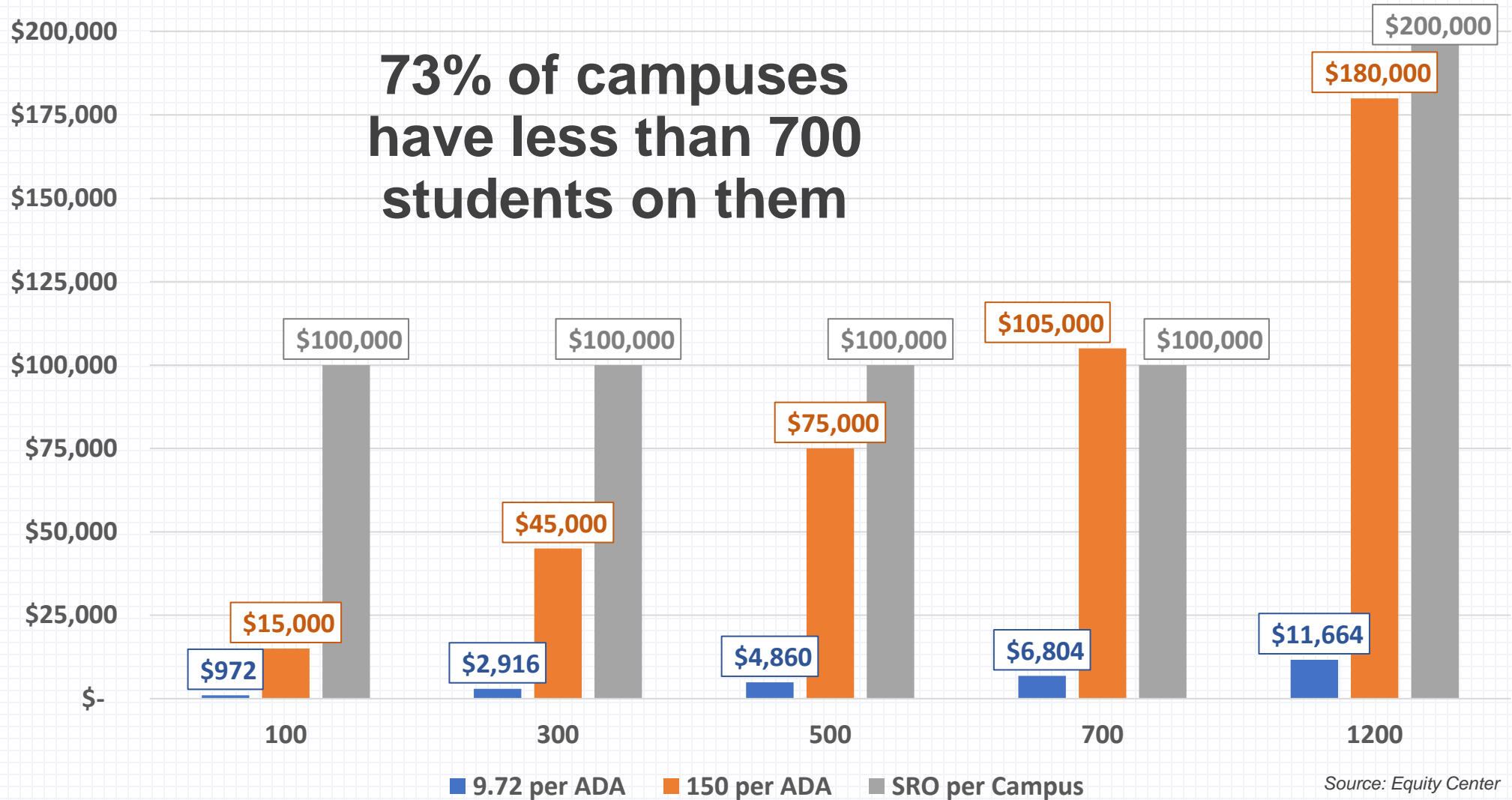


Looking forward
to the 88th



Looking forward
to the 88th

School Safety

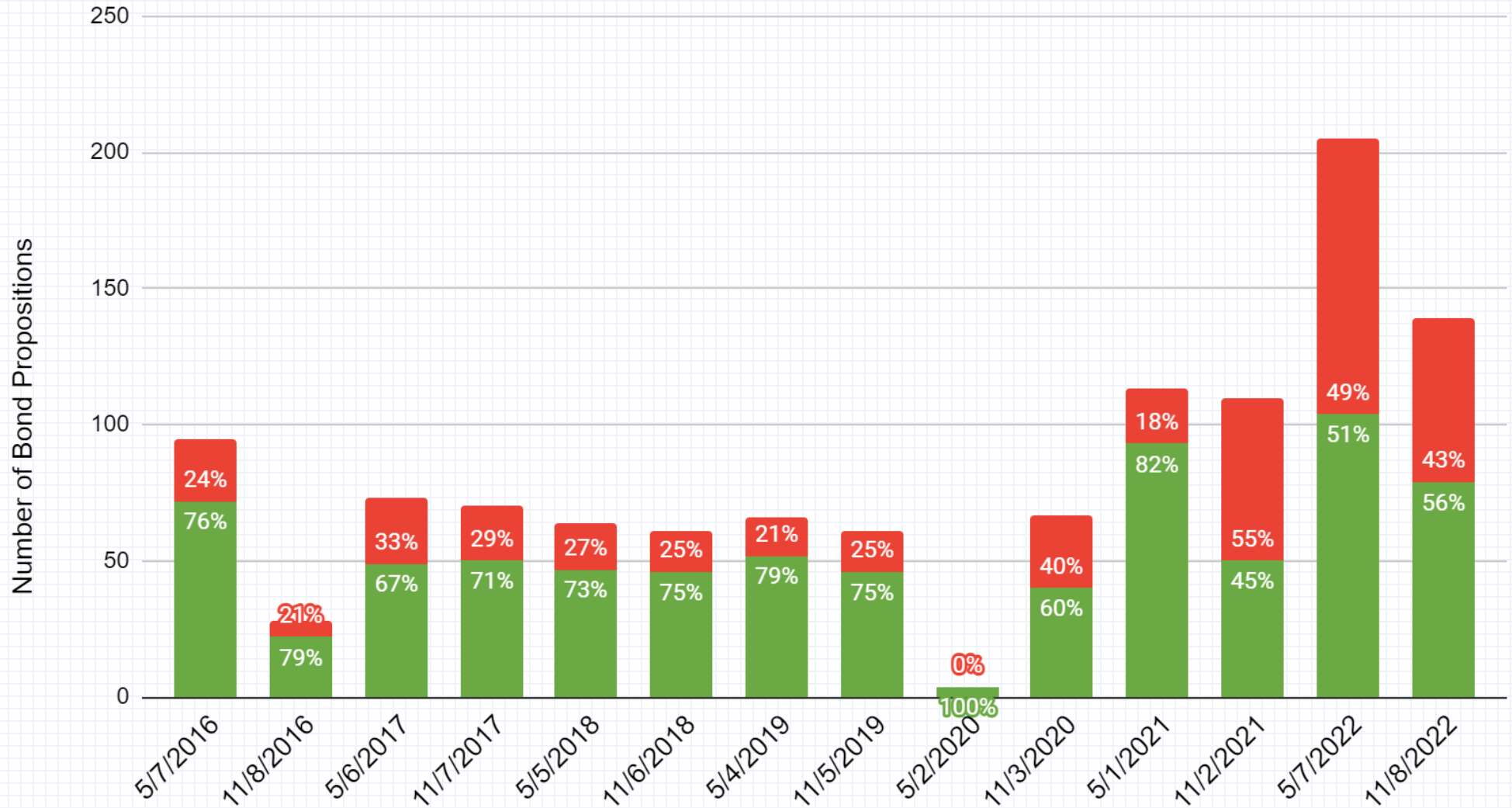




Bond Elections

Bond Election Results

■ Defeated
■ Passed





Bond Elections

Bond Election Results

- **76 percent** of technology related bonds were approved by voters.
- **62 percent** of safety and security bond proposals passed.
- **38 percent** of bonds for athletic facilities improvements and athletic centers. **About half** of stadium proposal were approved.

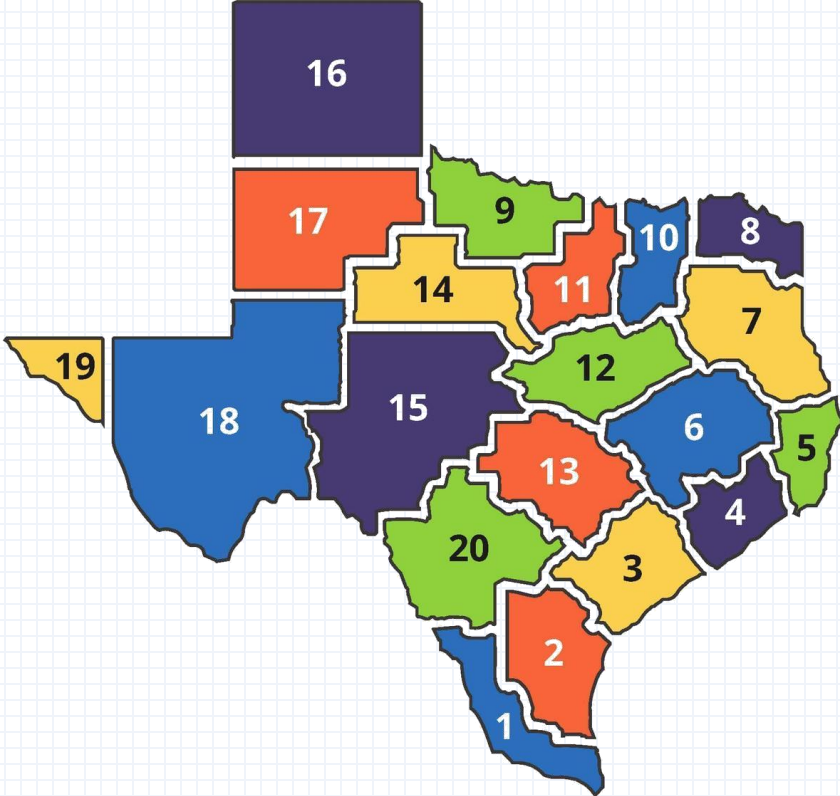


Property
Taxes

Property Tax Compression

- School district property values grew by a **staggering 17% in tax year 2022.**
 - Almost 4x the comptroller-estimated growth rate (4.4%)/
 - Almost 2x average growth over last 10 years (8.9%).
- This growth came **even with the implementation of Prop. 2**, which took value off the rolls with the increased HS exemption.
- Comptroller is estimating property value growth of **3.82% in 2023** and **4.56% in 2024.**

Value Growth By ESC



Statewide = 17.4%
SBISD = 7.5%

Region	% Value Growth
1	13.4%
2	10.6%
3	19.1%
4	12.3%
5	8.0%
6	19.8%
7	16.3%
8	12.7%
9	12.7%
10	15.2%

Region	% Value Growth
11	13.5%
12	17.5%
13	23.5%
14	17.3%
15	19.7%
16	12.9%
17	26.2%
18	60.7%
19	10.2%
20	17.0%



Property
Taxes

Property Tax Compression

- Lt. Gov. Patrick has committed to **“an additional \$4 billion for property tax relief.”**
- Gov. Abbott promised to **spend half of the state’s surplus on property tax relief** during recent gubernatorial debate.



Other Considerations

- **How our group should advocate and talk to legislators for the highest impact**
- **Will it be possible to get full credit for LOHE's?**
- **What issues should we, as a recapture school district, focus on in the upcoming legislative session.**



Next Steps



Questions & Comments





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PROVEN LEADERS ADVANCING TEXAS SCHOOLS

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