

## Senate Ed bill19

### SB4

#### New Funding

**Classroom teacher and librarian salary increase:** The bill provides for an across the board \$5,000 pay increase for classroom teachers and librarians for the 2019–20 school year and attempts to maintain that increase in future years.

**Teacher incentive pay:** Encourages districts to create incentives-based raises for teachers that could be based, at least in part, on standardized test scores. The state education commissioner would be required to approve and audit these programs and charge a fee for the approval process. Funding would be scaled to provide more funding as the percentage of economically disadvantaged students increases.

**Teacher incentive allotment:** School districts that adopt the Incentives-based teacher designation system will be eligible to receive state funding to increase salaries for teachers with designations – recognized, exemplary and master. Funding would be weighted to reflect severe economic disadvantage by campus.

**Accelerated campus excellence turnaround plan allotment:** Districts would receive an extra 0.1 weight for each student in average daily attendance on an eligible campus.

**Early Reading Allotment:** New funding weights would be created for each student in grades K-3 who is educationally disadvantaged or enrolled in a bilingual or special language program. The funding would provide an extra weight of 0.1 for each eligible student, and students who qualify for both weights will generate funds for both. These funds would be in addition to the other compensatory education and bilingual education funds the students would generate in the formulas.

**Third-grade reading outcomes allotment:** Students who are educationally disadvantaged would generate \$4,000 for satisfactory performance on the third-grade reading assessment, and students who are not educationally disadvantaged would generate \$1,000. Students who receive special education services would generate \$1,000 for satisfactory performance. The commissioner would be required to adopt an alternative third grade reading assessment.

**College, career, or military readiness (CCMR):** Students who meet CCMR criteria developed by the commissioner and are educationally disadvantaged would generate \$5,000. Students who are not educationally disadvantaged would generate \$3,000. Students who receive special education services and meet the CCMR criteria would generate \$2,000.

**Fast growth allotment:** School districts whose student enrollment growth over the past three years is in the top quartile of student growth would be eligible to receive an additional weight of 0.042 for each student in average daily attendance.

**Dyslexia funding:** A new funding weight of 0.12 is created for students with dyslexia.

**Extended school year funding:** School districts would be eligible to receive funding for an additional 30 half-days of instruction for K-5 if they provide at least 180 days of instruction during their regular school year.

**Full-day prekindergarten funding:** Prekindergarten funding is expanded from a half-day to a full-day for eligible students attending programs that meet the standards for a high-quality program. The bill would also extend eligibility for prekindergarten programs to children of educators.

**Formula transition grant funding:** Formula transition funding will be provided beginning in 2019–20 and will end in 2022–23. The funding is intended to maintain maintenance and operations revenue, but will be capped at 125 percent of the statewide average funding available in 2018–19.

**Blended learning grant program:** New funding will be available for “blended learning” programs, which combine classroom and online instruction. Grants will be targeted to campuses with the highest enrollments of educationally disadvantaged students. Funding will be limited to four years and will come from a \$6 million set-aside from basic allotment funding.

**Educator effectiveness allotment:** The bill establishes a new system of teacher designations to be used in a performance-based pay program. Districts will seek approval for locally-developed plans that create designations of recognized, exemplary, and master teachers. Districts will receive funding based on the number of teachers who receive designations and the concentration of educationally disadvantaged students on the campuses where those teachers are assigned.

**Certification examination reimbursement:** School districts will be entitled to receive reimbursements for the subsidies paid by the district for certification examinations.

**College preparations assessment reimbursement:** School districts will be entitled to reimbursement of fees paid by the district for the administration of college preparatory assessments.

**Teacher incentive fee reimbursement:** School districts would be eligible for reimbursement of fees paid related to teacher designations or the National Board for Professional Standards.

**Formula transition grant:** Funding would be provided to buffer against revenue losses caused by the change in the formulas -- up to 128 percent of statewide average funding available under current law formulas.

## Funding formula changes

**Basic allotment:** While the statute currently indicates a basic allotment of \$4,765 per student in average daily attendance (ADA), the allotment is currently funded at \$5,140 per ADA. This bill calls for a basic allotment of \$5,880 per ADA, a 14 percent increase. The bill funds blended learning grants by setting aside \$6 million of the funds for the basic allotment, resulting in a proration of the new basic allotment for all districts.

**Cost-of-education index:** The CEI was originally intended to adjust the basic allotment to reflect regional differences in the cost to employ teachers, but it has not been updated since 1991. Rather than update the CEI, this bill repeals the statutory provision and re-directs those funds to the basic allotment. The bill also requires TEA to conduct a study on geographic cost differences and report back to the legislature in December 2020.

**Size adjustments:** Current law provides small- and mid-sized districts with a weight applied to their basic allotment that is used in the computation of Foundation School Program (FSP) entitlements. The application of the weight increases the basic allotment which is then applied to other FSP formulas, including the computation of students in weighted average daily attendance (WADA). The number of WADA derived for a school district is instrumental in its access to enrichment funding and its requirement to share local tax revenue in the current “Robin Hood” system. This bill decouples the size adjustments from the computation of other FSP entitlements so that the basic allotment is no longer weighted when it is applied to the other funding formulas. Eligible districts will receive small- and mid-sized funding in separate allotments.

**Compensatory education funding:** Establishes a new set of eligibility criteria that would require the commissioner to create an index for “economically disadvantaged census blocks” in the state. The five-tier index would categorize census blocks according to the relative severity of economic disadvantage and deliver funding in five tiers: 0.225, 0.2375, 0.25, 0.2625, and 0.275.

The commissioner would be required to consider median household income, average educational attainment of the population, the percentage of single-parent families, the rate of home ownership, and “other economic criteria the commissioner determines likely to disadvantage a student’s preparedness and ability to learn.” All current statutory spending requirements are repealed.

**Bilingual education funding:** A new weight is created for bilingual programs offered in a dual language setting. Non-dual language bilingual programs will continue to generate a weight of 0.1, but dual language programs will generate additional funding with the 0.15 weight. All current statutory spending requirements are repealed.

**Career and technology education (CTE) funding:** Sets aside \$8 million of the statewide CTE allotment to fund grants to P-TECH schools and repeals all current expenditure requirements. The fees for Industry-recognized certifications would be eligible for state subsidies upon application by the district.

**Special education funding:** Increases the weight for mainstream special education placements from 1.1 to 1.15. New language provides the commissioner with authority to increase special education funding in order to comply with federal spending requirements, including broad authority to transfer other FSP funds to ensure sufficient special education spending.

**Transportation funding:** The funding formula is modified to reimburse districts on a rate per mile to be set in the General Appropriations Act. The rate is anticipated to be \$1 per mile in the 2020–21 biennium. Homeless students are added to the list of students eligible to generate funding.

**Gifted and talented (GT) funding:** The weight for GT funding is repealed, but school districts must annually certify that they offer such programs or else incur a funding penalty equivalent to the funding previously provided by the GT weight.

**High school allotment:** Funding for the high school allotment is repealed.

**Charter school funding:** Charter funding would be based on a weighted average of the basic allotment rather than the simple average currently in use. This and other changes in the bill will likely reduce the basic allotment for many charter schools. But the bill includes provisions that would mitigate reductions in the charter basic allotment created in part by changes that shift small- and mid-sized district funding

from a weight to an allotment. In addition, charters would receive small- and mid-sized allotments based on their own student populations.

**Teacher Retirement System changes:** Charter schools and school districts of innovation will be required to make TRS contributions based upon the minimum salary schedule in the same manner as school districts are currently required to contribute.

## Policy changes

**60x30TX:** TEA and the Texas Higher Education Coordinating Board (THECB) are required to biennially report progress toward the 60x30TX goals for college enrollment and graduation.

**Monitoring funding qualifications:** TEA would be permitted to monitor the qualification of school districts for funding received under Chapter 48.

**Early childhood literacy plans:** School districts would be required to adopt and post on their websites an early childhood literacy plan.

**Language arts:** The bill substitutes “language arts” for “reading” in sections related to teacher professional development, instruction, and assessments.

**School start date:** Districts of Innovation would be prohibited from starting school sooner than the third Monday of August.

**Kindergarten reading assessments:** Districts would be required to administer kindergarten reading assessments. The commissioner would be permitted to approve alternative reading instruments for diagnosing reading development and comprehension of kindergarteners.

**Graduation requirements:** Requires students to complete the federal or state free application for college financial aid or to affirmatively opt out of the requirement in order to graduate.

**Bilingual and special language programs:** TEA would be required to provide assistance to school districts and charters in establishing bilingual and special language programs.

**Assessments:** Assessments could occur over multiple days, but never on the first instructional day of the week. Interim assessments would be available, but not required and could not be used for the purposes of accountability ratings. The commissioner would appoint a technical advisory committee including experts in educational assessment and psychometrics. Assessments must be administered electronically unless the district receives a waiver from the commissioner. The agency would be required to develop a transition plan to move to electronic assessments no later than the 2022–23 school year. The agency would also be required to establish a pilot program for districts interested in administering formative assessments and to produce an analysis of whether formative assessments resulted in improved instructional support.

**Accelerated campus excellence (ACE):** Districts would be permitted to submit an ACE plan as their campus turnaround plan for a campus that is required to submit a plan.

## Tax rates and enrichment yields

The bill currently indicates that school districts would reduce their tier one tax rates by eight cents, and they would be subject to tax rate compression on their enrichment pennies in tier two. Districts would

be prohibited from adopting tax rates for 2019 in excess of the new tier one and tier two pennies unless the district was in the process of seeking higher tax rates as of January 1, 2019. (Please note that it will be very challenging to implement the tax rate reductions on the proposed timeline.)

Tier one tax rates are redefined and re-set at a base of \$1 multiplied by the state compression percentage, which is set at 92 percent in the bill. This version of the bill maintains six golden pennies.

The yields for enrichment tax rates are also modified. The yield on “golden” pennies is decoupled from the Austin ISD wealth level, resulting in a reduction from the rates reflected in the introduced budget bills. The rates for both golden and copper pennies are hinged to a percentage of the basic allotment at 1.6 and 0.8 percent respectively.

Homestead exemptions are increased from \$25,000 to \$40,000, and funding is provided to hold districts harmless from the loss of local and state revenue. Districts would be prohibited from repealing local optional homestead exemptions through December 31, 2023. These provisions are contingent upon the passage of a constitutional amendment.

Additional tax rate compression is also contingent upon the passage of a constitutional amendment. If approved, beginning September 1, 2021, new growth limit percentages (GLPs) would be established by the commissioner. The GLPs would limit the growth of revenue based on the annual inflation rate and would vary by district based on the district’s value growth.

The bill prohibits school districts from levying maintenance and operations taxes to pay off debt.

## Notable

The authority of the commissioner is significantly expanded by multiple sections of the bill. Notably, Section 48.011 provides the commissioner with authority to adjust a school district’s funding entitlement “if the funding formulas used to determine the district’s entitlement result in an unanticipated loss or gain for a district.” The commissioner could make adjustments only after seeking and receiving approval from the office of the governor and the Legislative Budget Board. The commissioner is also required to provide the legislature with an explanation of the funding changes necessary to resolve the unintended consequence. This authority ends with the 2022–23 school year, and the subsection expires on September 1, 2024.