

HB 3: Frequently Asked Questions

TEA has posted answers to **over 200** frequently asked questions



Sample Questions Answered by TEA:

How do I calculate the teacher pay raise? Specifically, what dollar value needs to be set aside for the raises?

What does the passage of HB 3 mean for my current Master Teacher Certification?

What happens if I don't compress my taxes in compliance with House Bill 3?

Learn more at tea.texas.gov/HB3

Significant Funding Changes in Implementation For Year 1

Annual Funding Item for 2019-2020 School Year	Estimate from 86 th Session	Implementation Estimate (1 st year only)	Reason for Difference
Average per ADA increase	\$635	\$530	2019 property values (DPV) grew by 10%, which would have allowed large “lag” amounts under prior law
<i>Decrease</i> in Recapture	\$1.6B	\$1.4B	DPV increase more than CPA estimate of 5.76%
Mainstream Weight <i>Increase</i>	\$46M	\$52M (+ \$6M)	Special education enrollment higher than projected
Dyslexia Allotment	\$125M	\$136M (+\$11M)	Dyslexia students receiving services exceeded trend
Compensatory Education Allot.	\$5.15B	\$5.09B (- \$60M)	N/A
Dual Language Allotment	\$218M	\$199M (- \$19M)	Dual language students lower than projected
Early Education Allotment	\$835M	\$796M (- \$39M)	Growth rate in K3 enrollment lower than projected
Fast Growth Allotment	\$266M	\$302M (+ \$36M)	“3-year” growth updated from SY16-18 to SY17-19
Teacher Incentive Allotment	\$73M	\$40M (-\$33M)	Adoption by school districts delayed due to Covid-19
Transportation Allotment	\$460M	\$284M (- \$176)	Covid-19 school closures in March 2020
Formula Transition Grant	\$41M	\$441M (+ \$400M)	See explanation above for “average per ADA increase”

HB 3: TEA Rules Timeline

TEA has completed, or is in the process of completing, **37 out of 55 rules** pertaining to HB 3.



67% complete

- Do not hire registry
- High quality Pre-K program requirements
- Recapture Rule re-write

The full rulemaking schedule can be found on our HB 3 page:
<https://tea.texas.gov/sites/default/files/HB-3-Rulemaking-Schedule.pdf>

HB 3: Advisory Committees

Reading Standards K-3 Advisory Committee

- Committee members named Oct. 17th
- Conducted 4 meetings and a focus group
- Provided important feedback on Reading Academy module content

Financial Aid Advisory Committee (FAFSA & TAFSA)

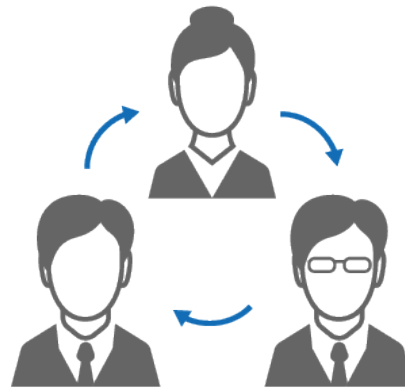
- Held 2 meetings, 2 more currently scheduled
- Providing recommendations on proposed opt-out form, proposed data tracking and reporting processes and implementation resources
- Report due in January 2021

Special Education Allotment Advisory Committee

- Committee members named Oct. 31st
- Committee met 6 times throughout the Fall 2019 and Spring 2020
- Final Report delayed by 3 months due to COVID-19 – Expected completion September 2020

Compensatory Education Allotment Advisory Committee

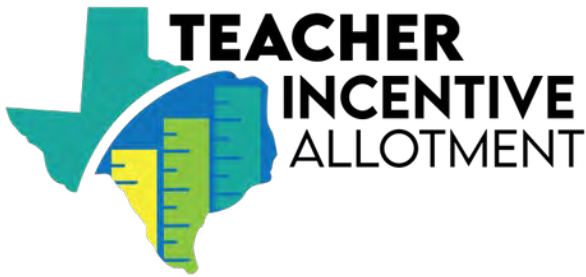
- Committee members named Nov. 7th
- Conducted two meetings, another is scheduled
- Provided valuable feedback on policy and outstanding questions
- Approved increasing the homeless student weight to .275



Certain Implementation Highlights



- ✓ The Texas Education Agency has announced the [26 school districts](#) that will be part of the first cohort of the Teacher Incentive Allotment. The program distributed about [\\$40 million to about 3,650 teachers](#) across the state for the 2019-2020 school year (as part of the settle-up process in September 2020).
- ✓ An additional [277 National Board teachers were designated at 14 districts](#) and generated about 1.2 million.



	Allotment	Potential Earning
Recognized	\$6,301.69	\$69,054.81
Exemplary	\$12,587.24	\$79,785.69
Master	\$22,508.69	\$95,854.43

*(Base compensation based on 2019-20 projections. Potential earnings include districts flowing 100% of the funds directly to designated teachers – most districts are flowing at most 90%)



TEA is required to create a new **Do Not Hire Registry** and place individuals on the Registry who are not eligible for hire in a Texas public school based on misconduct or criminal history. TEA is also required to create a **Misconduct Reporting Portal**, so that Texas schools have a method of securely reporting allegations of misconduct to the agency.

- ✓ The Registry launched in January 2020. There are 1,850 former educators and employees on the Registry as of August 2020
- ✓ The Reporting Portal launched in March 2020.



**Do Not Hire
Registry**



Commissioner of Education Rule - Registry of persons ineligible to work in Texas public schools (Ch 153, Sub EE), effective December 31, 2019.



Improving Reading Outcomes

Requires each teacher and principal in grades K-3 to complete reading academies by 2020-2021

- Academies are available in a blended model and a comprehensive model and both models include a biliteracy path



38 Authorized Providers, (including all 20 ESCs) support...



700+ Cohort Leaders, who have been screened + trained to facilitate...



500+ Cohorts launched, both blended and comprehensive, preparing...



20,000+ Educators actively strengthening their reading practices!

Snapshot Date: September 3, 2020



Establishes a CCMR Outcomes Bonus paid for each annual graduate above a certain threshold percentage and adds CTE funding expansion:

- Adds Technology Applications to funding weight – including all computer science
 - Extends to CTE & Tech Apps courses offered in grade 7
 - New funding to support the P-TECH and New Tech HS models
- ✓ CCMR Outcomes Bonus estimated funding amount is \$225M



Unintended
Consequence

(See slide 50, Unintended
Consequence #1)



COE Rules expected to finalized for all programs by Fall 2020.



Outcomes
Bonus and
CTE
Expansion



HB 3 adds **funding support** for school systems that want to add instructional days (beyond the minimum 180 days) to one or more of their elementary school calendars

- ✓ TEA launched a survey to better estimate use and cost on September 15, 2020.



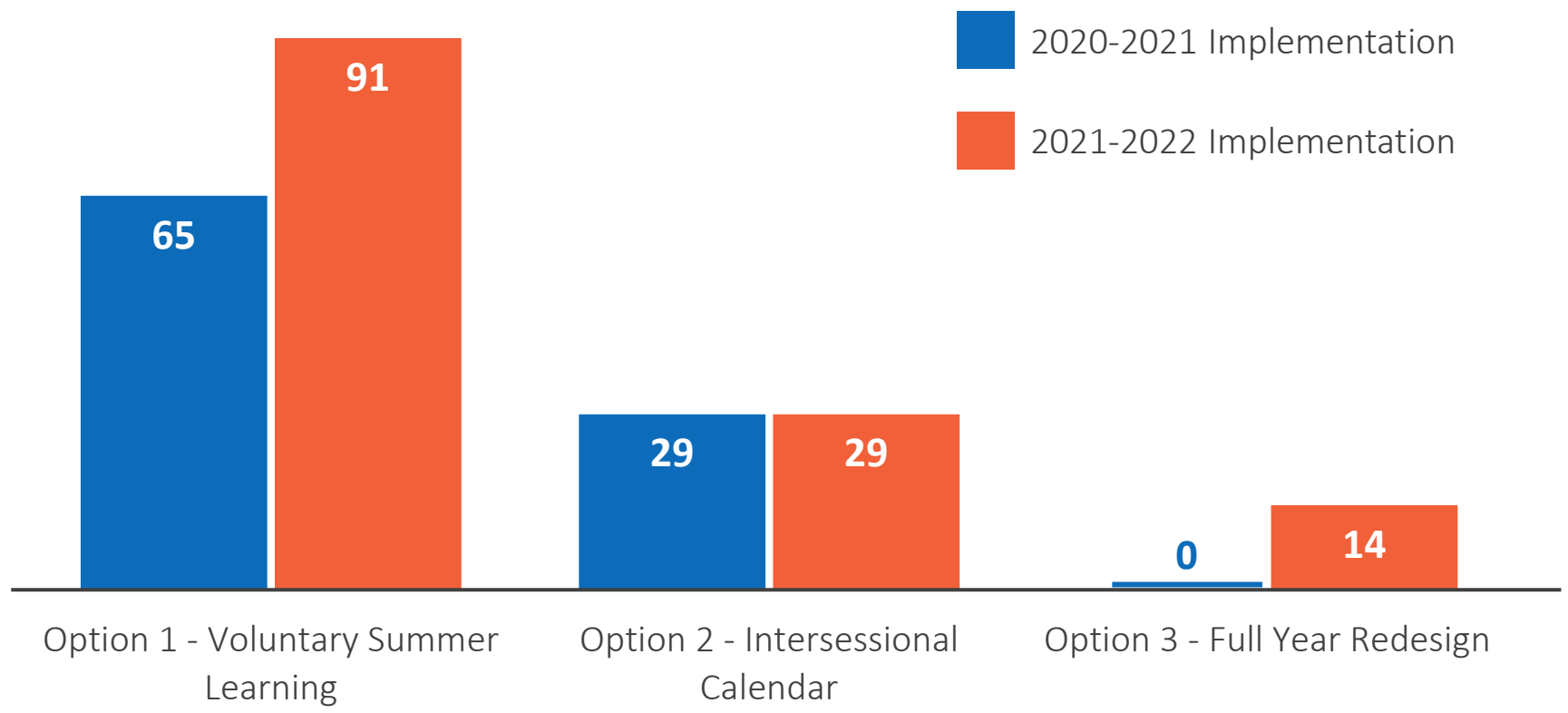
Additional
Instructional
Days



COE Rule expected to be filed November 2020 to be effective March 2021.



Additional Days School Year – Projected Implementation Trends



55,600 students in 2020-2021 and **127,400 students** in 2021-2022 will have access to an average of **21.5 additional instructional days**

**Data are estimates from LEA survey conducted 9/17/20-10/1/20; LEAs could select multiple options for their school system.*

Appendix

TEA has **16 rules** pertaining to HB 3 left to complete.

- 1) Additional state aid for school districts that contract to partner to operate district campus (§61.1010)- **(Commissioner)**
- 2) College, career, or military readiness outcomes bonus (§74.1007)-**(Commissioner)**
- 3) Cross reference updates in optional extended year program rule (§105.1001) – **(Commissioner)**
- 4) Blended learning grant programs - **(Commissioner)**
- 5) Excess funds for video surveillance of special education settings (§61.1020) - **(Commissioner)**
- 6) Science lab grant program ADA (§61.1037)- **(Commissioner)**
- 7) Cross reference updates in IFA/EDA (§61.1032 and §61.1035) - **(Commissioner)**
- 8) Instructional arrangements for special education (Ch 89, Sub D) - **(SBOE)**
- 9) Gifted and talented programs (Ch 89, Sub A) - **(SBOE)**
- 10) Reporting requirements for preK and partnership classroom teachers and aides, Kindergarten-Grade 2 reading assessment (including Kindergarten readiness indicator), and reading standards for Kindergarten-Grade 3- **(Commissioner)**
- 11) New test codes and passing scores for EC-6 exams and student services exams (includes science of teaching reading instruction for elem tchr cert) §151.1001- **(Commissioner)**
- 12) Financial aid application requirement for high school graduation- **(Commissioner)**
- 13) Repeal of rules for FSP funding for reimbursement of disaster remediation costs (§61.1013 and §61.1014)- **(Commissioner)**
- 14) Financial aid application requirement for high school graduation (§74.11)- **(SBOE)**
- 15) Definition of Tax Levy and Tax Collection - **(SBOE)**
- 16) Definition of Tax Levy and Tax Collection - **(Commissioner)**

Teacher Incentive Allotment: Paying Teachers More, With a Focus On Equity



- ✓ HB 3 establishes an optional **Teacher Incentive Allotment** with a stated goal of a six figure salary for teachers who prioritize teaching in high needs areas and rural district campuses
- ✓ Funding ranges from **\$3,000 - \$32,000** per teacher per year, using new Compensatory Education spectrum system
- ✓ At least **90%** of these funds must be spent on compensation of teachers at these campuses

➔ **More Poverty**

		Non Eco-Dis	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Recognized	Non-rural	\$ 3,000	\$ 3,750	\$ 4,500	\$ 6,000	\$ 7,500	\$ 9,000
	Rural	\$ 6,000	\$ 6,750	\$ 7,500	\$ 9,000	\$ 9,000	\$ 9,000
Exemplary	Non-rural	\$ 6,000	\$ 7,500	\$ 9,000	\$ 12,000	\$ 15,000	\$ 18,000
	Rural	\$ 12,000	\$ 13,500	\$ 15,000	\$ 18,000	\$ 18,000	\$ 18,000
Master	Non-rural	\$ 12,000	\$ 14,500	\$ 17,000	\$ 22,000	\$ 27,500	\$ 32,000
	Rural	\$ 22,000	\$ 24,500	\$ 27,000	\$ 32,000	\$ 32,000	\$ 32,000

➔ **More Funding**



Teacher Mentorship

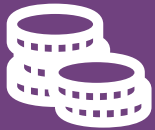
HB 3 established **Teacher Mentor Program Allotment (MPA)** to fund stipends for mentors and other costs associated with mentoring teachers in their first two years

- ✓ In August of 2020, 67 districts were approved to receive the allotment for the 2020-21 school year.
- ✓ Cycle 1 MPA - \$1,800 per mentee, which can be used on mentor stipends, scheduled release time, and providers of mentor training



Commissioner of Education Rule (§153.1011) - effective June 28th, 2020

- Each year, TEA will provide an application and approval process for school districts to apply for mentor program allotment funding.
- Funding will be limited based on availability of funds, and, annually, the commissioner shall adopt a formula to determine the amount to which approved districts are entitled



Early Education Allotment

Established an Early Education Allotment (**additional 0.10 weight**) for each student in ADA in grades K-3 and who is educationally disadvantaged or Limited English Proficient (LEP).

- ✓ Early Education Allotment incorporated into 2019-2020 FSP amounts
- ✓ Funding amount for 2019-2020 school year is \$796 million
- ✓ Estimated funding amounts for 2020-2021 school year is \$800 million
 - The 2020-21 estimate could end up being significantly less, depending on the number of early education students that are unenrolled from public schools due to COVID-19.



No Commissioner of Education Rule necessary as HB 3 was clear in statute.



HB 3 Requires full-day Pre-K for all eligible four-year olds

- Requires high-quality program requirements of all prekindergarten classrooms in Texas
- Requires consideration of partnerships with quality child care providers before issuing bonds for new classrooms

- ✓ For the 2019-20 school year, 249,226 students are enrolled in Full-Day PreK program
- ✓ TEA approved 192 full day PreK waivers – 85 for 2019-20 only, 15 for 2019-2020 & 2020-2021, and 89 for 2019-20, 2020-21, 2021-22



Commissioner of Education Rules filed November 2019.



Full-Day
Prekindergarten



Improving Reading Outcomes

HB 3 amends statute to include multiple reading initiatives:

- Requires districts and charters to provide a phonics curriculum using systematic direct instruction in grades K-3
- Requires districts to certify to the TEA that the district:
 - Prioritizes placing highly-effective teachers in K-2 and
 - Has integrated reading instruments to support Pre-K to grade 3 students
- ✓ **TEA established the Reading Standards Advisory Board in October 2019**



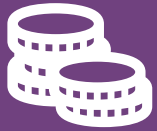
Commissioner of Education Rules – Fall 2020



Reading Diagnostic Instruments

HB 3 amends statutory requirements for the use of kindergarten reading instruments:

- Requires the Commissioner to adopt a multi-dimensional assessment tool that includes a reading instrument
 - The commissioner has adopted **TX-KEA** for this purpose.
- Permits the Commissioner to approve an alternative reading instrument for use in diagnosing the reading development and comprehension of kindergarten students
 - The commissioner has approved **mCLASS Texas** as the alternative reading instrument.
- ✓ One-year waiver:
 - LEAs must use TX-KEA or mCLASS Texas for the beginning-of-year screener, starting in the 2020-2021 school year.
 - Because of disruptions to the 2019-2020 and 2020-2021 school years resulting from COVID-19, LEAs that are unable to implement TX-KEA or mCLASS Texas in 2020-2021 may request a waiver in order to continue to use the instrument they used in the 2019-2020 school year or another instrument approved by a local district board of trustees in order to best meet student needs in the 2020-2021 school year only.



Dyslexia Allotment

Additional funding is provided to support students with Dyslexia

- School districts and open-enrollment charter schools now receive a weight of 0.10 multiplied against the Basic Allotment for each student that has been identified as having Dyslexia or a related disorder
 - ✓ There were 220,551 students identified as receiving dyslexia related services during the 2019-2020 school year.
 - ✓ This resulted in a final Dyslexia Allotment for the 2019-2020 school year of \$136 million, which was slightly higher than the \$125 million legislative estimate. Note: this number is subject to change given data submissions errors currently under review.



No Commissioner of Education Rule necessary as HB 3 was clear in statute.



HB 3 expanded the Bilingual Education Allotment to increase student support for literacy in English and other languages

- Includes incentivized funding for dual language:
- Incentivizes districts to integrate English learners and native English speakers into dual language programs
- ✓ Dual Language Allotment for the 2019-2020 school year is \$199 million, which is less than the \$218 million legislative estimate.



SBOE rule requiring a report on the use of funds as part of a district's annual audit and the minimum requirements of the report drafted in June 2020.



Dual Language
Programs



To earn a certificate to teach Pre-K to grade 6, a candidate must demonstrate proficiency in the science of teaching reading on a certification examination by January 1, 2021



Preparing New Teachers



SBEC Rule- Requirements for the science of teaching reading instruction for elementary teacher certification- Effective February 2020

- ✓ Candidates seeking certifications after January 1, 2021, in the following areas will need to take the STR: EC-3 core subjects, EC-6 core subjects, 4-8 core subjects, 4-8 ELAR, 4-8 ELAR/SS
- ✓ All candidates are required to meet the same requirements regardless of their teacher preparation program.
- ✓ The ELAR section of the EC-6 Core will remove standards found in STR to ensure that those standards are only assessed once.
- ✓ TEA created a prep manual located [here](#).



HB 3 established a blended learning grant program (BLGP) that prioritizes LEAs with the highest enrollment of educationally disadvantaged students

- Blended learning is a blend of face-to-face instruction and online learning
- The BLGP walks districts through a codified planning process and provides a built-in performance management system to continuously improve effectiveness
- 2019 BLGP Grants awarded to 25 out of 41 applicants for Math Innovation Zones and non-math blended learning pilots
- Program demand expected to dramatically increase given the need for adaptable in-person, online, and hybrid instructional models due to COVID-19



Blended Learning Grant Program



COE Rule to establish BLGP, including rules to establish an application and selection process for awarding grants and a list of programs that may be used for training in the BLGP expected November 2020.



Readiness Plans

- Requires boards of school districts and open-enrollment charter schools to adopt college, career and military readiness plans and post on their website
- COVID UPDATE
 - ✓ The goals and progress measures **will be extended until January 31, 2021** and can be incorporated into the 2020-2021 district and campus improvement plans for board adoption during the 2020-2021 school year once the goals and progress measures are approved by the board.
 - ✓ Goal-Setting Training: This training can be provided by ESCs or any authorized provider with a provider number beginning with 2020-. A list of Authorized Providers can be found here: http://tea4avcastro.tea.state.tx.us/school_board/providers.html



Adds a reimbursement to districts to offer one free college & one free industry entrance exam per student before they graduate

- ✓ Reimbursement for one High School student for SAT/ACT/TSIA – **Estimated at \$20.5 million for SY2019-20, and final amounts will be calculated in April 2021.**
- ✓ Reimbursement for one HS student for any of the 220 approved Industry Based Credentials (IBC) – **Estimated at \$12.1 million for SY2019-20 , and final amounts will be calculated in April 2021.**



Other
Initiatives



Unintended
Consequence

(See slide 50, Unintended Consequence #2)

HB 3 increased Special Education weight from **1.1 to 1.15** for students served in a mainstream setting

Requires the Commissioner to establish a Special Education Advisory Committee to make recommendations regarding financing special education

- ✓ Committee report expected to be submitted September 2020, which includes an analysis of moving towards funding services rather than instructional arrangement.
- ✓ Mainstream Allotment for the 2019-2020 school year was increased by \$52 million above what it would have been at the previous weight, which is slightly higher than the \$46 million legislative estimate. This is largely attributed to an increase in the special education enrollment.

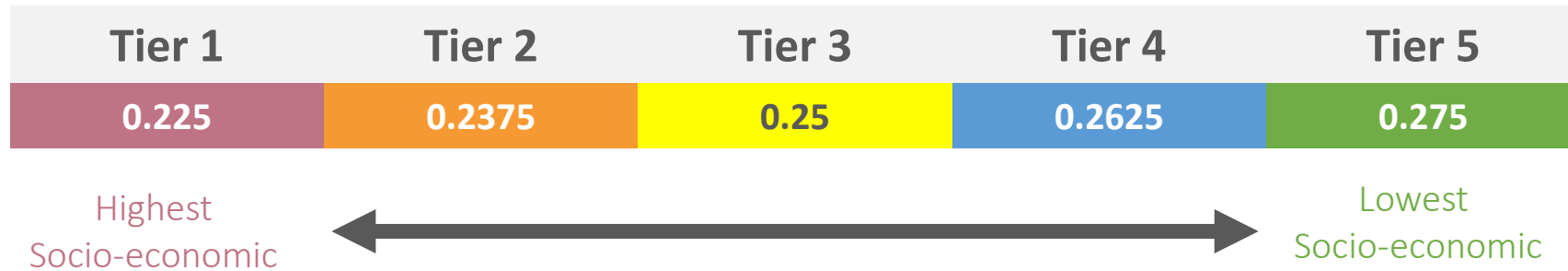


Increased
Resources,
Planning and
Training



Compensatory Education (Comp Ed)

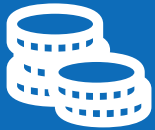
Comp Ed funding is provided for students who are educationally disadvantaged (i.e. eligible for free and reduced-priced lunch)



- Under HB 3, the formula for Comp Ed increased from 0.20 to a range of 0.225-0.275 per student based on the census block group of the student’s home address
- In 2019-2020, the total amount of the Comp Ed allotment was \$5.09 billion, as compared to \$5.15 billion that was estimated during the legislative session.

Fast Growth Allotment

Adds a Fast Growth Allotment (FGA) of 0.04 for each student in ADA to support rapidly growing districts



Fast Growth Allotment

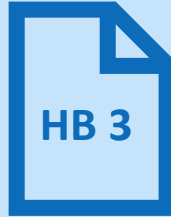


COE Rule effective December 2019

- ✓ 317 school districts that were in the top quartile of percentage of student growth, statewide, received a FGA of \$302 million for the 2019-2020 school year which was higher than the \$266M estimate.*

Gifted and Talented

BEFORE



- The G/T program was funded with a separate allotment
- Reported G/T expenditures
- State spending requirement

AFTER



- The G/T program is funded within the district's basic allotment (\$6,160)
- Continue to report G/T expenditures
- Certify that the district has a compliant G/T program



SBOE Rule- Each district shall report to the commissioner regarding the use of the funds on the district's program for G/T as provided by the State Board of Education rule, Effective December 2020.

Transportation Funding Changes

Amends statute for transportation from linear density to a simple \$1.00 per mile reimbursement (set at \$1.00 per mile in the General Appropriations Act)

- Previously, transportation funding was not provided to recapture districts. Now, transportation funding is equally available to all districts.
- Certain new transportation options have become eligible for reimbursement:
 - Homeless students (regardless of distance to campus)
 - Work-based learning site transportation under a district's CTE program
 - Dual credit students (to a local college or a neighboring district)
- ✓ 2019-20 Transportation allotment estimated at \$284 million, which compares favorably to the legislative estimate of \$460 million, because school buses stopped running when Texas schools closed due to COVID-19 in March 2020.



Transportation Funding Changes

Recapture No Longer Impacts District Entitlement

- Recapture is now local revenue in excess of entitlement instead of on a wealth per WADA basis
 - Districts are now guaranteed that recapture will not reduce revenue below their entitlement level
- Early Agreement Credit on recapture has been repealed
- ✓ Recapture for school year 2019-20 is reduced from \$3.82 billion under prior law to \$2.43 billion under HB 3 (36% reduction).*



**Reducing
Impact
of Recapture**

Formula Transition Grants

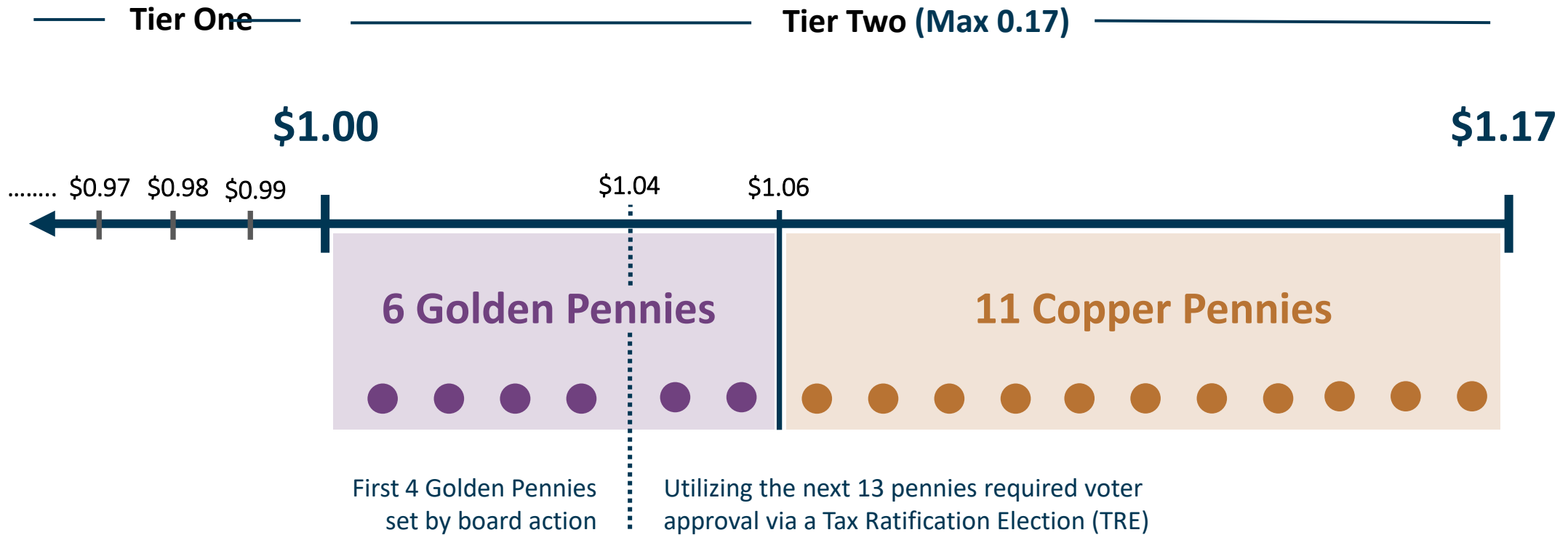


Formula Transition Grants

- School districts and open-enrollment charter schools are entitled to receive the lesser of 103% of the M&O funding they would have received under old law, or 128% of the state average M&O funding under old law
 - For school years ending in odd years (SY 2020-21, and SY 2022-23) school districts and charter schools receive the better of SY 2019-20 or SY 2020-21 under old law
 - Except for a small number of districts that received the 1992/93 hold harmless, no districts or open-enrollment charter schools lose funding relative to old law during SY 2019-20 or SY 2020-21
 - The formula transition grant (FTG) expires after five years (SY2023-24 is the last year).
-
- ✓ 284 LEAs received \$441 million in FTG for 2019-2020 school year. This is substantially higher than the \$41 million estimated during the legislative session due to unprecedented property value growth for Tax Year 2019.
 - ✓ Estimates for the 2020-21 school year currently show \$665 million for the FTG. This is also substantially higher than the estimate made at time of bill adoption.



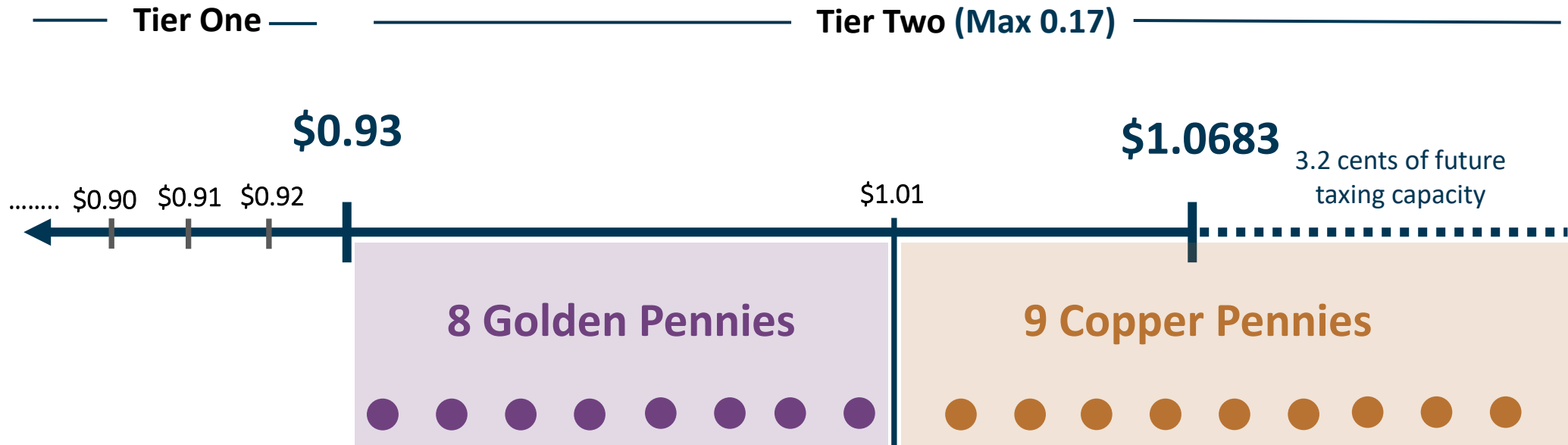
Prior Law





HB 3 Year One (FY2020)

1. Tier One max rate reduced by 7%
2. First two Copper Pennies become Golden Pennies
3. Remaining Copper Pennies are cut in ~ half
4. Rates in most cases cannot be raised for year 1



HB 3 Year Two: Max M&O Tax Rates Dropped to \$1.0864 (17 cents above state compression of \$0.9164)

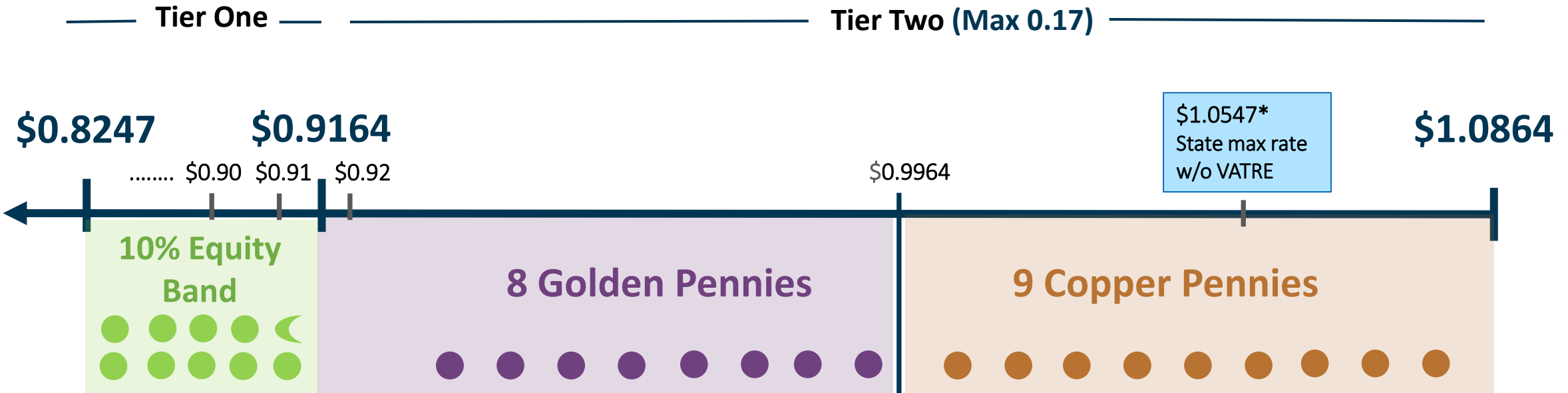


Unintended Consequence

(See slide 50, Unintended Consequence #4)

1. Tier One State Compression moved from \$0.93 to \$0.9164
2. Tier One minimum MCR established at \$0.8247
3. Each district now has their own maximum total rate.
4. All districts would need Voter Approval Ta Rate Election (VATRE) in order to exceed [MCR + \$0.1383].
5. *Tier One MCR of \$0.9164 + \$0.1383 = \$1.0547, which is the new state maximum M&O tax rate w/out VATRE).

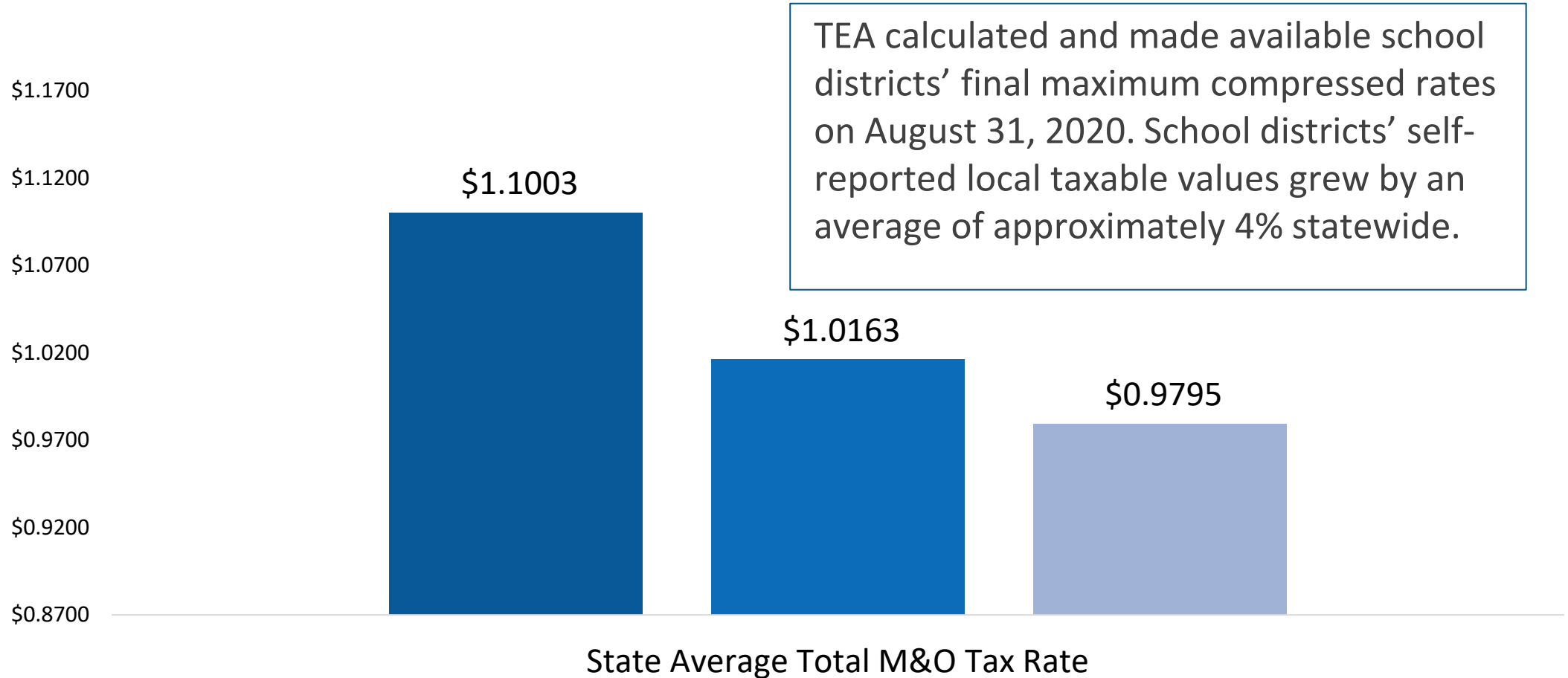
HB 3 Year Two (FY2021)



M&O tax rates are projected to continue to compress under HB 3 on average by up to an additional 3.7 cents in TY2020



■ 2018 Tax Year ■ 2019 Tax Year ■ 2020 Tax Year (Projected)



TEA calculated and made available school districts' final maximum compressed rates on August 31, 2020. School districts' self-reported local taxable values grew by an average of approximately 4% statewide.

*Projected 2020 tax rates do not include any additional tier two pennies obtained either through unanimous board vote or a voter approval election.



Tax Policy Changes

- Effective January 1, 2020, **Efficiency Audits** must take place before a district seeks voter approval for increasing tax rates. LBB establishes the guidelines for the audit. Districts must select the auditor **at least four months before** the scheduled tax increase election date;
 - Audit must be completed and posted on the district's website at least 30 days before the election
- ✓ TEA will know how many districts increased their Tier Two pennies in February 2021

Other HB 3 Initiatives

- Cost of Education Index:** TEA must enter into an MOU with IHE to study geographic education cost variations and transportation costs and submit to legislature by Dec. 1, 2020 (48.012) – Report due Dec 1 2020
- Assessment Readability Study:** Commissioner must enter into an MOU with IHE to conduct a readability study on each assessment instruments (39A.907) – 1) Sec. 2.036, Pg 224 - COMPLETED – Due Dec 1 2019

Unintended Consequences

HB 3 Unintended Consequences Update



1. PTECH and New Tech Funding



2. Formula Funding for Special Education for Open-Enrollment Charters



3. Regional Education Service Center Staff Supplement



4. Taxes

- a) Incorporating first year tax relief into ongoing tax compression
- b) Local property values used to calculate local compression
- c) Compressing taxes limited to the 90% differential

✓ Legislative action regarding these issues will ensure that the adjustments are addressed in statute.

HB 3 Testimony

Good morning, Chairman Taylor, members of the Senate Committee on Education, and all assembled today. I am Dr. Ricardo Lopez, proud Superintendent of the Garland Independent School District and president of TALAS- Texas Alliance of Latino Administrators and Superintendents. As you may know, Garland ISD serves the communities of Garland, Rowlett, and Sachse. Our family of three cities offers a community of diversity in all facets, including income, language, and background. Garland ISD ranks as the second-largest district in Dallas County, fifth-largest in Dallas-Fort Worth, 15th-largest in Texas, and is among the 77-largest in America. Over 70% of our Garland ISD students are economically disadvantaged. We serve a student population that mirrors that of Texas, with 54% Hispanic students.

Although HB 3 has had broad reach and significance, it is the student outcomes area I would like to address with the committee today, specifically the lasting impact sustained and full funding of HB3 initiatives will continue to have on the future of the great state of Texas, and our nation as a whole.

As you all know, House Bill 3 was a transformative and historic school finance bill; when ratified, everyone realized it was a visionary document that would positively impact education, little did we know that this document was so visionary that it would also save education from the unforeseen educational detriments of COVID-19. HB3 was a bold statement of our State's values and belief in the power of education: including retaining our highest performing teachers, investing in full-day Pre-K programs, prioritizing dyslexia identification and services, and emphasizing meeting College, Career, and Military Readiness (CCMR).

It all begins with the teacher. Compared to any other aspect of schooling, research studies such as meta analyses by [John Hattie](#) consistently show that effective teachers have the **greatest impact** on student achievement. Garland ISD has seen this in action through our highly successful ACE programs, where

schools went from low-performing to earning a high “B” in accountability within one year and were on track to earn an “A” last year. The key variable we changed was assigning the highest performing teachers and administrators to the two schools. The Teacher Incentive Allotment (TIA) gives such teachers the possibility of earning a six-figure salary. Continued full funding of HB3 and the TIA will retain within the profession what may well be our greatest national asset: the effective teacher.

HB3 also made Dyslexia a priority. Three years ago, Garland ISD began an aggressive identification program - knowing that we were under-identifying students - given that dyslexia affects 5-15% of the total population. In those three years, Garland ISD went from 1% to 5% identified students, and climbing to what we anticipate will reach 8%. Dyslexia accommodations have empowered students to pass STAAR for the first time. Dyslexia is cost-intensive for teacher training, yet rich in benefits and improved outcomes for students. Universal screening for all Texas students will further increase identification and services. Continued supplemental funding for dyslexia programs will remain a critical need for Texas school children for years to come.

HB3 was also a welcome affirmation for the Garland ISD community. Our Board of Trustees had already adopted a unifying goal of assuring that every student graduates prepared for college, careers, and life. As one aspect of this, our Board endorsed establishing both an Early College and PTECH at each of our seven high schools. As a result of this and other initiatives, Garland ISD CCMR rates dramatically increased to 70.9% for the class of 2019, and the class of 2020 is expected to meet if not surpass this, even with the spring school facility closures. The added funds connected to these initiatives are essential to the sustainability of our current models, and are critical to ensuring that every student in Texas has the same opportunity to leave high school ready to enter the military, the workforce, or college.

However, CCMR doesn't begin in high school, it starts with early childhood education. One of the most significant investments included within HB 3 is the

Early Childhood Reading Allotment, which has the potential to significantly improve our state's literacy rates by providing adequate funding for full-day pre-K programs or other interventions based on district need. [Studies](#) highlighted by ASCD have shown that pre-k education has an impact far beyond PK-12 academics, particularly for students who are economically disadvantaged, like a majority of students in Garland ISD. As adults, students who attend PK are more likely to have a high school diploma, be employed, and have higher earnings; they also tend to commit fewer crimes and are less likely to rely on welfare (Schweinhart et al, 2005; University of Minnesota, 2011).

In closing, I would like to express my appreciation to this committee for its advocacy on behalf of the students of Texas. The data I have shared today illustrate the impact HB3 initiatives have on student success. Thank you for extending me the opportunity to speak with you today, and to endorse the continuation of full HB3 funding to continue these crucial efforts. Together, we will continue to charge on for the future of Texas.



Equity Center

Advocating for the Fair Treatment
of Texas Taxpayers & Children

November 13, 2020

Chairman Taylor and members of the Senate Education Committee:

Thank you for the opportunity to testify before the committee on the charge of monitoring the implementation of House Bill 3.

The Equity Center represents over 600 school districts across the state of all sizes, wealth levels, and student demographics. Our goal is to ensure equity for every student and taxpayer in the state by adequately funding our education system, funding similar students at equitable levels regardless of the wealth of their school district, and ensuring that taxpayers within this statewide system are treated similarly.

Support HB 3

Our first priority this legislative session is to preserve the historic progress made in 2019 with House Bill 3. From the increase in the Basic Allotment, and the Compensatory Education Allotment, to the elimination of hold harmless provisions and the move to modernize funding by using current year property tax data, HB 3 made fundamental changes to the way students' education is funded that should not be walked back. Attached are slides that show the equity and efficiency gained in HB 3. Specifically, the first two slides display the arbitrary nature of the pre-HB 3 school finance system while the third slide shows how there is now a direct correlation between tax effort and revenue per WADA, which is how the system was designed to function.

Aside from the detrimental effects reductions in funding would have to crucial student programs that are necessary now more than ever, it should be noted that any disruption in funding would affect the mandatory salary increases that went into effect last school year. As it pertains to public education policy for the 87th legislative session, the Equity Center urges the legislature to preserve and fully fund House Bill 3.

Future Reforms

As expansive as House Bill 3 was in addressing the Maintenance and Operations side of the Foundation School Program, the state's participation in adequately, efficiently and equitably funding facilities for schools should become our next priority. With the creation of the Existing Debt Allotment and Instructional Facilities Allotment programs in the late 1990s, the state correctly identified the need to equalize facilities funding across the state. When these programs were created, 91 percent of students were in districts that were eligible to receive state assistance to make bonded debt payments. Because guaranteed yield levels have been largely stagnant since the programs were created, actual state dollars allocated to I&S equalization are less now than when the programs were created, and the percentage of students in districts receiving state assistance is down to nearly 25 percent.

In HB 3 the legislature acknowledged the need for additional funding to accommodate growth within the public education system with the creation of the Fast Growth Allotment. An even larger measure of the cost of that growth is the cost of building new facilities. Restructuring how we fund state assistance for school facilities is the next major funding that needs to be addressed.

Additionally, it should be noted that every dollar of increased state funding for I&S results in a dollar for dollar decrease in local I&S property taxes.

Changes to the way the Small and Mid-size Allotments affect qualifying districts' funding did not take into account Career and Technology student populations, as it was originally designed to do. We recommend extending the Small and Mid-size Allotments to include CTE student counts.

Moving to the use of current year property values in our calculation of the Foundation School Program formulas was a tremendous efficiency/equity gain for HB 3. However, we maintained the calculation of a local fund assignment which causes our funding system to use local property values as essentially a proxy for actual local property tax collections. Because local collection rates vary from year to year, and state aid is based on local values rather than their collections, a district's funding level can often be less than what formulas call for. We recommend transitioning to the use of current year collections so that the state can ensure that each district is delivered its full HB 3 formula funding amount.

If any lesson comes from the Texas Commission on Public School Finance and subsequent HB 3 process, it is that we should not allow the components of our school finance system to become outdated and inefficient. The state should regularly evaluate and update weights and allotments as necessary to achieve the educational goals that have been established.

Federal Funds

Our legislative agenda and what we believe is possible through the biennial budget building process certainly is not reliant upon the possibility of additional federal stimulus funds; however, we think that there is a strong possibility that Congress will begin deliberations over a second stimulus package in the coming months. In the instance that additional stimulus dollars do become available, we would urge the legislature to look at allocating at least a portion of these funds to cover the following areas of unforeseeable costs incurred by local districts as a result of the complications encountered as the result of COVID-19.

To the extent possible, fully fund the projected FY 21 funding models for school districts for the remainder of the 2020-21 school year to avoid financially harming local school districts.

Additionally, many districts are experiencing additional transportation costs as bus ridership numbers are curtailed to avoid crowded conditions and supply school lunches to students that choose to receive virtual instruction instead of in school instruction. As resources become available, they should be used to offset these additional costs to school transportation programs.

Additional Issues

Clearly, the Comptroller has not issued the 2022-23 Biennial Revenue Estimate; however, based on trends in state revenue we remain confident that the state will have the ability to fully fund our public education institutions over the next two years.

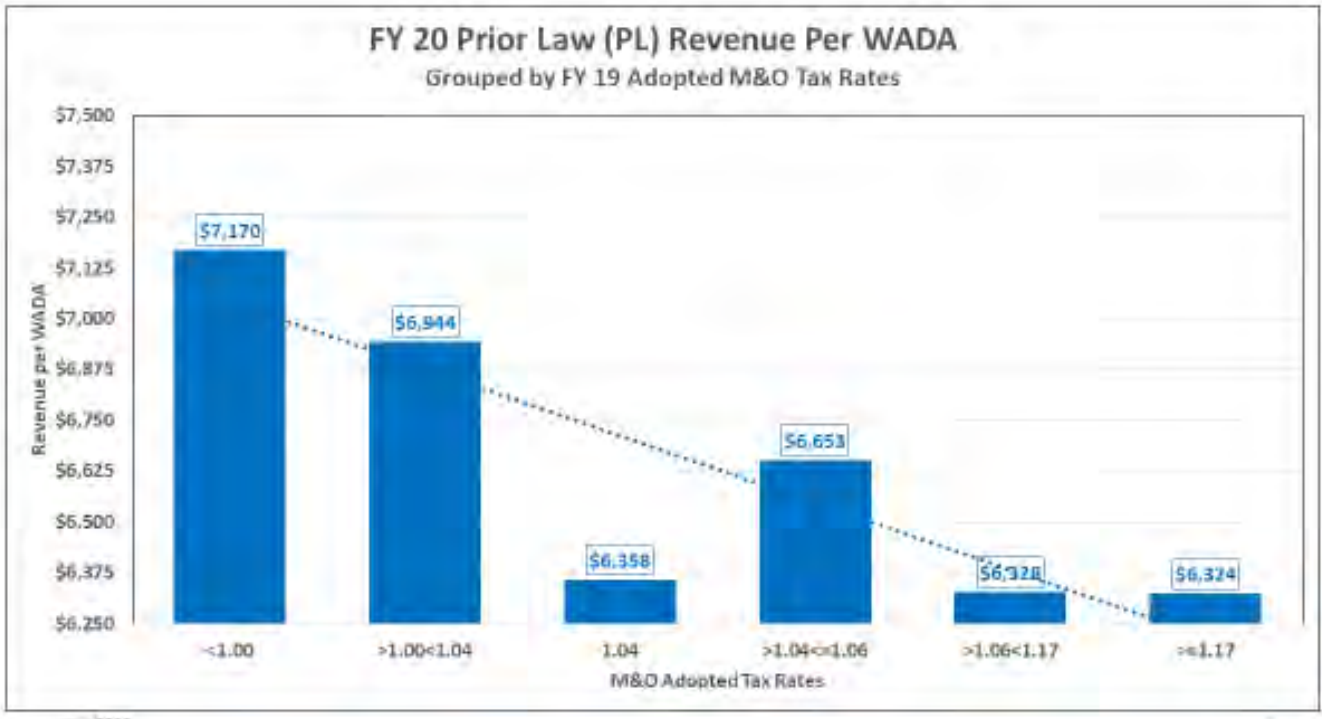
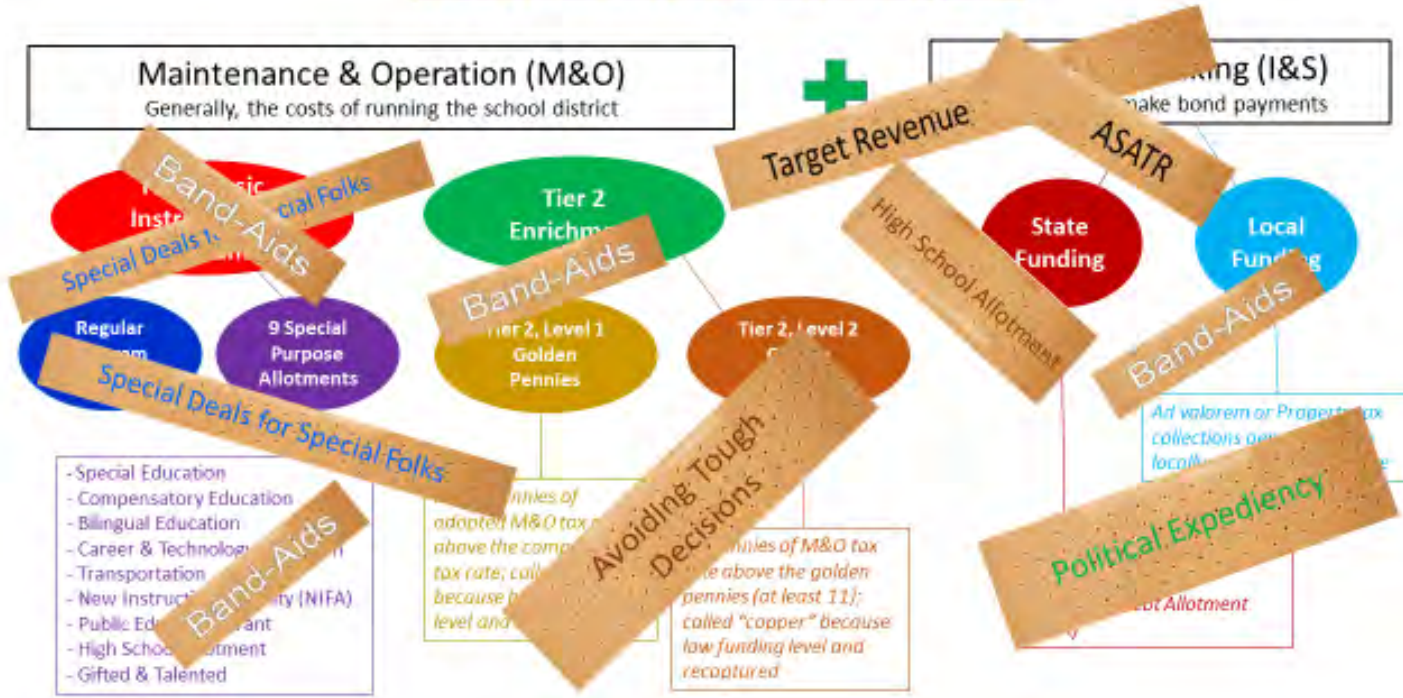
In 2011 during legislative deliberations on how to balance the state budget, suggestions were made that school districts should be required to utilize their local fund balances to offset reductions in state revenue. What can appear to be low hanging fruit, is actually a crucial aspect of local school district operations. There are a number of reasons why school boards and administrators work to build sufficient general fund balances, including: being financially prudent, managing cash flows, maintaining facilities, and even constructing new facilities to offset what would otherwise be a tax increase to cover I&S costs. We recommend that the legislature continue to allow school districts the discretion to maintain or expend local fund balances as they determine is prudent locally.

Josh Sanderson

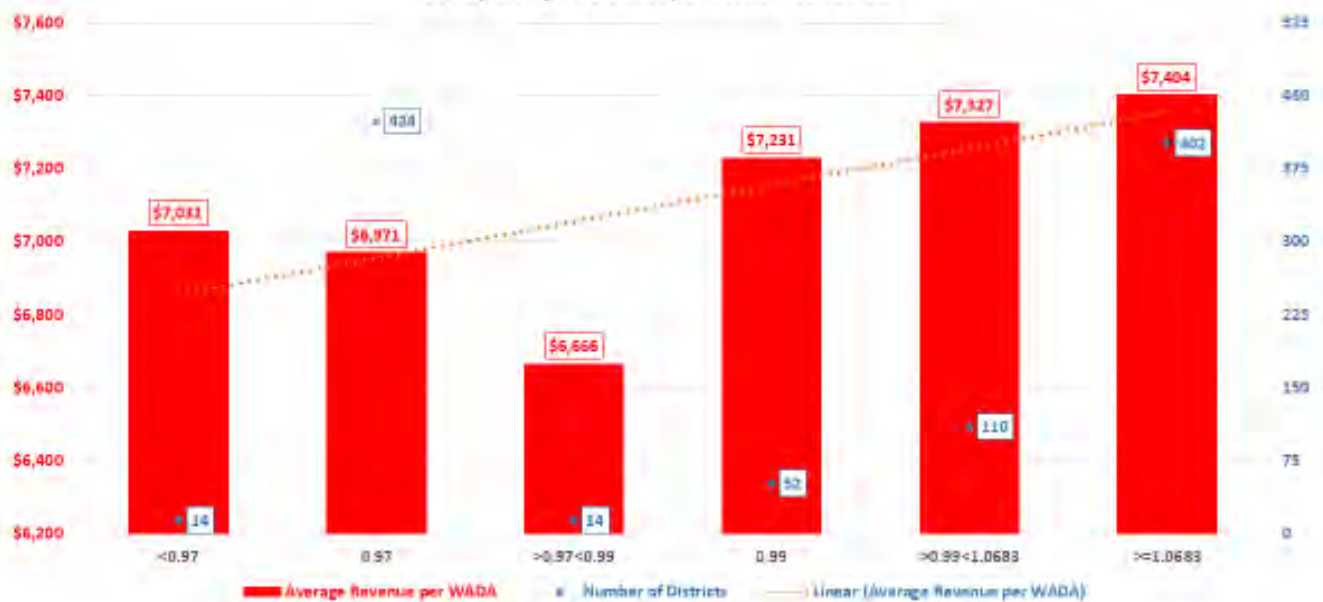
Deputy Executive Director

Equity Center

The Foundation School Program



FY 20 Current Law (HB 3) Revenue Per WADA Grouped by FY 20 Adopted M&O Tax Rates

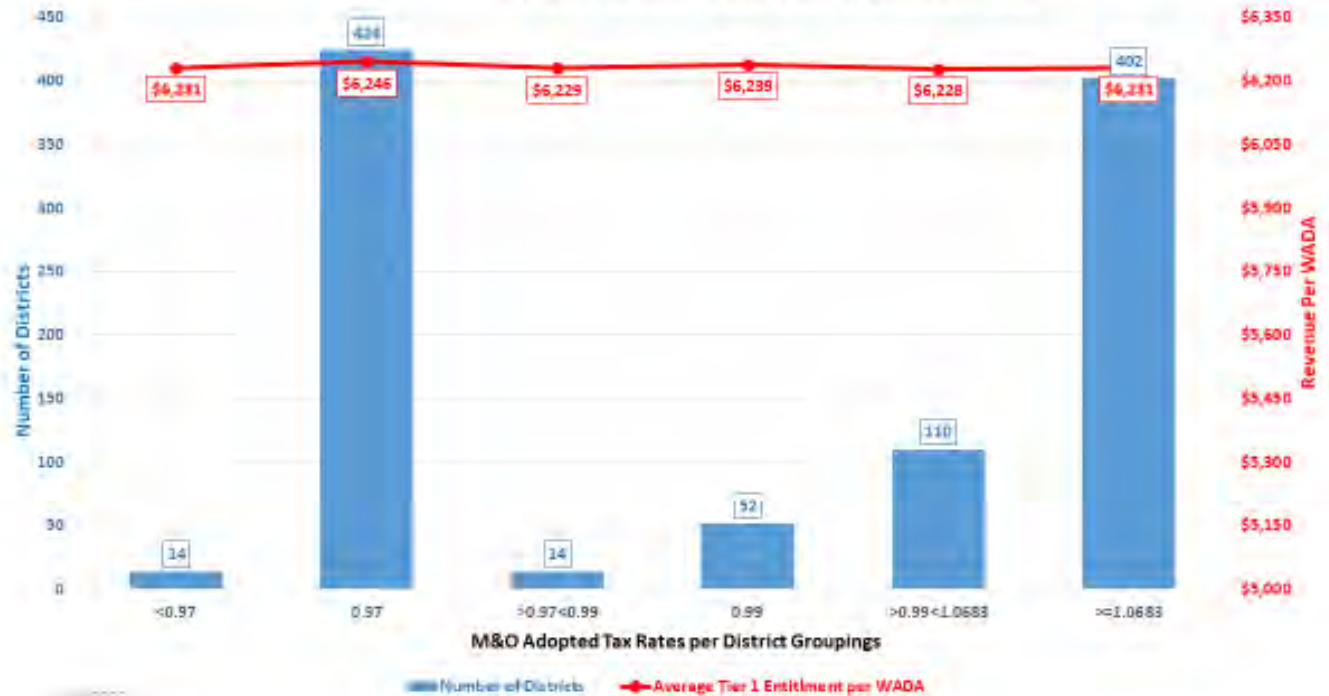


Efficiency/Equity Gains of HB3

- **HB 3's Single Most Important Improvement for Equity & Efficiency over Old Law—**
 - **HB 3 Established a Tier 1* funding system based upon the educational needs of children, not the property wealth of the child's zip code.**

* (Tier 1 is the portion of the Foundation School Program that is supposed to "efficiently" provide for the Constitutionally required "general diffusion of knowledge".)

FY 20 Current Law Tier 1 Entitlement



Efficiency/Equity Gains of HB3

- Basic Allotment increased from \$5,140 to \$6,160
- Funding formulas moved to a Single Chapter, placing all school districts on formula funding, regardless of wealth
- Funding formulas changed to base calculations on Current Year Values, moving an additional \$3.6 Billion into the Equalized Funding System
- ASF Per Capita included as first funding for all districts, ensuring all districts, regardless of wealth, receive Per Capita funding the same way
- Requires all districts to adopt tax rates equal to their New Compressed Rates in order to earn Full Entitlement in Tier 1
- Eliminates the Equalized Wealth Level and puts all districts in the same Formula Funding System
- Forces all districts to tax at full New Compressed Rates before they can access any Tier 2 Golden or Copper Pennies
- Infused nearly \$24 billion into public education funding (\$11.6 & \$12.2 billion respectively, in new and efficiency repurposed funding.)
- Eliminated old system inefficiencies—High School Allotment, Staff Allotment, GT Allotment, Equalized Wealth Level, use of Prior Year Property Values, 4% bonus for Early Agreement Credits...
- Put the 1993 Wealth Hold-Harmless (26 years old) on a 5-year Phase Out to elimination
- Placed Disaster Relief in Chapter 48 so that it impacts all districts uniformly
- Changes "Recapture" to Local Revenue in Excess of Entitlement, simplifying the calculation and increasing equity

Efficiency/Equity Gains of HB3

- The Two Most Important Factors to Remember when Considering How to Efficiently Finance our Public Schools
 1. Providing for a “general diffusion of knowledge” must be addressed regardless of the property wealth of the zip code of the child’s place of residence.
 2. Providing for a “general diffusion of knowledge” requires us to recognize and adapt the system to adjust for the abilities, background and needs of each child.