

MCA Consultant's Update

January 2019



Texas Commission on School Finance

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- Themes of Commission:
 - State share v. Local share
 - Does the system require additional investment on top of enrollment growth?
 - Proven outcomes and how to replicate them, including teacher compensation, early college high schools, and dual language programs
 - Property tax relief v. school finance reform
 - Redirecting funds towards the students that need them the most

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- Final Report, 35 recommendations focused on:
 - Creation of rebalancing state and local shares
 - Reallocating outdated or inefficient formula elements
 - Increasing the equity of the system to invest in underperforming and disadvantaged students
 - Reducing the growth rate of property taxes and the reliance on recapture
 - Encouraging adoption of best practices

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- Highlights of the recommendations
 - Eliminate CEI, chapter 41 hold harmless recapture reduction, chapter 41 early agreement credit, gifted and talented allotment, and high school allotment
 - Move from use of prior year to current year values
 - Add low-income/ELL K-3 weight, 3rd grade reading incentive and CCMR outcomes funding, effective educator allotment, dyslexia allotment, extended-year incentive program, and fast-growth allotment

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- Specific recommendations, cont'd:
 - Changes to transportation, NIFA, and CTE funding
 - Changes to basic allotment, Tier II yields
 - 3 proposals to slow property tax and recapture growth
 - TTARA plan: recapture funded tax compression
 - Governor's Plan: Comprehensive property tax and recapture reform
 - Share recapture plan: recapture dollars shared between school districts, taxpayers and the state

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- Gaps in specificity
 - Tier II copper penny yield increases depend on an unspecified dollar amount for the basic allotment
 - Tier II golden penny yield set to a new percentage of an unspecified basic allotment
 - No data on attendance for bilingual education
 - Unclear how the range of new compensatory education weights would be established
 - Small/mid-size allotment (in place of the current adjustment) is supposed to be revenue neutral. How is that achieved?

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- Gaps in specificity
 - Recommendation to equitably distribute ASF funds. How will that be achieved and how will that effect the determination of recapture?
 - How many schools will opt into the effective educator compensation program? How will that effect the distribution of the proposed \$100 M initial funding?
 - No clear adoption of a property tax relief plan

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- No bill reflecting these recommendations so far
- How will the State fund these changes?
 - Additional sales tax revenue growth
 - Redirect portion of sales taxes currently channeled to ESF
 - Expand sales tax base
 - BRE projection: 8.1% increase in GR-R from 2018-19
 - Supplemental appropriations will take away from this revenue increase

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BIENNIAL REVENUE ESTIMATE

A CLOSER LOOK

The Texas Comptroller provides the Biennial Revenue Estimate (BRE) at the beginning of every regular legislative session. The estimate outlines how much state revenue is available for lawmakers to spend on programs for Texans through the 2020-21 biennium.

Revenue Available for General Purpose Spending

	2018-19	2020-21
General Revenue-Related (GRR) Tax Collections	\$99.27	\$107.32
Other GRR Revenue	\$14.55	\$14.16
Total GRR Revenue	\$113.82	\$121.48
Beginning Balance	\$1.94	\$4.18
Total GRR Revenue & Fund Balances	\$115.77	\$125.67
Revenue Reserved for Transfers to the Economic Stabilization and State Highway Funds	\$5.57	\$6.34
Amount Needed for Transfer to the Texas Tomorrow Fund*	\$0.00	\$0.21
Total Revenue Available for General Purpose Spending	\$110.20	\$119.12

General Revenue-Related Revenue

STATE TAX REVENUE

Sales Taxes

Motor Vehicle Sales & Rental Taxes

Oil Production Tax

Franchise Tax

Natural Gas Production Tax

Motor Fuel Taxes

All Other State Taxes

OTHER REVENUE

Fees, Investments & Other Non-Tax Revenue

Annual Sales Tax Collections / All Funds

Percent Change

Average Annual Change

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86th Legislature

- BRE
 - \$119.1 billion general revenue available
 - 8.1% increase from the 2018-19 biennium
 - \$4 billion likely needed for supplemental appropriations

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86th Legislature

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- HJR 24 / HB 462 by Geren
 - Comptroller certification of appropriations bill withheld if state does not appropriate enough to cover 50% of the cost of public education
 - Imposes a duty on the Legislature to set the basic allotment and guaranteed yield to accomplish that

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86th Legislature

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- HB 89 by Gonzalez / SB 136 by Rodriguez
 - Sets the basic allotment for 2019-20 to \$5,440, and \$5,840 for 2020-21
 - Adds a minimum inflation adjustment of 1% or the CPI, whichever is greater
 - Raises the compensatory education and bilingual education allotment weights to 0.25, and limits indirect cost for those allotments to a maximum of 25%
 - Repeals the public education grant and the high school allotment
 - Indexes the "golden penny" yield to the greater of the 95th percentile of wealth per weighted student or the Austin Yield
 - Indexes the "copper penny" yield to the basic allotment yield
 - Removes the available school fund distribution from the financing of Tier 1, and changes the basis of the distribution to weighted ADA
 - Calls for TEA to perform another comprehensive review of weights, allotments, and adjustments, and to study the impact of legislation on the fiscal neutrality of the finance system

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86th Legislature

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- HB 664 by King
 - As filed, this bill limits recapture to 60% of the district's tax collections in a given year
 - The bill takes effect September 1, 2019

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86th Legislature

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- HB 665 by King
 - Changes the property values used in the calculation of local shares of FSP allotments to current tax year values as determined by the Comptroller's value study
 - The bill takes effect September 1, 2019

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84th Legislature

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- HB 1759 by Aycock
 - Increased basic allotment (from \$5,040 to \$5,888)
 - Elimination of Cost of Education Index (CEI), transportation allotment, H.S. allotment, \$500/\$250 staff allotment
 - Elimination of 1992-93 Chapter 41 hold harmless
 - Phase-out of the mid-size adjustment over 15 years (25% reduction the first year)
 - Small district adjustment applied to only a portion of the basic allotment
 - Two year hold harmless for districts that fall below current law revenue, as of January 1, 2015
 - No changes to special program weights
 - About \$3 B in additional funding over 2 years

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85th Legislature

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- HB 21 by Huberty, as passed by the House
 - Eliminate transportation allotment, H. S. allotment, and staff salary allotment
 - Eliminates the Chapter 41 1992-93 revenue level hold harmless
 - Weight of 0.10 students with dyslexia or related disorders
 - Increases the bilingual weight from 0.10 to 0.11
 - Includes "technology applications" courses and eight grade CTE courses in those eligible for the CTE weight
 - Financial hardship transition program to offset losses from features of the bill or the end of ASATR
 - Six year phase-in that would eliminate the distinction in the small school district adjustment within the Foundation School Program
 - Increase the Basic Allotment from \$5,140 to \$5,350 in the appropriations bill
 - About \$3.3 B in new funding, a large portion from Austin yield increase

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85th Legislature

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- HB 21 as passed by the Senate
 - Education Savings Accounts added to House version
 - Charter school facilities funding and bond guarantee amendments
 - Autism grants
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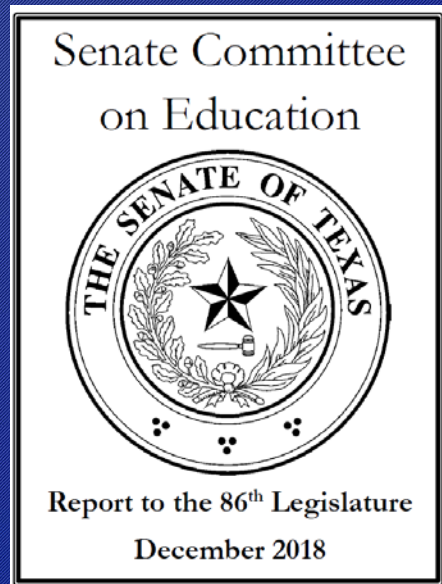
85th Legislature, 1st Called Session

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- HB 21 as passed
 - Charter facilities funding
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Hurricane Harvey

- Legislation to support Mental Health initiatives in impacted districts
- Legislation/Rule to include School Officials into Disaster Planning
- Make additional Revenue available to ESCs and Districts in the impacted area

Teacher Compensation

- Opportunities for districts to receive state funding for strategies to put best teachers in schools/classrooms with most need
- Legislation to ensure Teacher Preparation and Certification programs are rigorous and produce quality teachers
- Legislation to explore and define classroom supports necessary for teacher success

Mandate Relief and Innovation

- Create a new definition of Homeless in Ed Code Chapter 5.
- Let SBEC collect Teacher Perseverance instead of TRS
- Repeal auto-injection reporting (EPIPEN)
- Repeal outdated list of SBOE Authority
- Exempt schools from definition of “Governmental Entity” in Gov’t Code 2265.001(a). Reports on metered electricity, water, natural gas
- Repeal outdated list of duties for SBEC
- Repeal Health and Safety Code 114.002 and 114.005 (Interagency Obesity Council and Dept. of Agriculture ineffective programs)

Mandate Relief and Innovation

- Repeal TX Ed Code 7.009 – Best Practices Clearinghouse
- Repeal TX Ed Code 39.233 – High School Allotment
- Repeal TX Ed Code 44.903 – light bulbs
- Repeal TX Ed Code 31.103(b) – requisition textbooks by June 30
- Repeal TX Ed Code 39.401-07, 39.411, 39.415 High School Completion and Success Council (dormant since 2008)
- Repeal TX Ed Code 45.208(e) – local depository contract reporting
- Repeal TX Ed Code 29.007 – Commissioner approval shared services contracts

Mandate Relief and Innovation

- Repeal TX Ed Code – 38.0081 Steroid Information
- Repeal TX Ed Code – 38.101-103 – Fitness Gram Reporting
- Require UIL to develop extracurricular activity safety training
- Require notice of TEC 12.1101 to Superintendent also and extend time from 4-6 months to 18 months for new charter applications.
- Consolidate language in TEC 21.410-13 to provide grant flexibility for Master Teacher Certificate
- Repeal 21.0453 and 21.044(g) and enact all new reporting provisions for Educator Prep Programs

Classroom Conduct

- Legislation to promote most effective disciplinary methods in the classroom
- Clarify the role of on campus law enforcement
- Monitor and measure Research Based Program Implementation.
- Explore additional metrics to report in PEIMS for discipline.

High Quality Education Programs

- Grants to expand ACE programs across state
- Incentivize Innovation Models that offer choice to parents
- Additional Resources to Open Enrollment Public Schools that are nearing seat capacity
- Explore Partnerships under SB 1882 to include ACE like programs.

Virtual Education in the 21st Century

- Explore legislation to update funding models for students enrolled in online courses
- Review requirements that a student be enrolled in a public school for one year prior to enrolling in TX Virtual School Network
- Explore alternatives to Course Mastery in all areas

Dual Credit

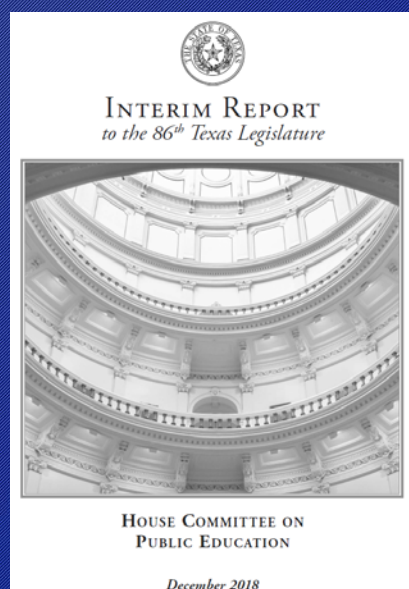
Authorize a study to determine cost of dual credit to institutions of Higher Education, Local ISDs, parents and students.

Legislation to require student to file a degree plan after 15 Hours.

Study and Evaluate whether Dual Credit CTE courses are aligned with Workforce Certification Pathways.

Monitoring Charges

- 7A E-rate – continue to monitor progress in connecting all Texas classrooms
- 7B Improper Relationships and P-TECH
 - Legislation to create a “Do Not Hire” registry
 - Clarify duty to report when investigation show no inappropriate conduct
 - Clarify when a resignation puts someone on the “Do Not Hire” list
 - Monitor SB 22
- 7C Prohibition of Monitoring Indicator based solely on percentage in SPED
 - Monitor speed of implementation of TEA Corrective Action Plan



Hurricane Harvey

- Provide funding to make LEAs whole for financial losses (property values, values, facility repair and replacement)
- Explore statutory changes to help LEAs quickly assess and replace Instructional Materials
- Explore statutory changes to Chapter 42 districts to provide timely assistance with facility damage repair
- Develop legislation to improve the dropout calculation methodology used by TEA

Teacher Compensation

- Consider creating an additional certification in teacher leadership to provide upward career path to keep teachers in classroom
- Create a new FSP allotment to provide funding for LEAs to implement differentiated compensation plans. Locally developed but include:
 - Multiple measure system such as T-TESS
 - Incentivize best teachers to work at highest need schools.
 - Require Top Performing Teachers to serve as mentors (all 1st & 2nd year teachers).
 - Stipends for teachers that participate in additional rigorous training (clinical residency programs or National Board Certification)
- Funding mentoring programs and establishing eligibility criteria

Student Assessment

- Monitor and support SBOE effort to streamline TEKS
- Consider limiting STAAR to readiness standards while maintaining supporting standards
- Remove sunset provision on IGCs
- Consider limiting assessment to those required in Federal Law and eliminate high stakes testing for elementary and middle school
- Consider allowing TEA flexibility to split STAAR tests for earlier grades so they could be administered within normal class periods
- Provide additional funding to continue Writing Assessment Pilot Program to find a program that can be scaled statewide

Students with Disabilities

- Continue to Monitor TEA implementation of CAR and Strategic Plan
- Provide additional funding for improve identification of students with dyslexia and to provide additional training
- Work with TEA and HHSC to determine if recent SHARS changes will impact students, families or LEA's SPED Funding.
- Consider extension of funding for HB 21 pilot programs for students with autism and/or dyslexia

Charter Schools

- Should require at least 12 months notice for opening new campuses
- Ensure same district officials receive all notifications of expansion.
- Should reconsider statutory provisions that allow charters to exclude students based on disciplinary history
- Ensure charters know their roles and responsibilities for students with disabilities and have ability to fulfill role before authorization.
- Explore options to reduce funding disparities between charters and districts
- Consider expanding the Texas Partnership

Implementation of Legislation: HB 22 & SB 179

- Monitor implementation of HB 22 regarding the inclusion of a local accountability system
- Consider legislation that re-visits certain CCMR indicators to assure equality between small, rural LEAs and those with additional resources
- Work with TEA and stakeholders to explore options to alleviate timing issues with regard to accountability system and rule making
- Include funding for the State implementation of the federal requirement for certain students to take SAT or ACT in high school
- Monitor implementation of SB 179 to ensure students, public school staff and parents are informed of changes made by the legislature

Educator Preparation Programs

- Monitor TEA's implementation of EPP data dashboard
- Work with TEA to facilitate collection of disaggregated longitudinal data on student outcomes of teachers by EPP
- Consider incentivizing EPP Partnerships that provide teachers and paraprofessionals affordable options to gain additional credentials and certifications

School Safety

- Mental Health and Well Being
 - Require SBOE to include character education in TEKS
 - Consider ways to encourage LEAs to adopt trauma informed, PBIS, and restorative discipline practices
 - SBOE should modify Health Education TEKS to increase focus on Mental Health
 - Require all school personnel to participate in MHFA training
 - Ensure LEAs in rural areas have financial resources to participate in TWITR or other programs
 - Encourage LEAs to work with providers (CIS) to increase mental health services
 - Establish a statewide resource on student mental health and well - being to create ESC resources and best practices clearinghouse

School Safety

- Mental Health Professionals
 - Provide additional financial resources for LEAs to increase the number of school mental health professionals
 - In collaboration with HHSC and LMHAs, the ESCs should establish mental health crisis intervention teams

School Safety

- Planning and Training
 - Should provide the TSSC with additional resources for oversight and audit purposes
 - Ensure confidentiality for school safety certification system.
 - Require TSSC to recommend parties for SSSCs
 - Authorize TEA to collect information regarding the type frequency of training related to school safety provided by LEAs
 - CJD should continue to support additional training opportunities for school personnel
 - Require EOPs to include training and drills geared to improving parental notification response times

School Safety

- Infrastructure
 - Provide TSSC with resources to conduct a communications interoperability study
 - Planning for safety retrofits should center around available research
 - If resources are allotted it should be on actual need for safety improvements and LEA financial need
 - Allow any possible resources to be used in a flexible manner

School Safety

- Law Enforcement Resources
 - Consideration given to overwhelming testimony regarding benefits of increased law enforcement officers
 - Consider giving small districts option to create joint police departments
 - Require LEAs to adopt policies that prohibit law enforcement officers from being involved in student discipline.
 - LEAs should have decision making authority in any app or program used for reporting purposes

School Safety

- Charter School Specific Issues
 - Ensure statutory provisions related to school safety apply equally to charters
 - Clarify the security personnel options that are available to charters



**Let the
Fun Begin!**



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Lynn M. Moak

Dee Carney

Terry Faucheux

Buck Gilcrease, Ed.D.

Chris Grammer

John Grey

Catherine Knepp

Kathy Mathias

Joe Wisnoski

Associates

Daniel T. Casey

Partners

Thomas V. Alvis, Ph. D.

Larry Groppel, Ed. D.

Alicia Thomas, Ph. D.

Mary McKeown-Moak, Ph. D.

Consultants

Susan Moak

Kari Ruehman

Administrative Staff

400 West 15th Street, Suite 1410, Austin, Texas 78701-1648

Ph. (512) 485-7878 Fax (512) 485-7888

www.moakcasey.com

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