

# 2019 Texas School Finance Plan

Updated May 25, 2019

Provisions	House Version of HB 3	Senate Version of HB 3	Conference Committee Report for HB 3
<b>Basic Allotment</b>	Increases the current \$5,140 basic allotment to <b>\$6,030</b> . Requires districts to use 25% of basic allotment increase on salary and wage increases for full-time employees other than administrators.	Increases the current \$5,140 basic allotment to <b>\$5,880</b> .	Increases the current \$5,140 basic allotment to <b>\$6,160</b> . Requires districts to use 30% of revenue gain for compensation increases for full-time employees other than administrators.
<b>Full-Day Pre-Kindergarten</b>	<p>Requires districts to provide full-day pre-K to eligible 4-year-old students but they may seek a waiver to the requirement for up to six years if seat availability is an issue.</p> <p>Provides sufficient funding for full-day pre-K through the Early Education Allotment. Weight for each economically disadvantaged and/or Limited English Proficiency student in K-3 is 0.1.</p>	<p>Requires districts to provide full-day pre-K to eligible 4-year-old students but they may seek a waiver to the requirement for up to six years if seat availability is an issue.</p> <p>Provides sufficient funding for full-day pre-K through the Early Education Allotment. Weight for each economically disadvantaged and/or Limited English Proficiency student in K-3 is 0.1.</p> <p>A child of an educator employed by a school district is eligible for enrollment in pre-K.</p>	<p>Requires districts to provide full-day pre-K to eligible 4-year-old students but they may seek a waiver to the requirement for up to six years if seat availability is an issue.</p> <p>Provides sufficient funding for full-day pre-K through the Early Education Allotment. Weight for each economically disadvantaged and/or Limited English Proficiency student in K-3 is 0.1.</p>
<b>Teacher Compensation, Incentives, and ACE Programs</b>	<p>25% of the basic allotment increase must be used to provide a salary or wage increase for full-time district employees other than administrators.</p> <p>Creates an Educator Effectiveness Allotment of 0.012 for each student at a campus in the highest-need census block or any rural district campus. The allotment could be used to incentivize teachers to move to those high-need schools or to other areas of critical shortage. Districts must use a process to identify effective teachers.</p>	<p>\$5,000 across-the-board pay raise for teachers and librarians in addition to what they would have earned under the 2018-19 salary schedule. Also provides additional funding to cover benefit increases.</p> <p>Creates a Teacher Incentive Allotment to provide additional salary increases to educators based on an evaluation of the effectiveness of the educator. Provides an additional increase for those in high-needs or rural districts. A district must submit a request to the Commissioner for state funding. Student</p>	<p>Requires districts to use 30% of revenue gain for compensation increases for full-time employees other than administrators. Of this amount, 75% must be used for full-time teachers, counselors, nurses, and librarians, prioritizing differentiated compensation for classroom teachers with more than five years of experience. The other 25% of the gain may be used for increased compensation paid to full-time district employees.</p> <p>Creates a Teacher Incentive Allotment for high-needs or rural school campuses. Allotment is</p>

		<p>performance can only comprise 35% of a teacher's evaluation. Requires 90% of the allotment to be spent on the campus where the teacher is employed.</p> <p>Creates an Accelerated Campus Excellence Allotment for IR campuses. Adds an additional 0.15 to the basic allotment for students in qualifying schools.</p> <p>Creates a mentor teacher allotment. Creates an interim study on equitable teacher compensation focused on differentiated pay based on teacher performance.</p>	<p>based on an evaluation of the effectiveness of the educator. Requires 90% of the allotment to be spent on the campus where the teacher is employed.</p> <p>Creates a Local Optional Teacher Designation System in which a school may designate a certified teacher as exemplary, master, or recognized. Commissioner to develop standards, with Texas Tech to monitor quality and fairness. Commissioner may not require a district to use STAAR to evaluate teacher performance.</p> <p>Creates a mentor program allotment. The commissioner shall adopt a formula to determine the amount awarded to each district.</p>
<p><b>Tax Rate Compression and Tax Relief</b></p>	<p>Provides \$2.7 billion in uniform tax rate reduction for the biennium, <b>\$0.04</b> compression on Tier I Maintenance and Operations (M&amp;O) tax rate (\$0.96 from \$1.00) and additional tax rate compression in copper penny tier due to increase in yield.</p>	<p>Provides uniform tax relief for the biennium, <b>\$0.10</b> compression on Tier 1 M&amp;O (\$0.90 from \$1.00) and additional tax rate compression in copper penny tier due to increase in yield.</p> <p>A separate provision creates an additional automatic tax rate buy-down based on local school district property value growth, a <b>2.5%</b> tax collections cap, with provisions to adjust for inflation. Tax relief using this provision is on a district-by-district basis and not uniform. The tax rate reduction creates an ongoing cost to the state.</p> <p>Creates the Tax Reduction and Excellence in Education Fund (TREE) for tax relief. Uses an estimated \$2.3 billion from a severance tax revenue diversion (SJR 77), \$300 million in sales tax revenue from the Wayfair court decision (HB 1525), and additional Available School Fund revenue (HJR 151).</p>	<p>Provides uniform tax relief for the biennium, <b>\$0.07</b> compression on Tier 1 M&amp;O (\$0.93 from \$1.00) and additional tax rate compression in the copper penny tier due to increase in yield.</p> <p>A separate provision creates an additional automatic tax rate buy-down based on local school district property value growth beginning the second year of the biennium, a <b>2.5%</b> tax collections cap. Tax relief using this provision can be on a district-by-district basis and not uniform. Districts can have no greater than a 10% difference in compressed tax rates. The tax rate reduction creates an ongoing cost to the state. The LBB shall conduct a study on district tax rate compression, including potential revenue sources to reduce M&amp;O taxes.</p> <p>Creates the Tax Reduction and Excellence in Education Fund (TREE) for tax relief and Tier I allotment costs. Uses \$300 million in sales tax revenue from the Wayfair court decision and additional Available School Fund revenue.</p> <p>Prohibits school districts from increasing M&amp;O rates to create surplus to pay off I&amp;S.</p>

<p><b>Golden and Copper Pennies</b></p>	<p>No longer links golden penny yield to the Austin ISD wealth level. Yield is greater of a school district at the 96th percentile of wealth per Weighted Average Daily Attendance (WADA) or 160% of basic allotment (\$96.48.) Allows for 8 golden pennies. Prevents districts with a 2019 rollback rate greater than \$1.04 from having a Tax Rate Election in 2019 unless a district adopted a strategic plan prior to January 1, 2019.</p> <p>Increases the copper penny yield from \$31.95 to 80% of the basic allotment (\$48.24).</p>	<p>No longer links the golden penny yield to the Austin ISD wealth level. Yield is 160% of the basic allotment (\$94.48.) Allows for 6 golden pennies. Prevents districts with a 2019 rollback rate greater than \$1.04 from having TRE in 2019.</p> <p>Increases the copper penny yield from \$31.95 to 80% of the basic allotment (\$47.04).</p>	<p>No longer links golden penny yield to the Austin ISD wealth level. Yield is greater of a school district at the 96th percentile of wealth per Weighted Average Daily Attendance (WADA) or 160% of basic allotment (\$98.56) Allows for 8 golden pennies. Prevents districts with a 2019 rollback rate greater than \$1.04 from having a Tax Rate Election in 2019 unless a district adopted a strategic plan prior to January 1, 2019.</p> <p>Increases the copper penny yield from \$31.95 to 80% of the basic allotment (\$49.28).</p>
<p><b>Recapture</b></p>	<p>The increase in the basic allotment and other formula changes will mitigate recapture by an estimated <b>\$3 billion</b> over the next biennium. Allows districts to pay the recapture amount owed to the state in one payment no later than August 15.</p>	<p>The increase in the basic allotment and other formula changes, including the teacher pay raise, will mitigate recapture by approximately <b>\$3 billion</b> over the next biennium. Allows districts to pay the recapture amount owed to the state in one payment no later than August 15.</p>	<p>The increase in the basic allotment and other formula changes will mitigate recapture by approximately <b>\$3.6 billion</b> over the next biennium. Allows districts to pay the recapture amount owed to the state in one payment no later than August 15.</p>
<p><b>Compensatory Education Allotment</b></p>	<p>Directs the Commissioner to create an index for a compensatory education allotment based on census block. The index must contain five tiers categorized according to the relative severity of economically-disadvantaged students. Weights range from 0.225 to 0.275. Creates a Compensatory Education Allotment Committee.</p>	<p>Directs the Commissioner to create an index for a compensatory education allotment based on census block groups. The index must contain five tiers categorized according to the relative severity of economically-disadvantaged students. Weights range from 0.225 to 0.275. Requires 90% of the allotment to be spent on the campus where funding is earned.</p>	<p>Directs the Commissioner to create an index for a compensatory education allotment based on census block groups. The index must contain five tiers categorized according to the relative severity of economically-disadvantaged students. Weights range from 0.225 to 0.275. Creates a Compensatory Education Allotment Committee.</p>
<p><b>Test-Based Funding</b></p>	<p>No test-based funding provisions in the final version passed by the House.</p>	<p>Creates a Third-Grade Language Arts Outcomes Bonus that funds third graders who meet grade-level on the STAAR or an alternative assessment. Requires the state to pay for the alternative assessment.</p> <p>Creates a College, Career, and Military Readiness Outcomes Bonus that funds students who achieve minimum standards on SAT, ACT, TSIA, or Armed Services exam.</p>	<p>Creates a College, Career, and Military Readiness Outcomes Bonus that funds students who achieve minimum standards on SAT, ACT, TSIA, or Armed Services exam.</p>

<p><b>Reading Standards for Kindergarten through Third Grade</b></p>	<p>No similar provision.</p>	<p>No similar provision.</p>	<p>Creates reading standards for kindergarten through third grade for school districts and charters. Schools shall provide for the use of a phonics curriculum that uses systematic direct instruction in kindergarten through third grade to ensure all students obtain necessary early literacy skills.</p> <p>Schools shall ensure that no later than the 2021-22 school year, each classroom teacher K-3 and each principal at a campus attended a teacher literacy achievement academy.</p> <p>TEA shall create an advisory committee to help with monitoring these provisions.</p>
<p><b>Gifted and Talented Allotment</b></p>	<p>Repeals the gifted and talented allotment to increase the basic allotment. Each school district shall annually certify it has a program for gifted and talented students. Allows the Commissioner to reduce funding if a district has failed to comply. Each school district shall adopt a policy regarding the use of funds to support the district's gifted and talented program.</p>	<p>Maintains current law for the gifted and talented weight (does not repeal the allotment).</p>	<p>Repeals the gifted and talented allotment to increase the basic allotment. Each school district shall annually certify it has a program for gifted and talented students. Allows the Commissioner to reduce funding if a district has failed to comply. Each school district shall adopt a policy regarding the use of funds to support the district's gifted and talented program.</p>
<p><b>Blended Learning</b></p>	<p>Establishes a grant program to assist school districts and open-enrollment charter schools in developing and implementing effective blended learning models. Priority is given to schools with a higher enrollment of economically disadvantaged students.</p>	<p>Establishes a grant program to assist school districts and open-enrollment charter schools in developing and implementing effective blended learning models. Priority is given to schools with a higher enrollment of economically disadvantaged students.</p>	<p>Establishes a grant program to assist school districts and open-enrollment charter schools in developing and implementing effective blended learning models. Priority is given to schools with a higher enrollment of economically disadvantaged students.</p>
<p><b>School Board Goals for Early Childhood Literacy and Postsecondary Readiness</b></p>	<p>Requires local school boards to develop and post online a five-year early childhood literacy plan, a mathematics proficiency plan, and a college, career, and military readiness plan. Schools must set annual and quantifiable goals for student performance.</p>	<p>Requires local school boards to develop 60X30 goals and at least three student outcomes goals with five-year targets for achieving each goal.</p> <p>Requires boards to adopt an early childhood literacy plan providing K-3 phonics, professional development, and details on the implementation of the plan.</p>	<p>Requires local school boards to develop and post online a five-year early childhood literacy plan, a mathematics proficiency plan, and a college, career, and military readiness plan. Schools must set annual and quantifiable goals for student performance.</p>

<p><b>Efficiency Audits</b></p>	<p>School districts shall conduct an efficiency audit before seeking voter approval to adopt M&amp;O tax rate. The LBB shall develop guidelines identifying the scope of the audit. Requires charters to conduct efficiency audits prior to revision to the school's charter or expansion.</p>	<p>School districts shall conduct an efficiency audit before seeking voter approval to adopt M&amp;O tax rate. The LBB shall develop guidelines identifying the scope of the audit.</p>	<p>School districts shall conduct an efficiency audit before seeking voter approval to adopt M&amp;O tax rate. The LBB shall develop guidelines identifying the scope of the audit.</p>
<p><b>Spending Requirements</b></p>	<p>Maintains spending restrictions similar to current law. Districts would be allowed to use the compensatory education allotment to support low-income as well as at-risk students. Allowed to use the bilingual allotment on salaries to the extent needed to reduce class size.</p>	<p>Current law spending requirements are repealed. Provision added requiring 90% of compensatory education funds needing to be used on the campus where allotment was earned.</p>	<p>Requires 55% of compensatory education allotment to be used on supplemental services to prevent disparities between at risk and non-at risk students, and economically disadvantaged and non-economically disadvantaged students. For bilingual education, 55% of the allotment must be used on supplemental services.</p>
<p><b>Weights and Allotments</b></p>	<p>Small and mid-sized adjustments are stand-alone allotments, except for special education. Creates dyslexia (0.1) and dual language weights. Increases mainstream special education weight. Creates school safety allotment based on appropriations. Extends the Career and Technical Education (CTE) program to 6th grade. Provides a \$50 per-student allotment for P-Tech and New Tech programs. Provides funding for an enrollment decline of more than 4% (400 ADA or less). Creates an additional supplemental allotment for students with dyslexia. Increases appropriation for New Instructional Facility Allotment (NIFA) to \$100 million per year.</p>	<p>Small and mid-sized adjustments are current law formulas (does not create stand-alone allotment). Creates dyslexia (0.12) and dual language weights. Increases mainstream special education weight. Does not extend CTE program. Creates a Summer Career and Technology Education grant. Sets aside funding for P-Tech. Creates a fast-growth school district allotment. Creates a dropout recovery school allotment. Creates a Special Education Allotment Advisory Committee.</p>	<p>Small and mid-sized adjustments are stand-alone allotments, except for special education. Creates dyslexia (0.1) and dual language weights. Increases mainstream special education weight. Extends the Career and Technical Education (CTE) program to 7th grade. Provides a \$50 per-student allotment for P-Tech and New Tech programs. Creates an additional supplemental allotment for students with dyslexia. Increases appropriation for New Instructional Facility Allotment (NIFA) to \$100 million per year. Creates a fast-growth school district allotment. Creates a dropout recovery school allotment. Creates a Special Education Allotment Advisory Committee.</p>
<p><b>Other Funding Issues</b></p>	<p>Repeals the High School Allotment, staff allotment, and the Cost of Education Index. Phases out 1993 Chapter 41 hold harmless and early agreement credit. Replaces the transportation linear density calculation with a per-mile allotment. Provides hold-harmless funding and at least a 3% gain compared to current law funding. Creates an extended-year program for pre-K-5.</p>	<p>Moves to the use of <b>current-year property values</b> for determining FSP entitlement. Repeals the High School Allotment, staff allotment, and the Cost of Education Index (provides for a study on geographic costs due December 2020). Phases out 1993 Chapter 41 hold harmless and early agreement credit. Replaces the transportation linear density calculation with a per-mile allotment. Provides hold-harmless funding that expires at the end of the 2024-25 school year. Allows</p>	<p>Moves to the use of <b>current-year property values</b> for determining FSP entitlement. Repeals the High School Allotment, staff allotment, and the Cost of Education Index (provides for a study on geographic costs and transportation costs due December 2020). Phases out 1993 Chapter 41 hold harmless and early agreement credit. Replaces the transportation linear density calculation with a per-mile allotment. Provides hold-harmless funding and at least a 3% gain compared to</p>

		Commissioner to reimburse schools for two years for student decline due to a disaster. Creates an extended year program for pre-K-5	current law funding that expires after 2024-25 school year. Allows Commissioner to reimburse schools for two years for student decline due to a disaster. Creates an extended year program for pre-K-5
<b>School Start Dates</b>	No similar provisions.	Districts of Innovation must begin school on or after the third Monday in August.	No similar provisions.
<b>Assessment Related</b>	No similar provisions.	<p>Requires all grade-level assessments 3 through 8 to include a writing component. Codifies and defines Approaches Grade Level, Meets Grade Level, and Masters Grade Level. Allows assessments to be administered in multiple parts over more than one day. Creates a technical advisory committee to advise the TEA and Commissioner on the development of academically appropriate, valid, and reliable assessment instruments.</p> <p>Requires a study to determine if the STAAR is written at the appropriate reading level for students. Requires TEA and districts to administer assessments electronically. Creates a pilot program and report to determine the feasibility of replacing STAAR with an integrated formative assessment.</p> <p>Requires students to complete a FAFSA prior to graduating high school. Requires districts to administer a kindergarten reading assessment. Provides college entrance exam reimbursement to districts.</p>	<p>Requires the Commissioner to enter into a memorandum of understanding with an institution of higher education to conduct a study to determine if the STAAR is written at the appropriate reading level for students.</p> <p>Requires students to complete a FAFSA prior to graduating high school.</p> <p>The commissioner may approve an alternative reading instrument for use in diagnosing the reading development and comprehension of kindergarten students.</p> <p>Provides college entrance exam reimbursement to districts.</p>