



House Bill 3

Summary

School Finance Reform

Funding Changers

- Basic allotment statutorily increased to \$6,160 (set at \$5,140 by appropriation for past several years)
- State aid will be calculated based on current-year property values rather than prior-year property values
- Makes up to 2 additional pennies of a district's tax rate free of recapture
 - Yield is 160% of the basic allotment or the 96th percentile, whichever is higher
- Yield for each penny of tax rate above \$1.01 is increased to 80% of the basic allotment
 - This portion of a district's tax rate is compressed based on the increased yield
- Creates a College, Career, or Military Readiness outcomes bonus
 - Provides funding for students above the number required for a district to be in the 25th percentile for each category who achieve CCMR based on their status as economically disadvantaged and SPED

Allotments and Weights

- Reallocates various allotments including:
 - High school allotment
 - GT allotment
 - CEI
 - Staff allotment
- Increases the Special Education base weight to 1.15 (from 1.1)
- Creates an early education allotment for all economically disadvantaged and ELL students (0.1 weight)
 - Funds must be spent on prek-3rd grade to improve early literacy and mathematics proficiency
- Creates a dyslexia allotment with a weight of 0.1 for every student that receives services or accommodations
 - Districts can use up to 20% of these funds to contract with private providers for supplemental services
- Changes the compensatory education allotment to be a sliding scale (0.225-0.275) based on census block data
- Increases the bilingual allotment for ELL students in dual-language programs to 0.15 (from 0.1)
 - Adds a 0.05 weight for non-ELL students in dual-language programs

- Extends the CTE allotment to cover 7th and 8th grade CTE courses (in addition to the current 9-12)
- Provides a fast-growth allotment for the top 25% of districts in growth for the prior 3 years (.04 weight)
- Creates a mentor program allotment and requires TEA to determine how much each district should receive
 - Money must be used to pay mentor stipends, fund scheduled release time, or pay for mentoring support for mentors
- Changes transportation funding from a linear-density formula to a \$1.00-per mile reimbursement and allows recapture districts to access this funding

Property Tax Relief and Recapture Reduction

- State compressed tier 1 tax rate set at \$0.93 (down from \$1.00)
- Ensures all districts receive full tier 1 entitlement prior to paying recapture
- Automatic compression mechanism applied to tier 1 tax rate beginning with tax year 2020
 - State compressed rate will decrease in proportion to the difference between statewide property value growth and 2.5%
 - Each district's maximum compressed rate will be either the state compressed rate or the rate that results from ensuring local revenue in the district does not grow by more than 2.5% (whichever is lower)
 - A district's rate can never be less than 90% of any other district's rate. If compression would produce that result, the district's maximum rate will stay the same as the prior year
 - Districts can adopt a tax rate higher than otherwise allowed if the legislature decreases the basic allotment
- Prohibits districts from increasing M&O rates to create a surplus for the purpose of paying debt service
- Requires districts to conduct an efficiency audit before going out for a TRE
 - Efficiency audit can be done as part of the district's annual allotment
 - LBB will determine what the audit must look for

Teacher Pay

- Provides that districts must increase non-administrator compensation in an amount equal to 30% of the increase in funding from the previous year
 - Compensation increases could include a combination of employee raises and increased benefits such as health insurance contributions
 - 75% must be spent on teachers, nurses, counselors, and librarians, with an emphasis toward those with more than 5 years of experience
 - 25% may be spent on any non-administrator employees
- Creates an optional merit-pay program
 - Provides as much as \$12,000 for the highest-rated teachers
 - TEA will set performance requirements, but cannot create a forced distribution and cannot include STAAR results as part of the evaluation

Miscellaneous

- Provides an incentive for providing an additional 30-days of half-day instruction for preK-5 grade
- Provides reimbursement for college preparation assessments and for subsidies for certification exams
- Creates the Tax Reduction and Excellence in Education (TREE) Fund
 - Dedicates the increased sales tax collections as a result of the U.S. Supreme Court's Wayfair decision and related legislation to the TREE Fund (about \$550 million)
 - Dedicates money distributed from the permanent school fund to the available school fund by the School Land Board pursuant to a constitutional amendment and related legislation to the TREE Fund (about \$300 million)

Education Reform

Early Literacy and Mathematics Proficiency

- Requires preK for eligible 4-year olds to be full-day
 - Applies the existing high-quality preK grant program requirements to all preK programs
- Requires districts to come up with literacy and mathematics proficiency plans as well as CCMR plans
- Requires preK-6 teachers demonstrate proficiency in the science of teaching reading
- Requires school districts to administer a reading assessment at the Kindergarten level; this assessment CANNOT be used for accountability
- Requires school districts to implement a phonics-based reading curriculum
- All k-3rd teachers and elementary principals must attend a teacher literacy achievement academy

Reporting Requirements

- GT program certification
 - Districts must certify that they have the required GT program to the commissioner; if a district fails to comply, funding may be reduced
- Early Education reports
 - Districts must report the number and percentage of students who perform satisfactorily on third-grade reading and math, disaggregated by whether the student was eligible for free prekindergarten; the number of students who attended kindergarten in the district disaggregated by whether they met the kindergarten readiness standards, whether they attended pre-k in the district, and the type of pre-k they attended; and disaggregated by whether the student is academically disadvantaged
- Prekindergarten programs
 - Districts must report the number of students in each pre-k class, the number of certified teachers in each pre-k class, whether it is full or half day, if the district offers half-day, whether the district offers two half-day programs per day; teachers and teacher's aides are counted once for a full day class and twice for a half-day if the district offers two half-day classes

Advisory Committees

- SPED Allotment Advisory Committee
 - Created to develop and make recommendations regarding methods of financing special education under the public school finance system
- Compensatory Education Allotment Advisory Committee
 - Created to advise TEA on adopting rules for the compensatory education allotment
- FAFSA Advisory Committee
 - Created to assist the TEA in developing rules for implementing a new requirement that graduating students complete and submit a FAFSA or a TAFSA unless the parent, the student's counselor, or the student (if 18 years or older) opts out

Miscellaneous

- Provides funding for incentives for teachers who complete autism training
- Creates mentor program requirements
 - To be assigned as a mentor, a teacher must agree to serve as a mentor teacher for at least one school year and the district will assign the mentor teacher a new classroom teacher for at least two years
 - TEA will decide the number of classroom teachers that may be assigned to a single mentor
 - District must provide training for mentor teachers
 - Mentor teachers must meet with each classroom teacher assigned to the mentor not less than 12 hours each semester and observation hours of the new teacher count toward those 12 hours
 - Specific topics are designated to be addressed by the mentor teacher
 - District must designate a time to meet and release time or a reduced teaching load for mentor teachers
- Creates a blended learning grant program
- Requires TEA to study the current assessment system
- Creates a "do not hire" registry which will include
 - Those, as determined by TEA, who are, under current law, ineligible to receive a teacher certification or accept employment with a school because of criminal history
 - Those who are ineligible because of conviction of an offense that requires registry as a sex offender
 - Those who have their certification revoked because of abuse of a child or being involved in a romantic or sexual relationship with a student