



IS IT AS SIMPLE AS 1.2.3?

HB 3 passes both the House and the Senate with increased funding for public education, compression of school district property tax rates, and a 2.5% revenue cap. This cap in conjunction with the tax compression rates will have a significant long term impact on the ability of school districts to grow budgets as their student populations increase going forward.

Currently, school districts are permitted to set the same tax rate as the prior year without seeking voter approval. This has allowed districts with growing property values to reap the benefits of those value increases by making additional revenue available for its students, and make up the difference or lack of state revenue paid into the system. Property values across the state typically grow from four to six percent each year.

HB 3 requires school districts to reduce their tax rates by eight cents in 2020 and 13 cents in 2021. In addition, the bill will limit the growth in revenue to 2.5 percent beginning in 2021. Districts will need voter approval in order to set tax rates that raise revenue by more than 2.5 percent. Before calling a tax rate election, school districts will be required to contract for an efficiency audit. Districts will be required to pay for the efficiency audits. The cost of the audit could inhibit the ability of some districts, especially small districts, to seek tax rate increases from year to year.

Not only will the 2.5 percent revenue cap make it more difficult for districts to increase revenue in the future, but the state will also need to find the revenue necessary to reimburse school districts for the required tax rate reduction. The proposed bill relies on several one-time sources of revenue that will not be available in the future.

HB 3 will increase public education funding for the next biennium for a total of \$11 billion dollars of which \$5 billion will be dedicated to reducing property taxes. The bill increases the basic allotment to \$6,160 per student from \$5,140 per student this current school year.

Pay raises. School districts will be required to use 30 percent of the increase in the basic allotment on compensation. The basic allotment will increase in FY 2020 to \$6,160, an increase of \$1,020 per student in average daily attendance (ADA). There are no increases scheduled for FY 2021.

- 75 percent of these funds must be spent on providing compensation to teacher, nurses, counselors, and librarians who are subject to the minimum salary schedule (MSS). The pay increases must prioritize differentiated pay for teachers with more than five years of service. The increase in the basic allotment will provide an average of about \$3,000 per MSS employee.
- 25 percent of the fund may be used to increase compensation to full-time employees other than administrators.
- Compensation may include benefits, such as health insurance contributions.
- Note: Not all school districts will benefit equally from the basic allotment. Due to numerous other changes in the bill, some districts will receive significantly less new revenue than the \$1,020/ADA increase in the basic allotment. As a result, some districts will need to provide these pay raises using current revenue.

Local Optional Teacher Designation System. School districts will be authorized to create their own local teacher designation system. The teacher designations under this authority can be used to leverage additional funding under the Teacher Incentive Allotment. HB3 will prohibit teachers from being measured based on students' performance on state standardized tests and will not require school districts to use the state standardized test to regulate teacher bonuses.

The local optional teacher designation system includes the following features:

- Based on appraisals required by current law
- Developed locally and approved by commissioner
- Prohibits use of state assessments
- Requires the mathematical possibility that all teachers can receive a designation
- Provides that all National Board Certified Teachers are automatically designated as recognized

- Requires Texas Education Agency to study and "collect information necessary to implement;" no specific mention of appraisals but unclear if they could be included
- Establishes that the teacher has no vested property right to a designation

The commissioner shall ensure that local optional teacher designation systems: meet the requirements set out above; and prioritize high needs campuses. The commissioner is directed to enter into a memorandum of understanding with Texas Tech University to monitor the quality and fairness of local optional teacher designation systems.

Teacher Certification. The State Board for Educator Certification shall adopt rules that provide that in order to teach any grade level from prekindergarten through grade six a person must demonstrate proficiency in the science of teaching reading on a certification examination for each class of certificate issued by the board after January 1, 2021.

Mentor Programs. To be assigned as a mentor, a teacher must agree to serve as a mentor teacher for at least one school year and begin their assignment not later than the 30th day of employment. A district must agree to assign a mentor to a new classroom teacher for at least two school years and must provide training to the mentor teacher before the beginning of the school year. Supplemental training must also be provided throughout the school year, and mentor teacher must meet with each classroom teacher assigned to the mentor not less than 12 hours each semester.

Autism Training. A school district may provide a salary incentive or similar compensation to a teacher who completes training provided by a regional education service center relating to autism.

Allotments. The bill provides for increased allotments for varying student populations and creates new allotments for special needs of students and districts.

Teacher Incentive Allotment. The purpose of the allotment is to ensure classroom teachers in this state have access to a six-figure salary, the allotment provided to

a school district under this section offers resources to the district to increase teacher compensation and prioritize funding for high needs and rural district campuses (less than 5,000 students).

For each classroom teacher with a teacher designation as outlined above, the school district is entitled to an allotment equal to the following applicable base amount increased by the high needs and rural designation:

- (1) \$12,000, or an increased amount not to exceed \$32,000 for each master teacher;
- (2) \$6,000, or an increased amount not to exceed \$18,000 for each exemplary teacher; and
- (3) \$3,000, or an increased amount not to exceed \$9,000 for each recognized teacher.

The high needs and rural factor will be determined by multiplying the following applicable amounts by the average of the point value assigned to each student at a district campus:

- (1) \$5,000 for each master teacher;
- (2) \$3,000 for each exemplary teacher; and
- (3) \$1,500 for each recognized teacher.

A point value for each student at a district campus shall be assigned to calculate the amounts a district may be entitled to under the Incentive Allotment. The commissioner shall annually make available to the public a list of campuses with the projected allotment amounts per teacher designation at each campus. Districts will have to certify how they used the money to the Texas Education Agency.

Mentor Program Allotment. School districts are entitled to receive an allotment to support mentoring programs and provide stipends to mentors. Requires the commissioner to adopt a formula to determine the amount of the allotment. Funds may be used for: Mentor teacher stipends; Scheduled release time for mentors; and Mentor support through providers of mentor training.

Career and Technology Education Allotment. Expands program to grades 7 through 12 from grades 9 through 12.

Early Education Allotment. Applies to each student in average daily attendance in kindergarten through third grade for educationally disadvantaged; or a student of

limited English proficiency, for improve student performance in reading and mathematics in prekindergarten through third grade.

Allotment for Student with Dyslexia or Related Disorder. Applies to students identified with Dyslexia or other related disorder.

Compensatory Education Allotment. Applies to each student who is educationally disadvantaged and resides in an economically disadvantaged census block group as determined by the commissioner.

Bilingual Education Allotment. Applies to students in a bilingual education or special language program.

Fast Growth Allotment. Applies to a school district in which the growth in student enrollment in the district over the preceding three school years is in the top quartile of student enrollment growth in school districts in the state for that period.

Incentive for Additional Instructional Days. This incentive is being offered to districts providing an additional 30 days of half-day instruction for students enrolled in prekindergarten through fifth grade.

College, Career, or Military Readiness Outcomes Bonus. The purpose of this section is to further the goal set under the state's master plan for higher education for at least 60 percent of all adults aged 25 to 34 in this state to achieve a postsecondary degree or workforce credential by 2030. Districts can receive varying amounts of additional state funding as a bonus for meeting certain benchmarks for college, career and military readiness.

Summer Career and Technology Education Grant Program. Commissioner, in cooperation with an appropriate private entity, shall establish a grant program to provide funding to school districts for career and technology education courses offered during the summer. Funding sources may also include gifts, donations or other contributions.

Blended Learning Grant Program. Applies to instructional delivery method that combines classroom and online instruction.

Dropout Recovery School and Residential Placement Facility Allotment. Provides for a \$275 allotment per student who resides in a residential placement facility or is at a district's dropout recovery school.

College Preparation Assessment Reimbursement. A school district is entitled to reimbursement for the amount of fees paid by the district for the administration of an assessment for college preparation.

Certification Examination Reimbursement. A school district is entitled to reimbursement for the amount of a subsidy paid by the district for a student's certification examination.

Committees and Studies. There are many committees created by HB 3 that will conduct work during the interim and report back to the Legislature before the 2021 session, and several committees will continue work until repealed by future legislatures. Additionally, the Texas Education Agency will be required to conduct several studies to determine costs of education and efficiency going forward.

Compensatory Education Allotment Advisory Committee

Special Education Allotment Advisory Committee

Study on Alternative Career Readiness Measures for Small and Rural Districts

Study on Geographic Education Cost Variations and Transportation Costs

Assessment Interim Study

Reading Standards for Kindergarten through Third Grade Advisory Board

Accountability. Commissioner may approve an alternative reading instrument for use in diagnosing the reading development and comprehension of kindergarten students. Each school district shall administer at the kindergarten level a reading instrument adopted by the commissioner.

Reading Standards for Kindergarten through Third Grade. School districts and open-enrollment charter 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.

Highly Effective Teachers. Must also ensure that not later than the 2021-2022 school year and any year thereafter, each classroom teacher in kindergarten or

first, second, or third grade and each principal at a campus with kindergarten or first, second, or third grade has attended a teacher literacy achievement academy. TEA must report the effectiveness of this in improving educational outcomes.