Texas Commission on Public School Finance

EdBuild presentation to the Expenditures Working Group

June 6, 2018

About us

- EdBuild is a nonpartisan, 501c3 nonprofit. ***Our mission is to bring common sense and fairness to the way states fund public schools.***

- We divide our work into two discrete work streams: National Voice and State Engagement
  - **National Voice:** We elevate the national dialogue around the inequities created by current school finance systems.
  - **State Engagement:** We work directly with states to help rethink and modernize public school funding systems.

- Our primary strategy when engaging with states is to make funding simpler, fairer, more transparent, & reflective of student needs.

How we approach school funding

- Targeting: Target funding to districts serving a higher number of students with special needs (special education, low-income and English language learners).

- Parity: Provide comparable funding to districts serving students with similar characteristics.

- Flexibility: Empower district and school leaders with the flexibility to figure out what works best for their students.

- Transparency: Report on district and school spending in order to ensure a constant feedback loop between state funding and district need.

Brief February Testimony Review

1. Texas uses a student-based funding formula, but one that is not structured to take full advantage of the benefits of the form (fairness, flexibility transparency, accountability).

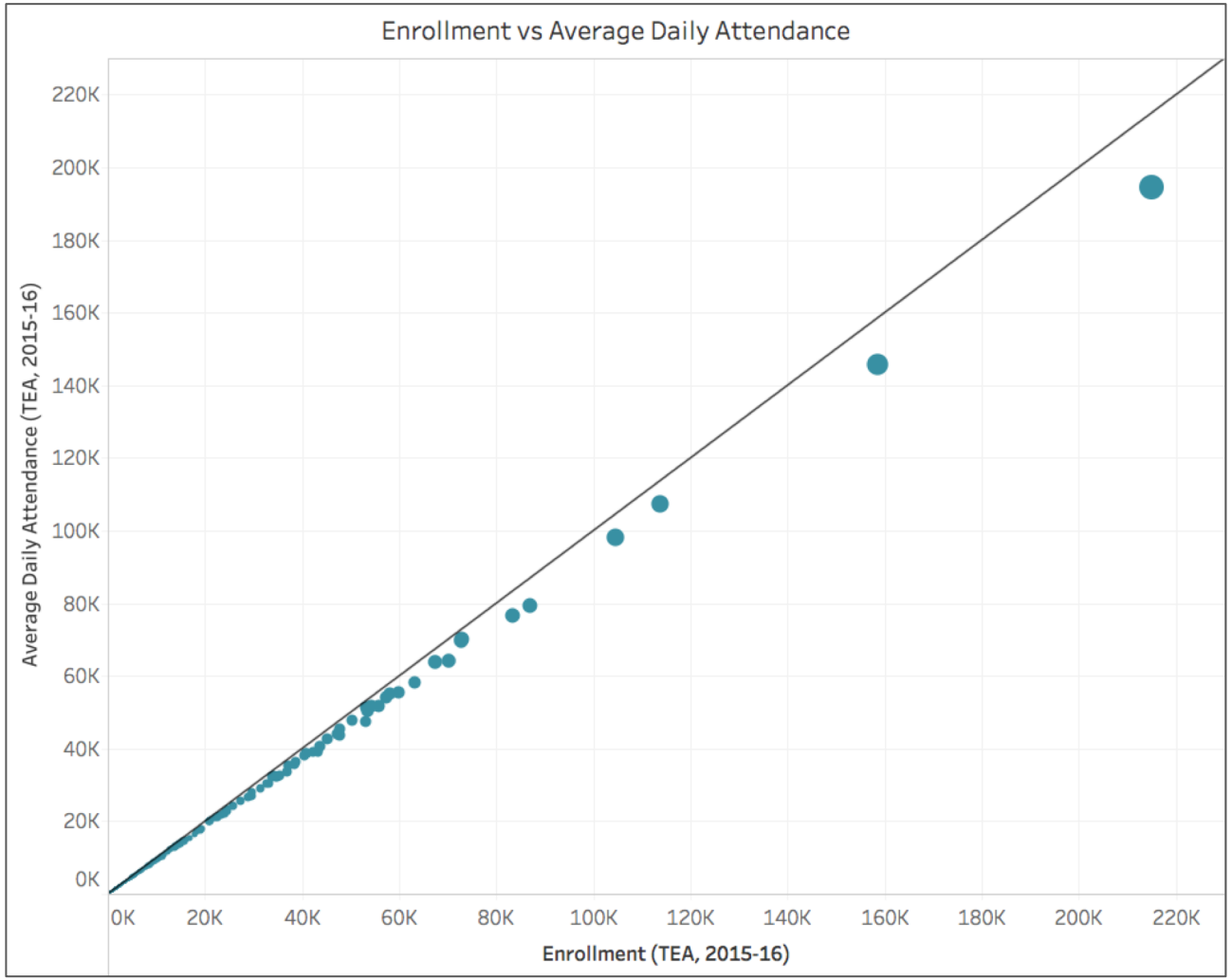
2. The structure of the formula amplifies the importance of district-based adjustments (size, cost of education, sparsity) relative to student-based adjustments.

3. The main weights and adjustments in Texas's formula are present in some form in the majority of states, but the state is not always in step with other states when it comes to the manner of adjusting for these characteristics.

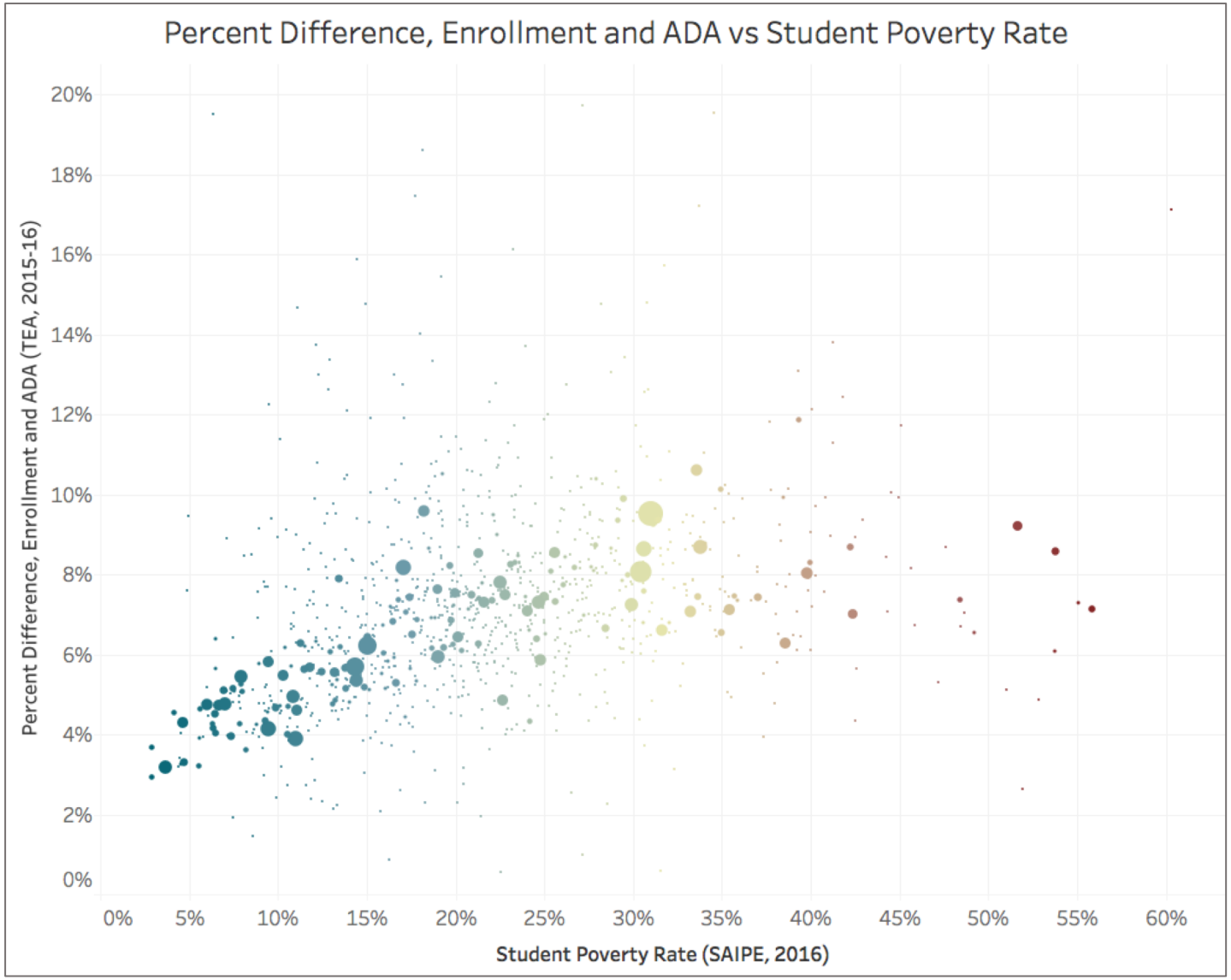
4. Historical and dated elements undermine the flexibility and responsiveness of the formula.

Student Count

Texas currently uses Average Daily Attendance (ADA) as the basis for its funding calculation. What does this mean for the number of funded students?



Who is undercounted in ADA-based systems?



Student Count

Average Daily Attendance

- Undercounts students that districts must serve
- Undermines fairness of funding allocation by undercounting more severely in high-poverty districts
- Creates administrative burden

Consider replacing ADA with an Average Daily Membership (ADM)-based calculation.

- Greater accuracy and fairness
- No administrative burden
- Membership already defined for funding purposes

Basic Allotment

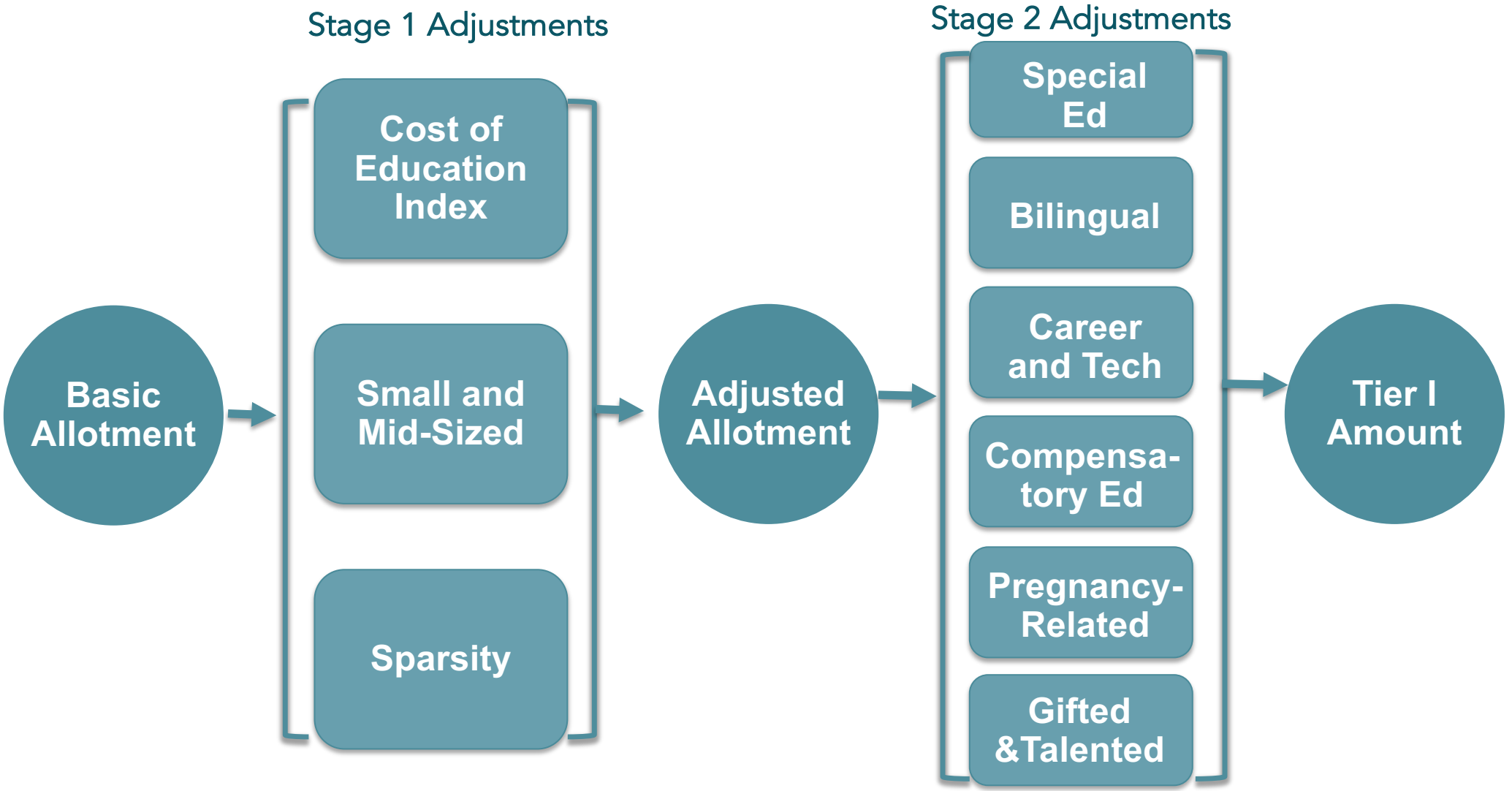
The Basic Allotment is set manually by the legislature. It was frozen from 2010-2013 and again from 2016-2019.

The following states automatically adjust their base amounts for inflation rather than requiring manual adjustment:

Arizona	Arkansas	California
Colorado	Maryland	Massachusetts
New Hampshire	New York	South Carolina
Vermont	Virginia	

Consider whether automatic adjustment would improve the system.

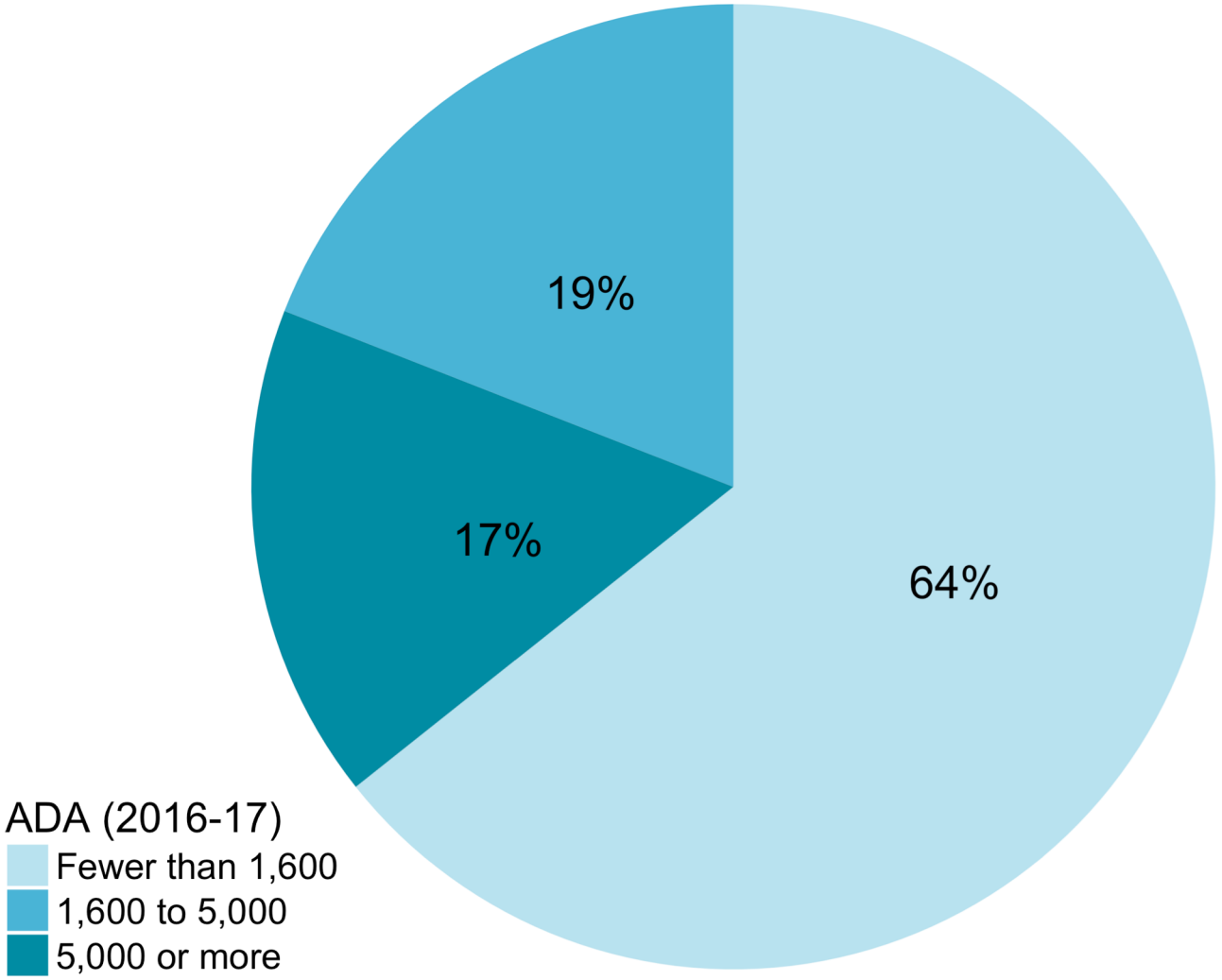
Adjustments for District Characteristics (Generally)



Consider handling any district-based adjustments in a single stage, along with student-based adjustments.

Adjustments for District Characteristics: Sparsity and Size

Proportions of Small, Mid-Sized, and Large Districts



- The size adjustments encompass an unreasonable proportion of districts.
- Funding for size on its own creates perverse incentives.
- The various adjustments are duplicative, and sometimes contradictory.

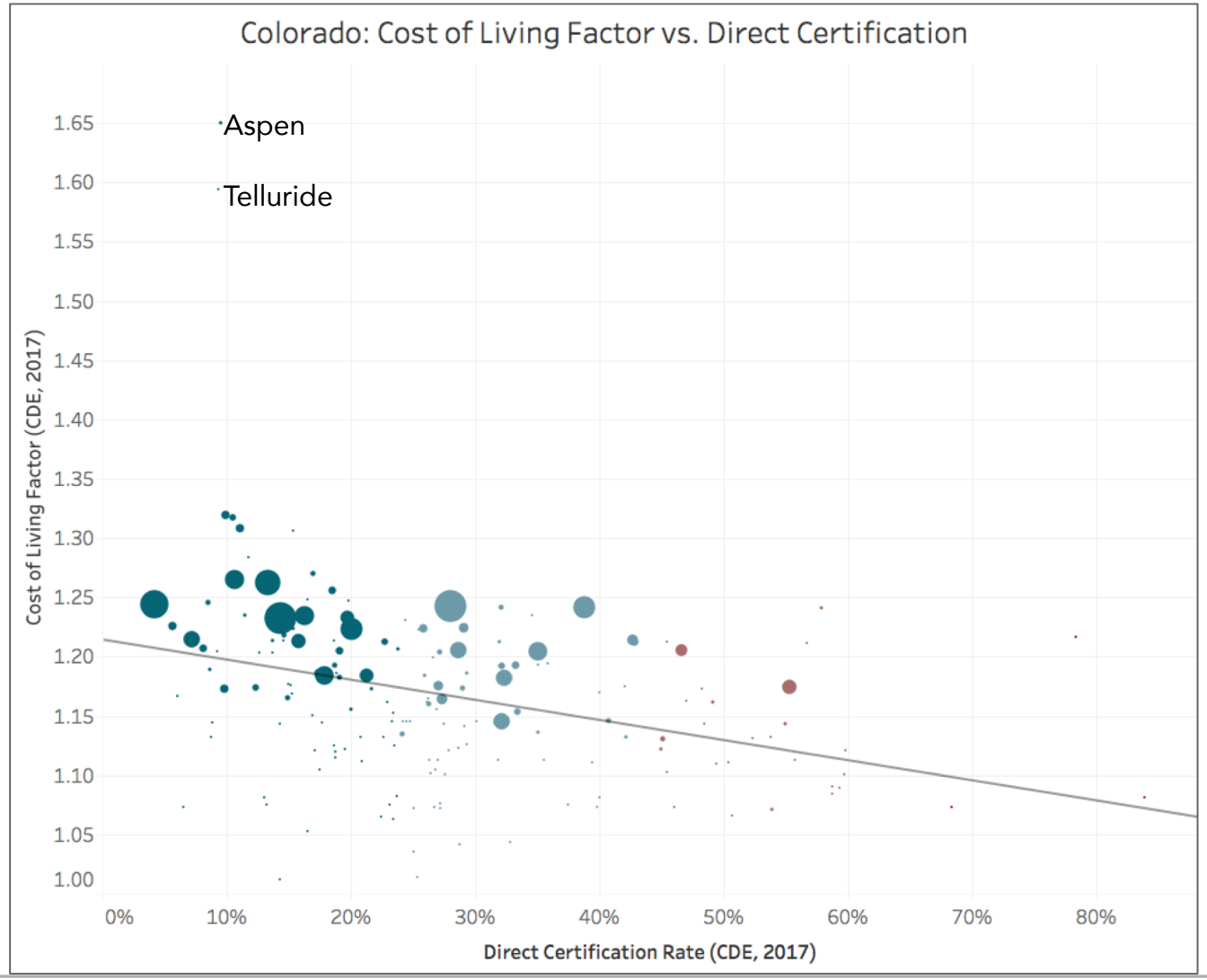
Adjustments for District Characteristics: Sparsity and Size

Consider:

- *Replacing the size adjustments with an expanded sparsity adjustment*
- *Increasing the base amount to compensate*
- *Eliminating contradictory density adjustment in transportation funding*

Adjustments for District Characteristics: Cost of Education Index

Which districts benefit from cost-adjustment?



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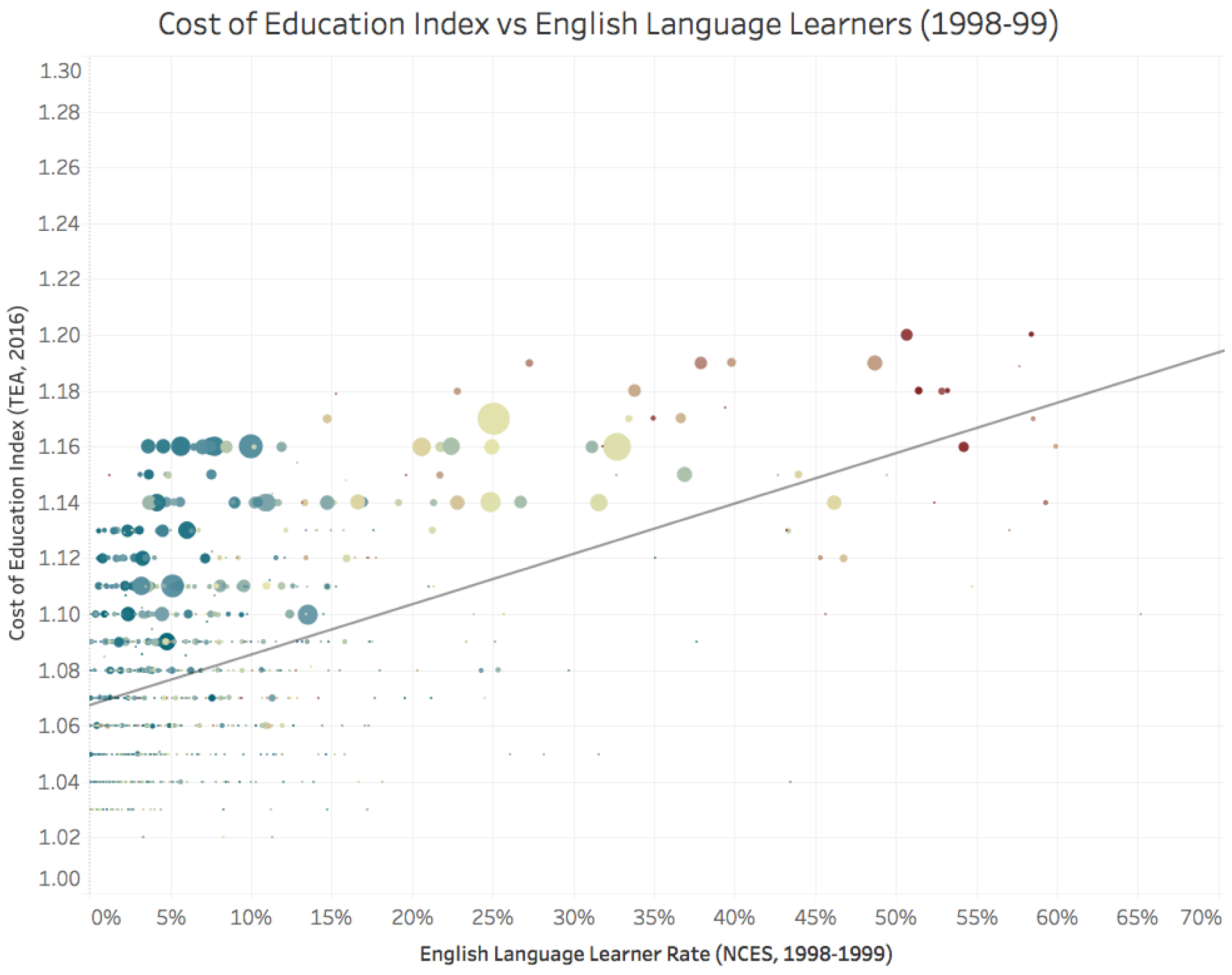
Adjustments for District Characteristics: Cost of Education Index

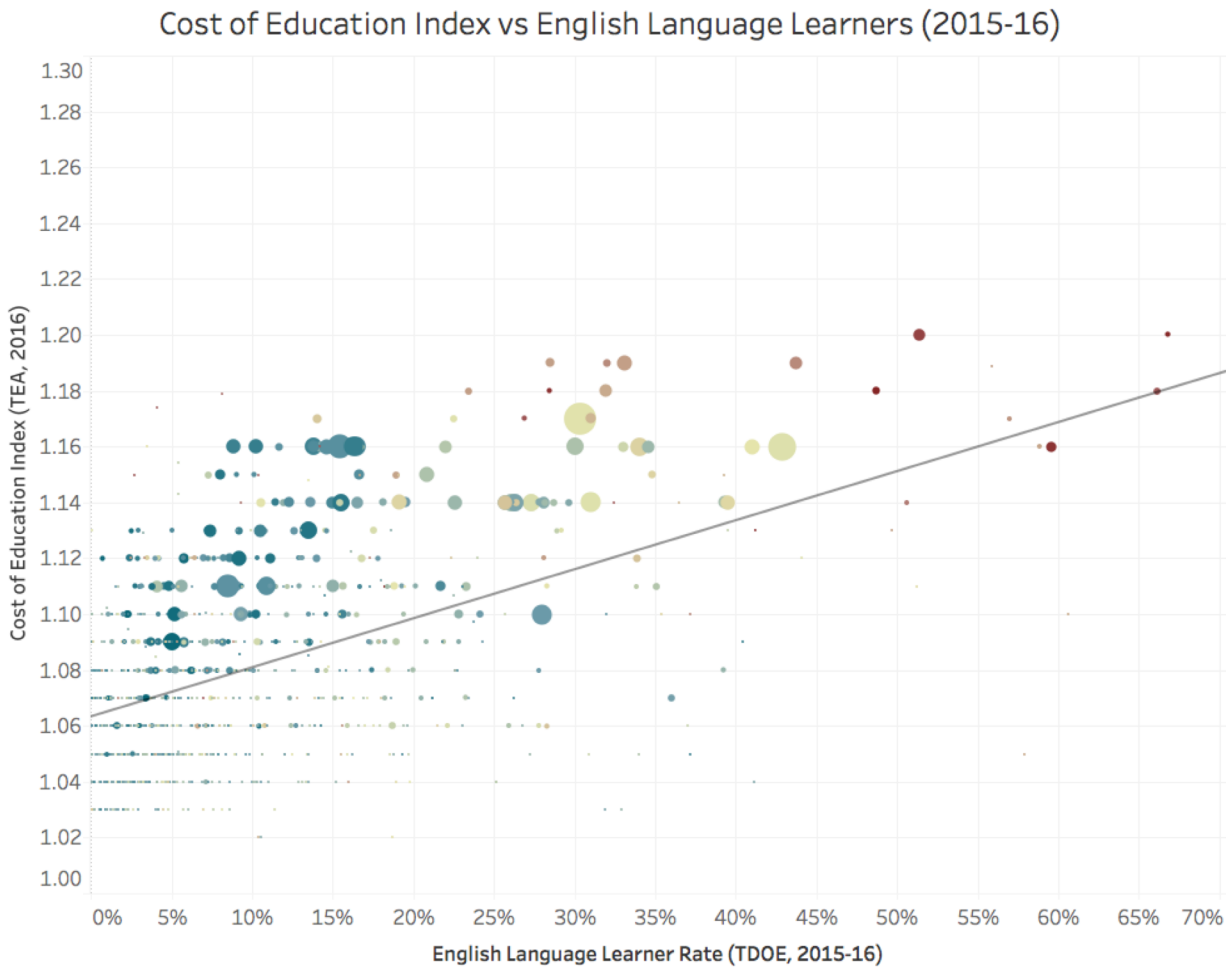
The Cost of Education Index is based on district data from the 1989-1990 school year, including:

- The size of the district
- Teacher salaries in neighboring districts
- The percentage of low-income students in the district

Consider eliminating the Cost of Education Index entirely.

Adjustments for District Characteristics: Cost of Education Index





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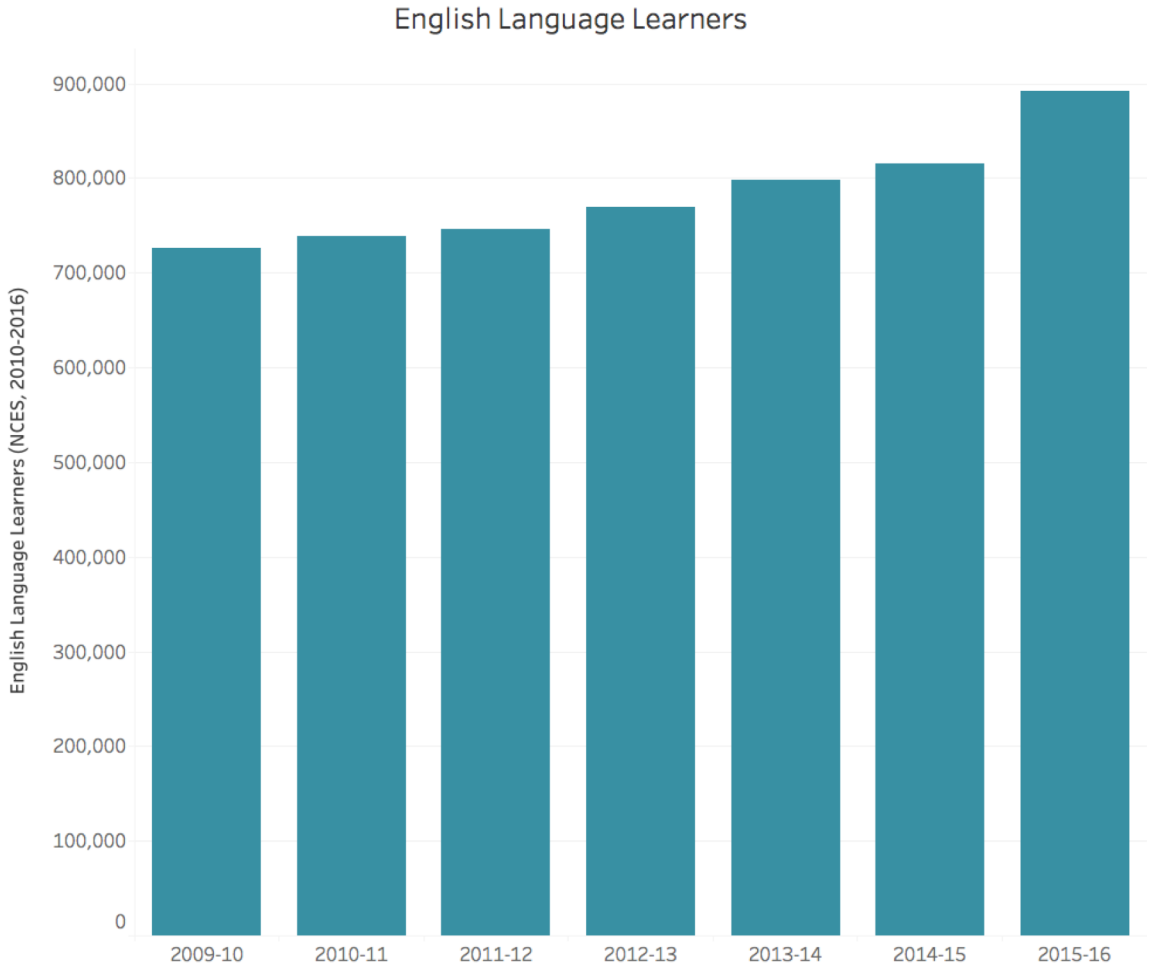
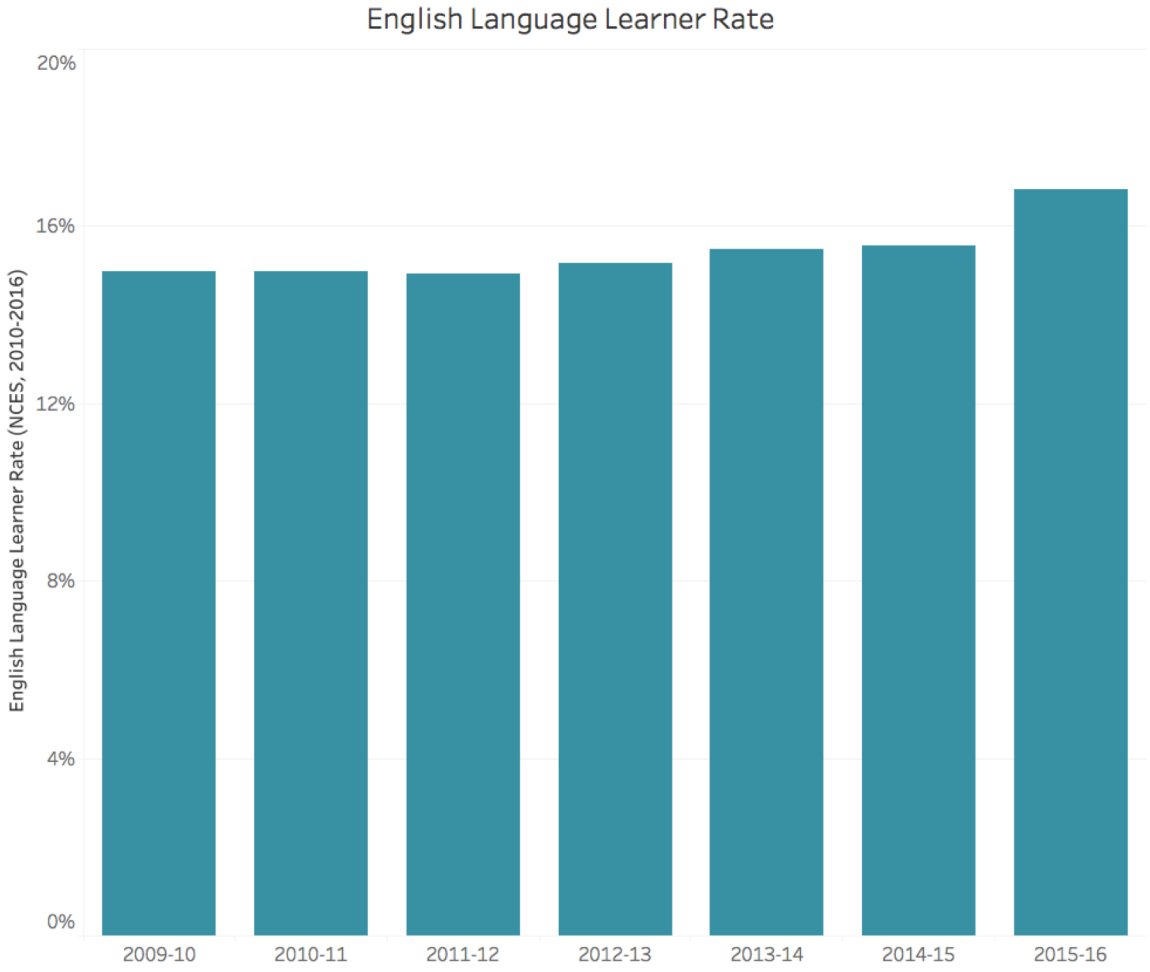
Adjustments for Student Characteristics: English-Language Learners

The English-Language Learner population in Texas is steadily increasing.





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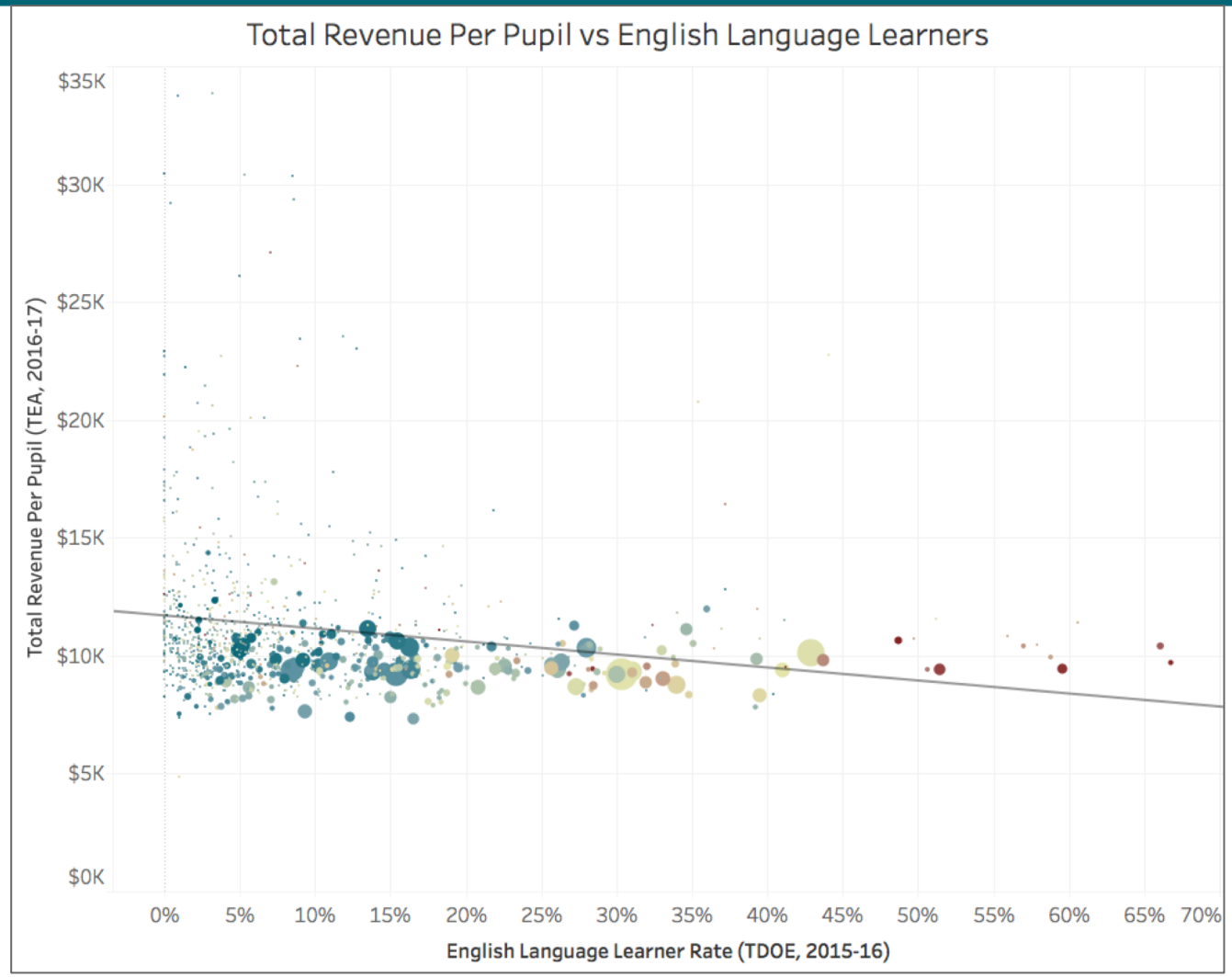
Adjustments for Student Characteristics: English-Language Learners

The Texas weight for bilingual students is 10%, a very low figure by national standards.

State	Base	ELL Weight	Effective Funding
Texas	$5,140	10%	+$514
Colorado	$6,367.90	12%	+$764.15
Florida	$4,203.95	21%	+$882.83
New Mexico	$3,979.63	50%	+$1,989.82
Georgia	$2,463.78	156%	+$3,843.50

10% is the second-lowest sinlgle weight for ELL students in the country.

Adjustments for Student Characteristics: English-Language Learners



Consider raising the Bilingual weight to align with national trends.

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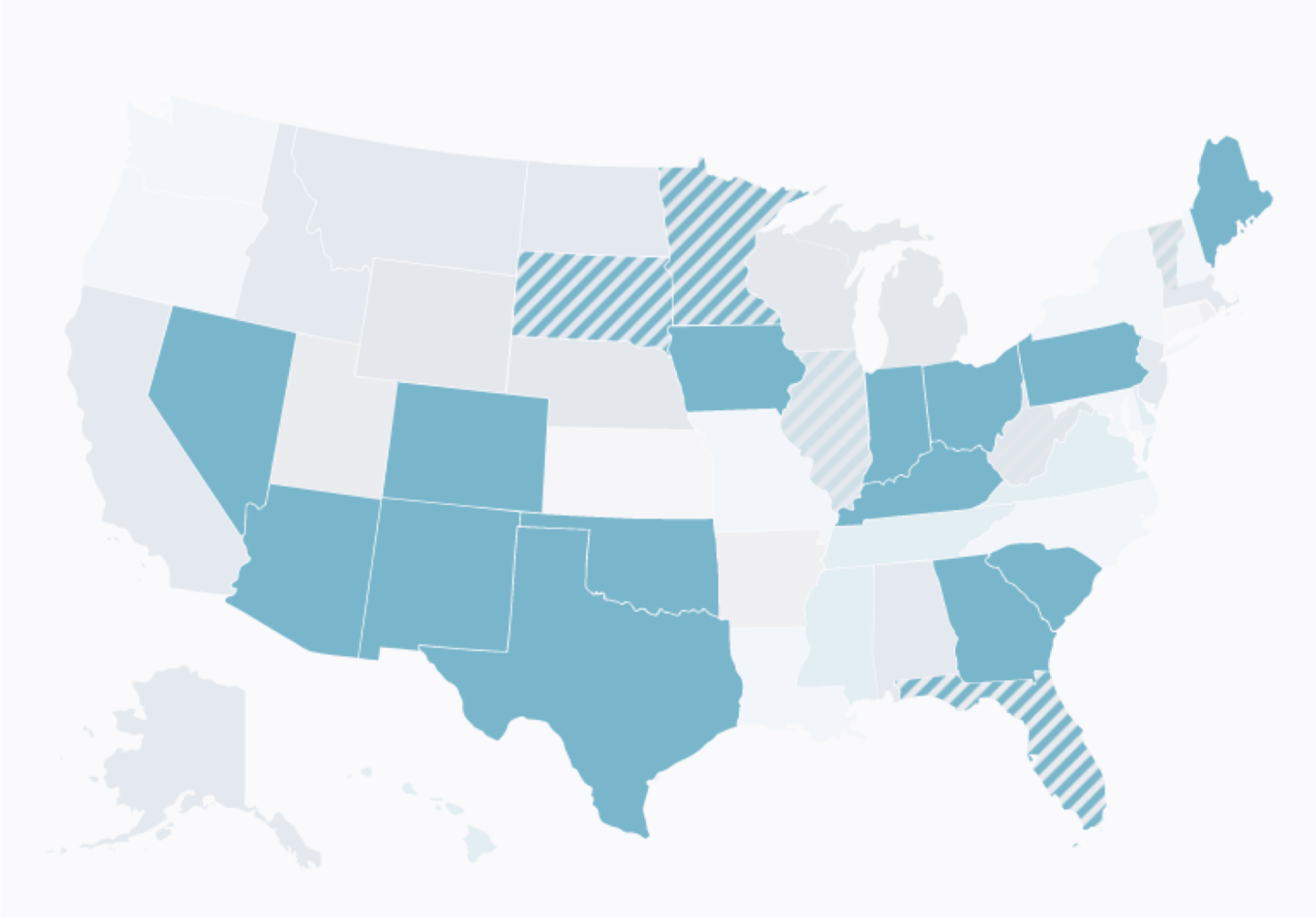
Adjustments for Student Characteristics: Special Education



Texas is one of 14 states whose main special education funding mechanism is a set of multiple student weights.

Adjustments for Student Characteristics: Special Education

- Weighting by placement rather than disability creates negative incentives that run counter to educational goals and federal law.
- 12 weights is an abnormally high degree of differentiation, creating a large administrative burden.
- Funding instructional hours rather than the count of students increases both the administrative burden and the negative incentives, and reduces transparency.

Consider tiering Special Education weights by disability rather than placement, reducing the number of weighted tiers, and funding enrollment rather than FTE.

Adjustments for Student Characteristics: Special Education

Example: Kentucky's Disability Tiers

Category	Included Disabilities	Weight
High Incidence	Speech or Language Impairment	24% %
Moderate Incidence	Specific Learning Disability Mild Mental Disability Developmental Delay Orthopedic Impairment Other Health Impairment	117% %
Low Incidence/Severe	Emotional-behavioral Disability Autism Functional Mental Disability Hearing Impairment Visual Impairment Traumatic Brain Injury Deaf/blindness Multiple Disabilities	235% %

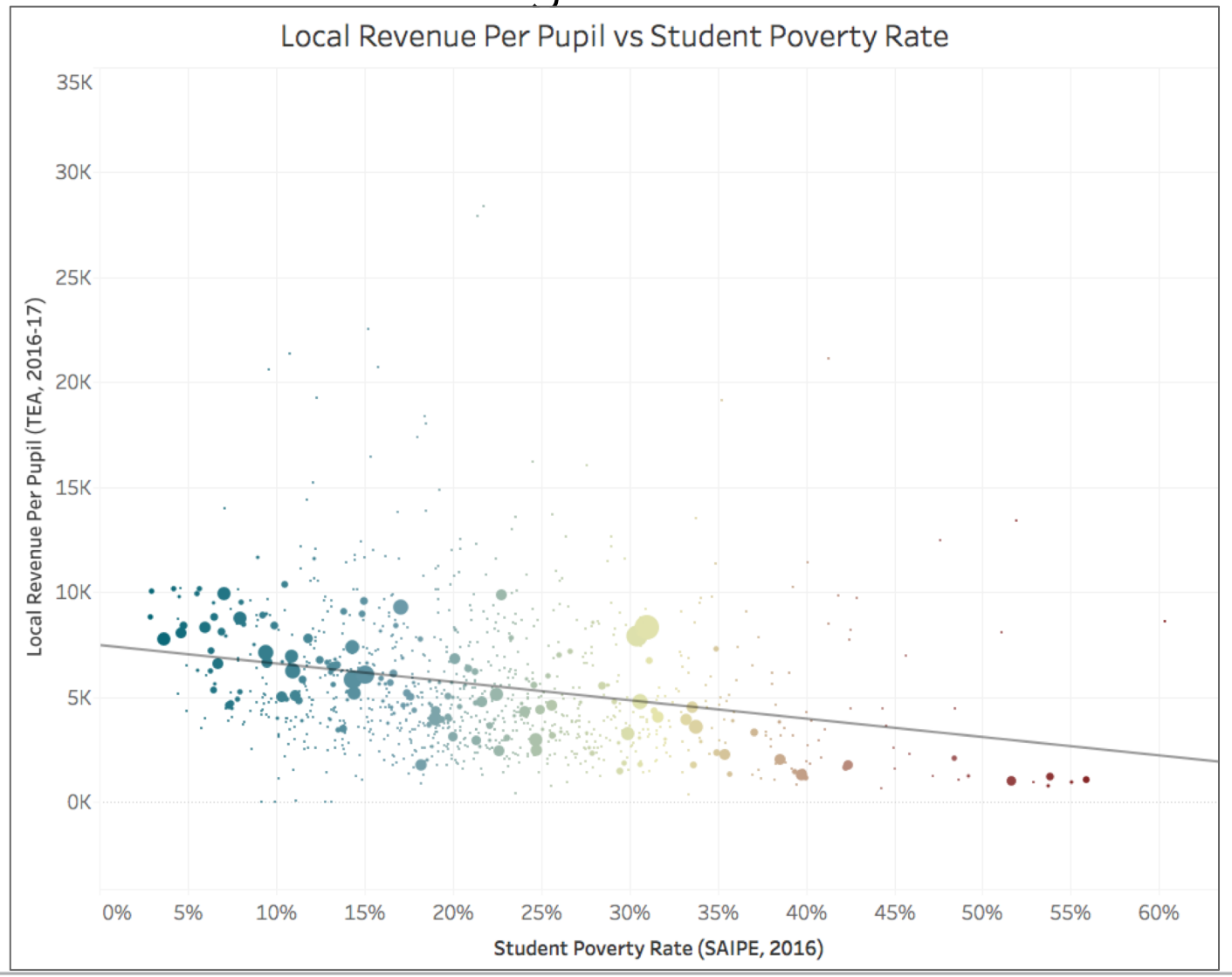
Adjustments for Student Characteristics: Special Education

Example: Ohio's Disability Tiers

Category	Included Disabilities	Dollar Amount	Effective Weight
Category 1)	Speech Only	$1,578)	26%)
Category 2)	Specific Learning Disabled Developmentally Disabled Other Health Impairment-Minor	$4,005)	67%)
Category 3)	Hearing Impaired Severe Behavior Disabled	$9,622)	160%)
Category 4)	Visually Impaired Other Health Impairment-Major	$12,841)	214%)
Category 5)	Orthopedically Disabled Multiple Disabilities	$17,390)	289%)
Category 6)	Autism Deaf/Blind Traumatic Brain Injury	$25,637)	427%)

Adjustments for Student Characteristics: Poverty

How successful is Texas at funding the education of low-income students?



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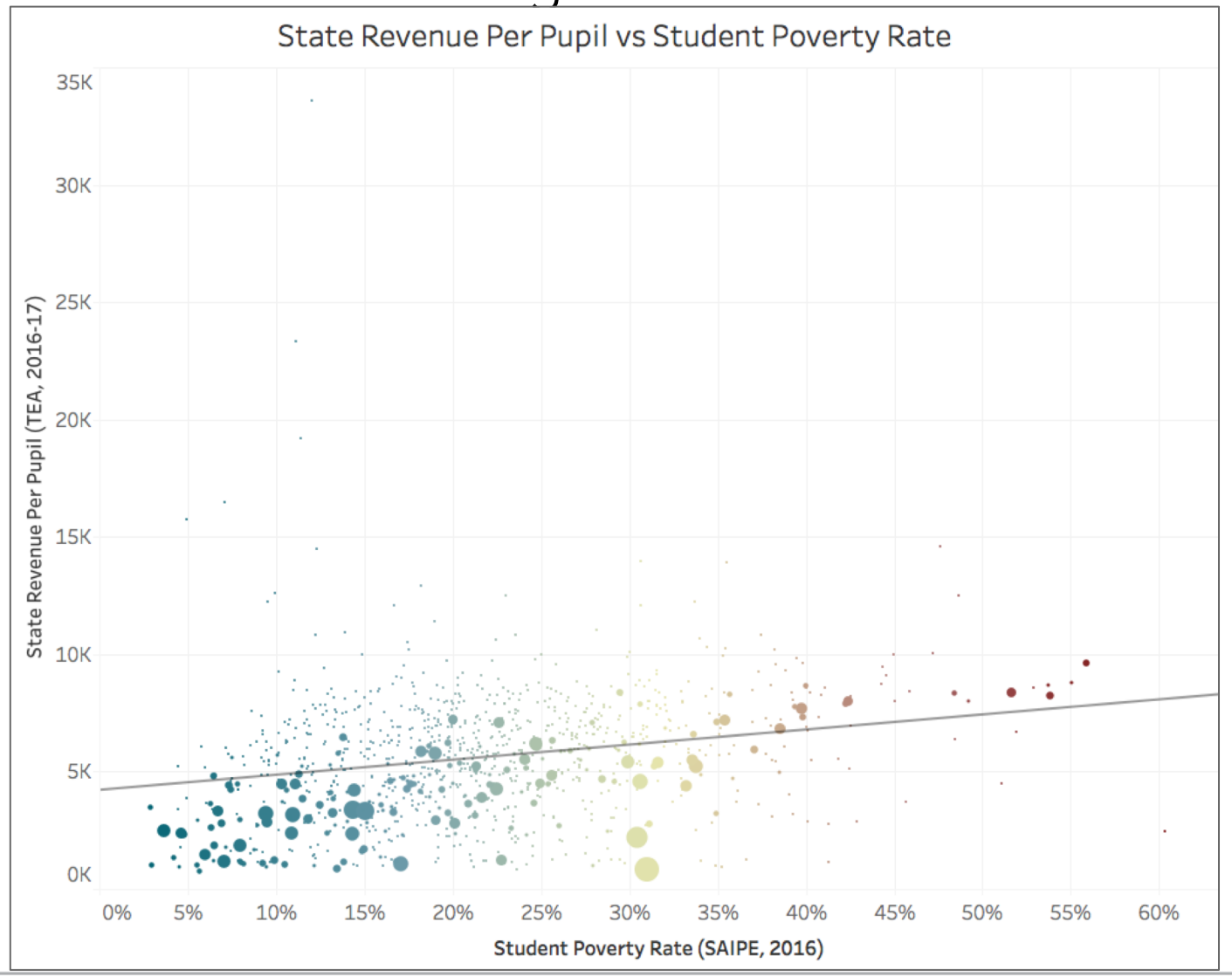

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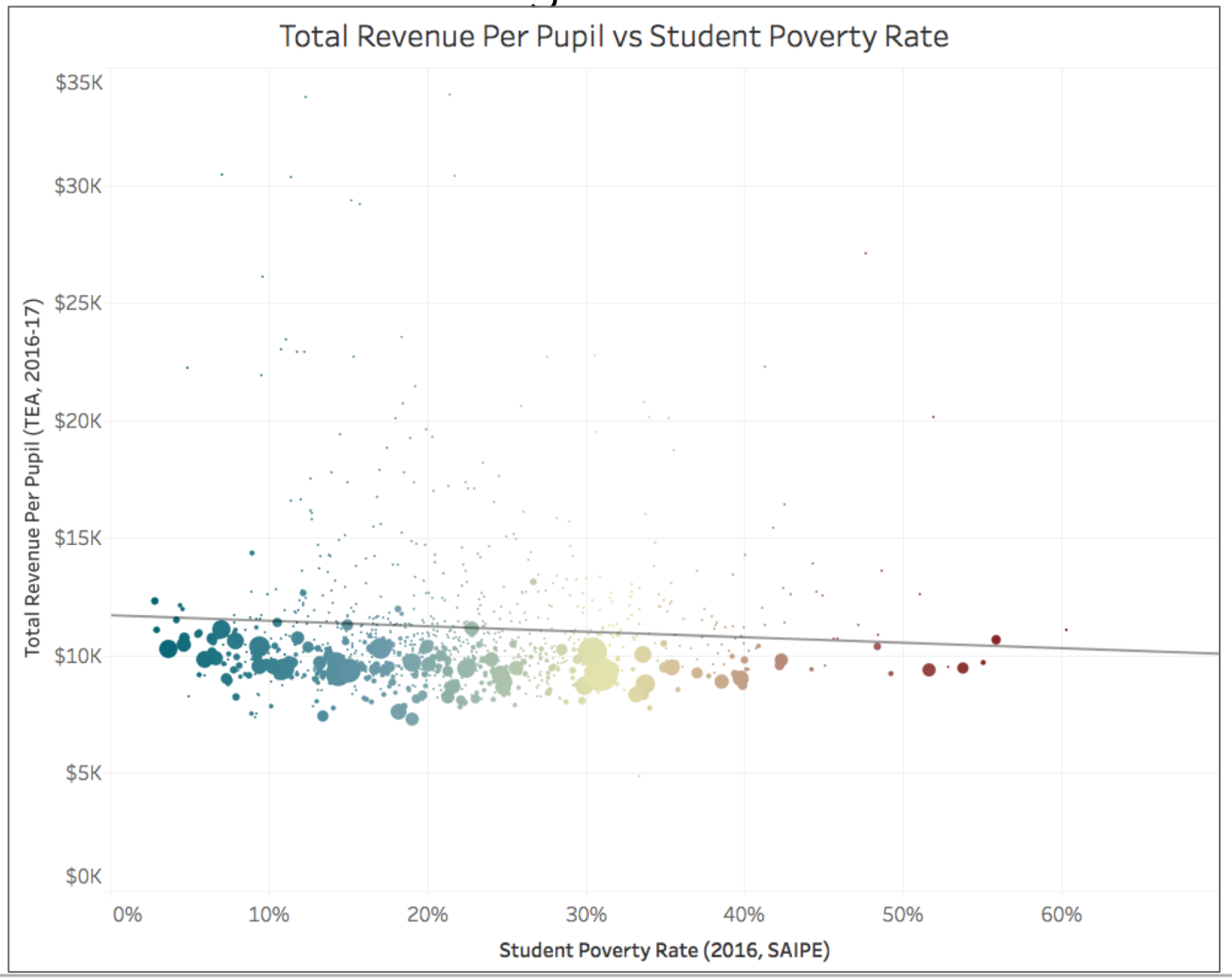

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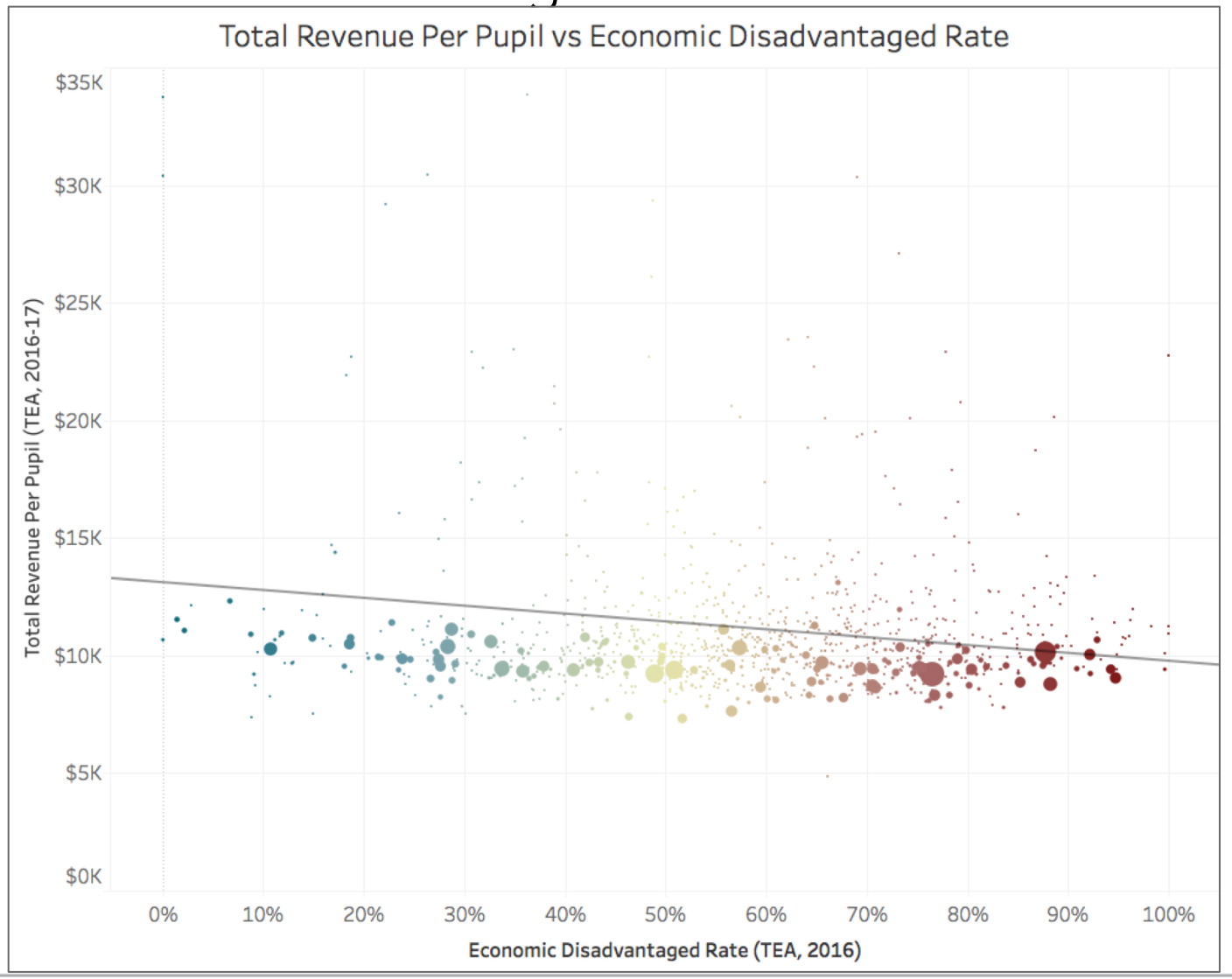

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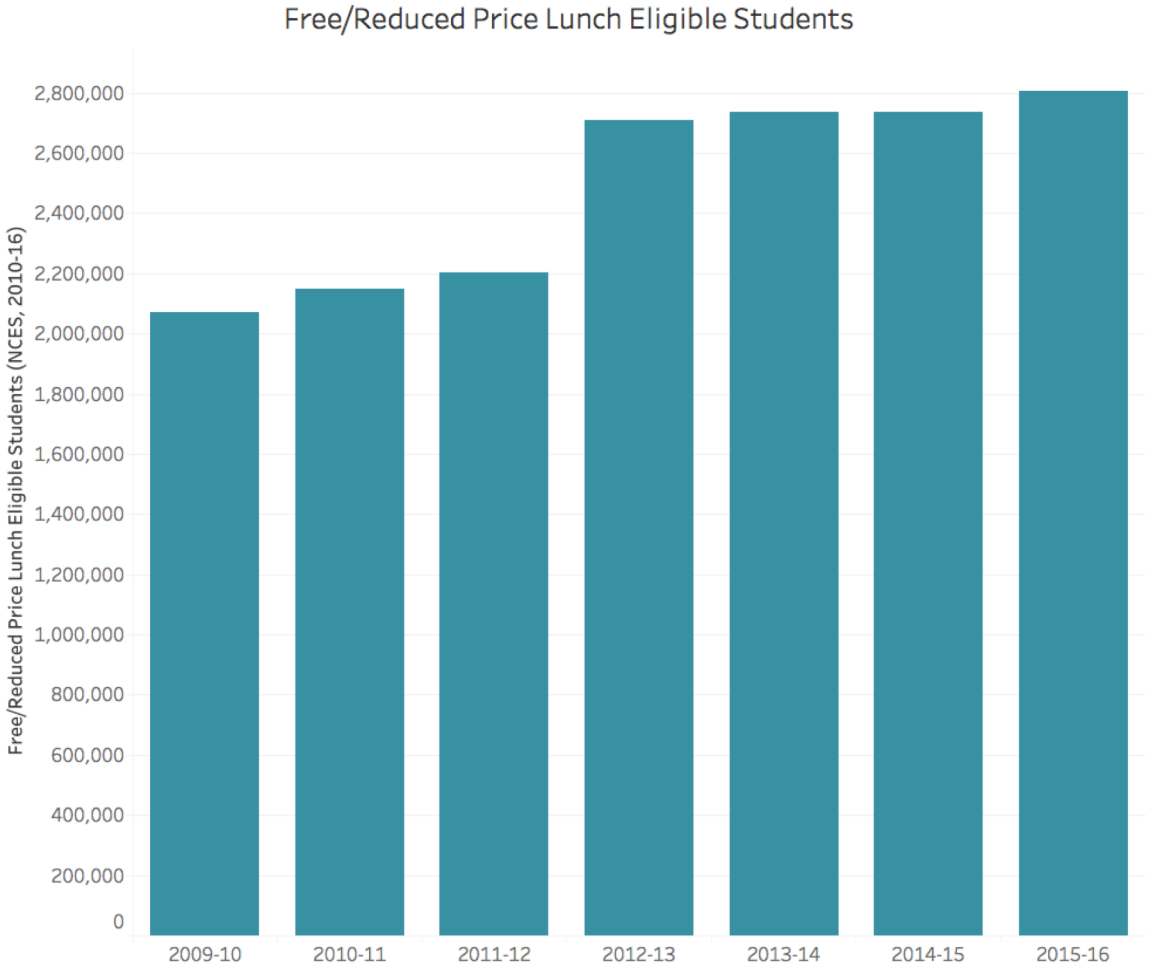
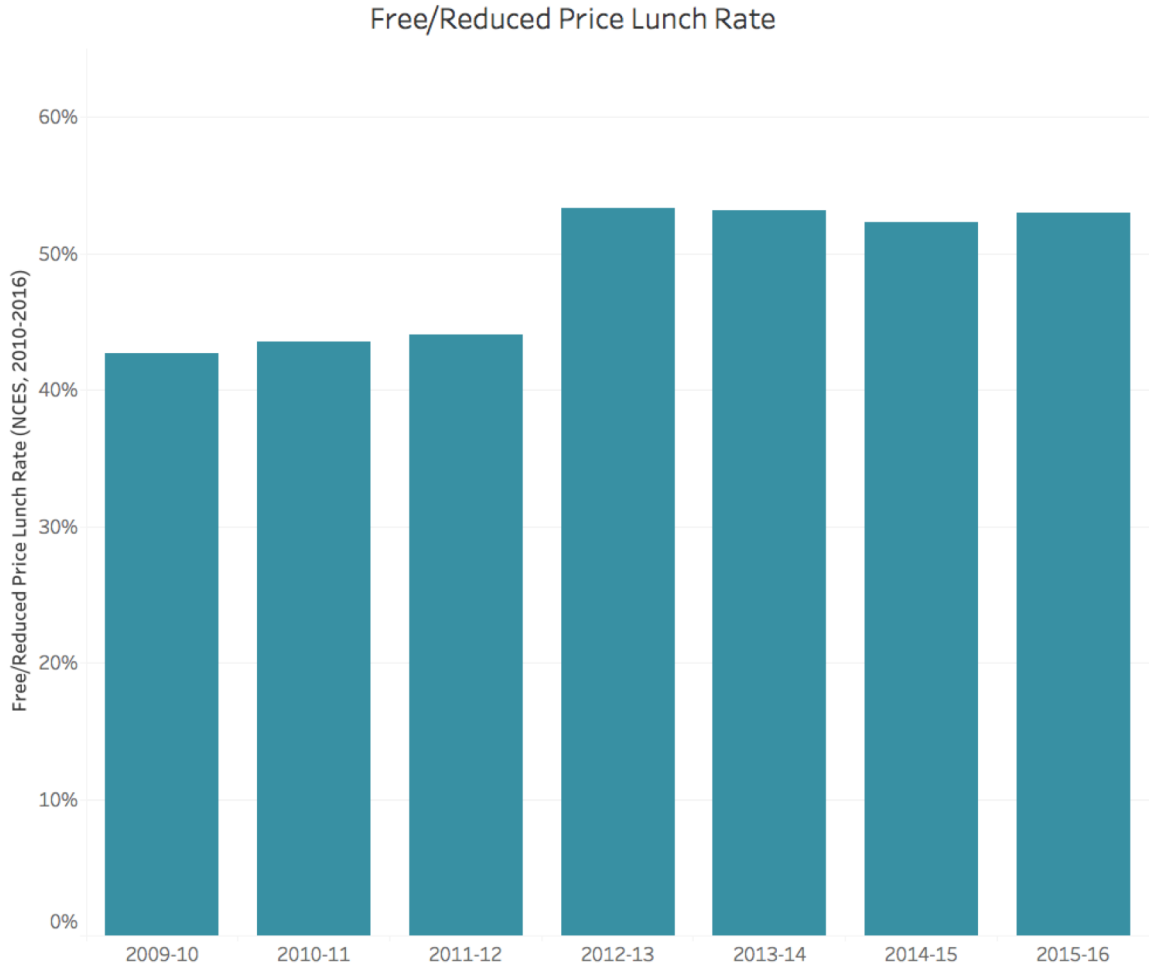
Adjustments for Student Characteristics: Poverty

How well is Texas identifying low-income students?





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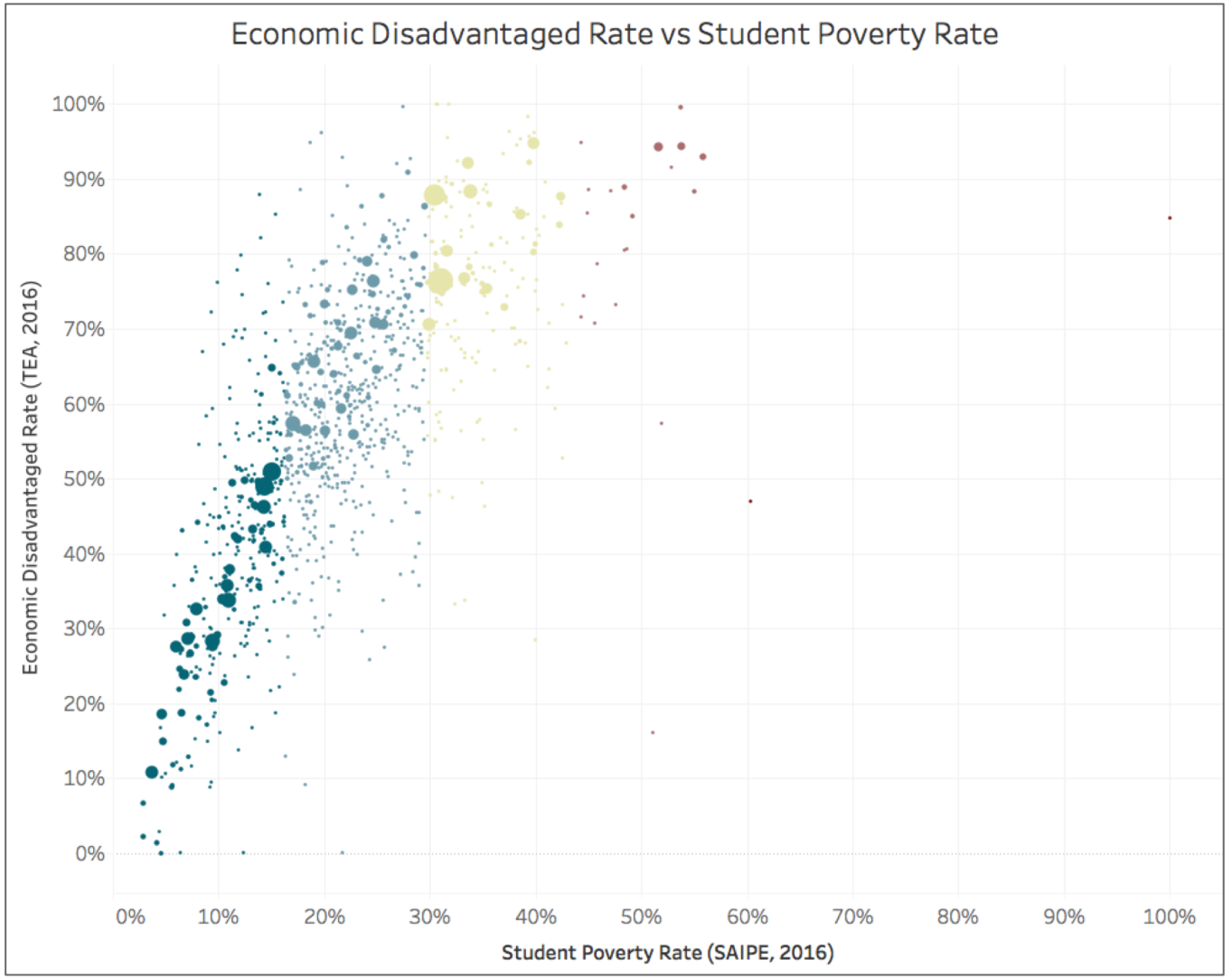
Adjustments for Student Characteristics: Poverty

Other identification options: SAIPE Poverty (U.S. Census)



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Adjustments for Student Characteristics: Poverty

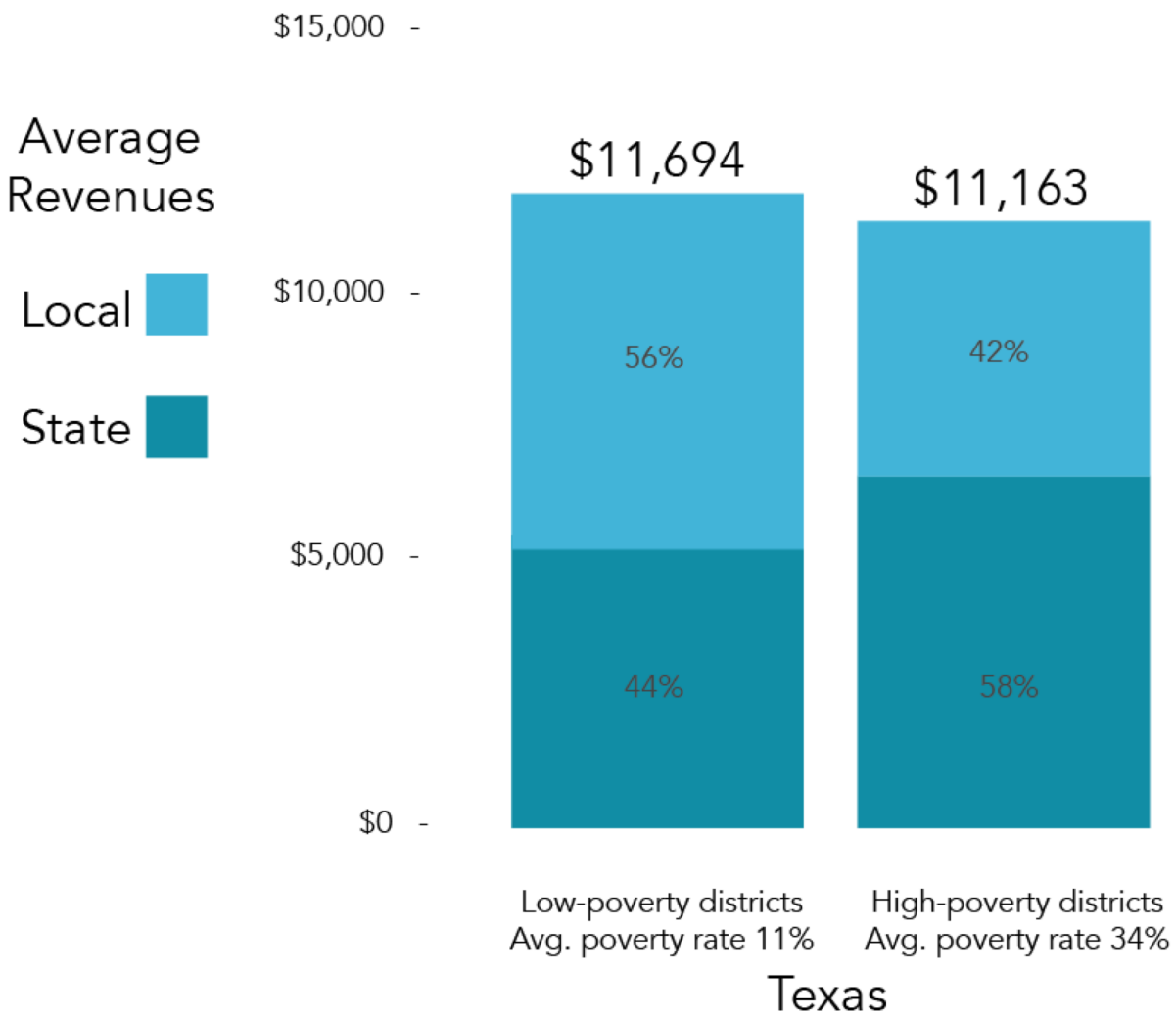
Other identification options: Identified Student Percentages

- Indiana: Uses the proportion of students participating in SNAP, TANF, and foster care
- Michigan: Uses the number of students who are FRL-eligible *and* the number of students participating in SNAP, TANF, and foster care and who are homeless or migrant
- New Hampshire: Uses the number of students who are FRL-eligible *and* the number of students participating in SNAP and TANF
- California: Uses the number of students who are FRL-eligible *and* the number of students participating in SNAP, county welfare, FDPIR, and foster care and who are homeless or migrant

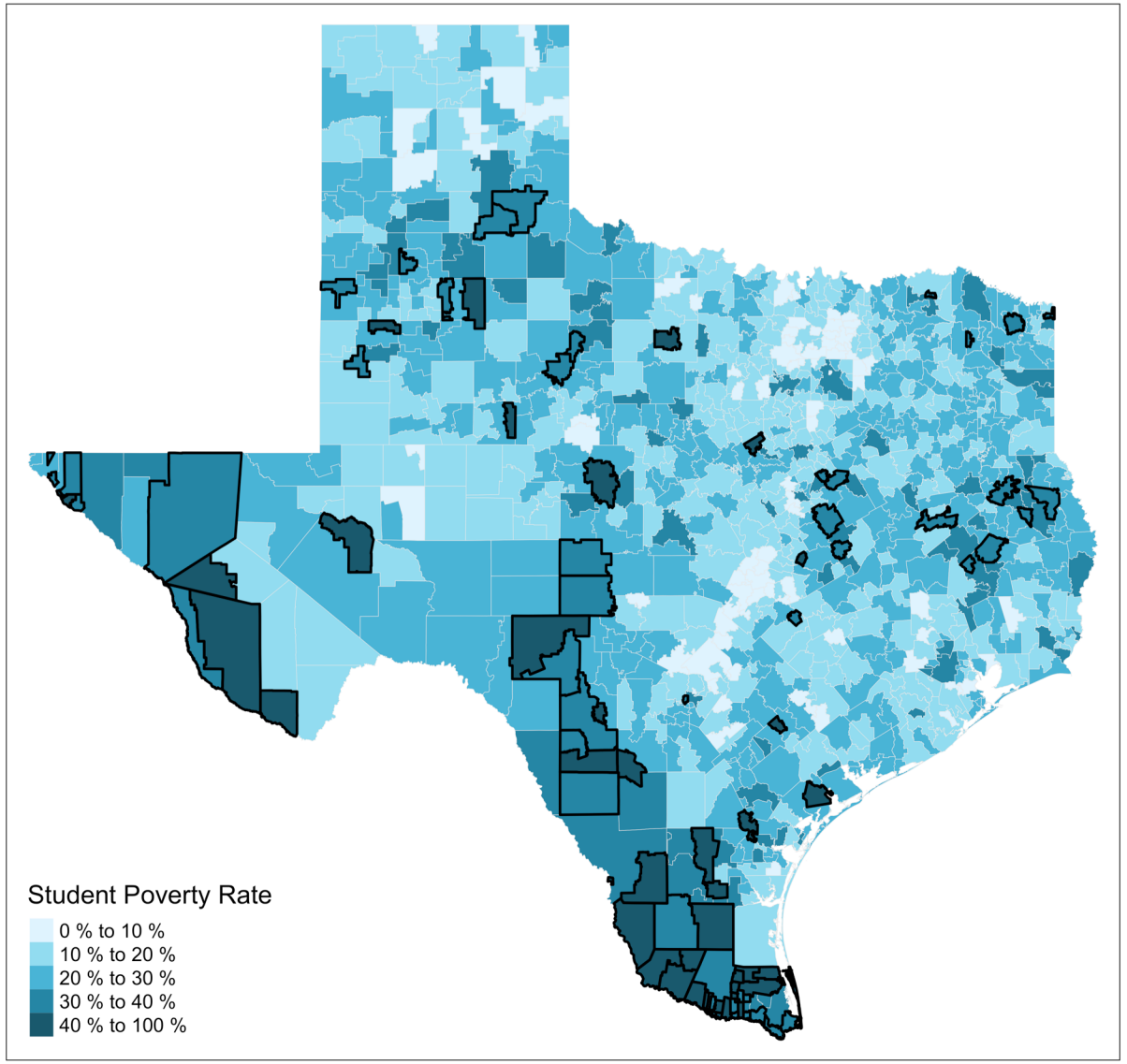
USDA suggests that the identified percentage of students participating in benefit programs should be multiplied by 1.6 to approximate the number of free-lunch eligible students.

Consider using participation in TX benefit programs to identify low-income students, and increase the weight accordingly.

Adjustments for Student/District Characteristics: High Poverty



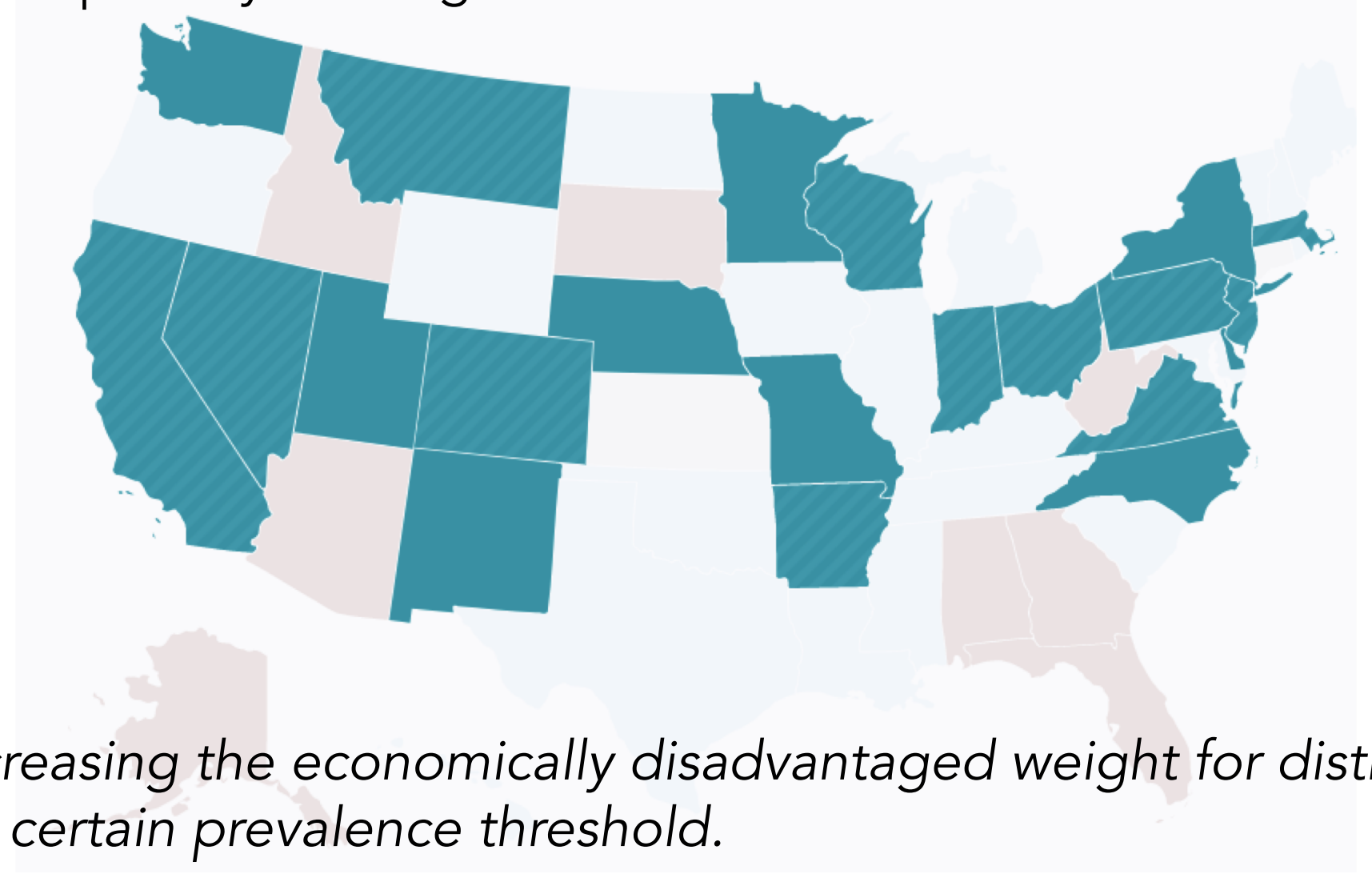
Adjustments for Student/District Characteristics: High Poverty



There are 95 districts in Texas with school-age poverty rates exceeding 35%.

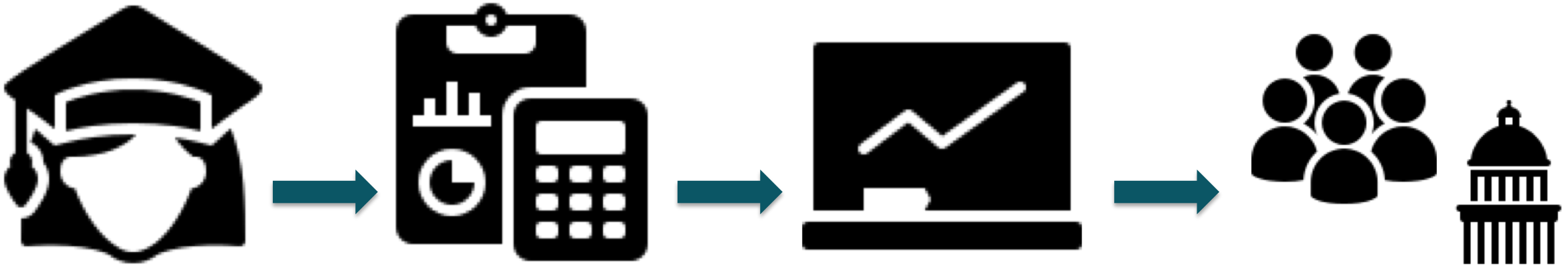
Adjustments for Student/District Characteristics: High Poverty

21 states have poverty funding that is sensitive to concentrations in the district.



Consider increasing the economically disadvantaged weight for districts exceeding a certain prevalence threshold.

Transparency and Clarity of Student-Based Funding



Per-Student Allotment + Weighted Funding / Target Spending

Aligned Reporting of Actual Spending

Outcomes Analysis

Broad Understanding, Accountability, and Policy Refinement

Recommendations Summary

1. *Consider replacing ADA with an Average Daily Membership (ADM)-based calculation.*
2. *Consider whether automatic adjustment of the basic allotment would improve the system.*
3. *Consider whether automatic adjustment would improve the system.*
4. *Consider replacing the size adjustments with an expanded sparsity adjustment; increasing the base amount to compensate; and eliminating the contradictory sparsity adjustment in transportation funding.*
5. *Consider eliminating the Cost of Education Index entirely.*
6. *Consider raising the Bilingual weight to align with national trends.*
7. *Consider tiering Special Education weights by disability rather than placement, reducing the number of weighted tiers, and funding enrollment rather than FTE.*
8. *Consider using participation in TX benefit programs to identify low-income students, and increase the weight accordingly.*
9. *Consider increasing the economically disadvantaged weight for districts exceeding a certain prevalence threshold.*

Questions?