



HB 3 in 30: Small and Mid-sized District Allotment for School Districts

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Key TEA Personnel

TEA Staff

Leo Lopez

Associate Commissioner for School Finance

Al McKenzie

Director of Forecasting & Fiscal Analysis

Amy Copeland

Assistant Director of State Funding

Nora Rainey

FSP Operations Manager



Presentation Agenda

- 1. Small/Mid-Sized District Allotment**
 - Background
- 2. Law Prior to HB 3**
- 3. HB 3 Law Change**

Small and Mid-sized Allotment Background

Why Change the Allotment Structure?

- This new allotment, based on a recommendation from the [Texas Commission on Public School Finance's Final Report](#), improves transparency and separates student centric weights from district centric weights, except the small and mid-sized adjustment continues to be a multiplier for the special education allotment to ensure maintenance of financial support.
- The stand-alone allotment increases public transparency toward spending associated with districts by size characteristics, while helping the state streamline formulas to focus more on the needs of the student, regardless what district the student attends.

What Changed?

- **Small and mid-sized adjustment now a stand-alone allotment**
 - In calculating Tier One funding, no more adjusted allotment
 - CEI is repealed, with funding redirected to the basic allotment
 - Small and mid-sized adjustment is a stand-alone allotment in Tier One
 - Small and mid-sized adjustment does not affect other funding except special education
 - This change from existing formulas to create a new allotment is cost neutral with the increase to the basic allotment.

- ***To the Administrator Addressed: Small and Mid-sized District Allotment August 22, 2019***

In Statute:

Texas Education Code, Section 48.101 – (HB 3, Enrolled Page 40)

Small and Mid-sized Adjustments Before HB 3

How was Tier One funding determined prior to HB 3?

The Basic Allotment (BA) was \$5,140 per student for the 2018–2019 biennium and is set in the General Appropriations Act (GAA).

The \$5,140 BA per student was increased for district characteristics:

- Increased for the school districts' cost of education index (CEI);
- Increased if the school district qualifies as small district or mid-sized district

Once the BA was increased for district characteristics, it (the adjusted allotment) was used in a series of formulas that recognized student characteristics.

Pre HB 3

The allotments funded using the district's average allotment (AA)

- Regular Program Allotment
- Special Education
- Career & Technology
- Gifted & Talented
- Compensatory Education
- Bilingual Education
- Public Education Grant

Mid-sized district adjustment prior to HB 3

The mid-sized district adjustment (MDA) applied to all school districts with less than 5,000 students in regular program average daily attendance.

$$\text{MDA} = (1 + ((5,000 - \text{ADA}) \times 0.000025)) \times \text{Adjusted Basic Allotment}$$

The formula resulted in an increase to the district's basic allotment before it was used to calculate the district's Tier One allotments.

Small district adjustments prior to HB 3

The small district adjustment (SDA) applied to districts with less than 1,600 students in regular program average daily attendance (ADA) and had two formulas that provided differing levels of funding:

- **For districts < 300 square miles, $SDA^1 = (1 + ((1,600 - ADA) \times 0.00025)) \times$
Adjusted Basic Allotment**
- **For districts > 300 square miles, $SDA^2 = (1 + ((1,600 - ADA) \times 0.00040)) \times$
Adjusted Basic Allotment**

The formula resulted in an increase to the district's basic allotment before it was used to calculate the district's Tier One allotments.



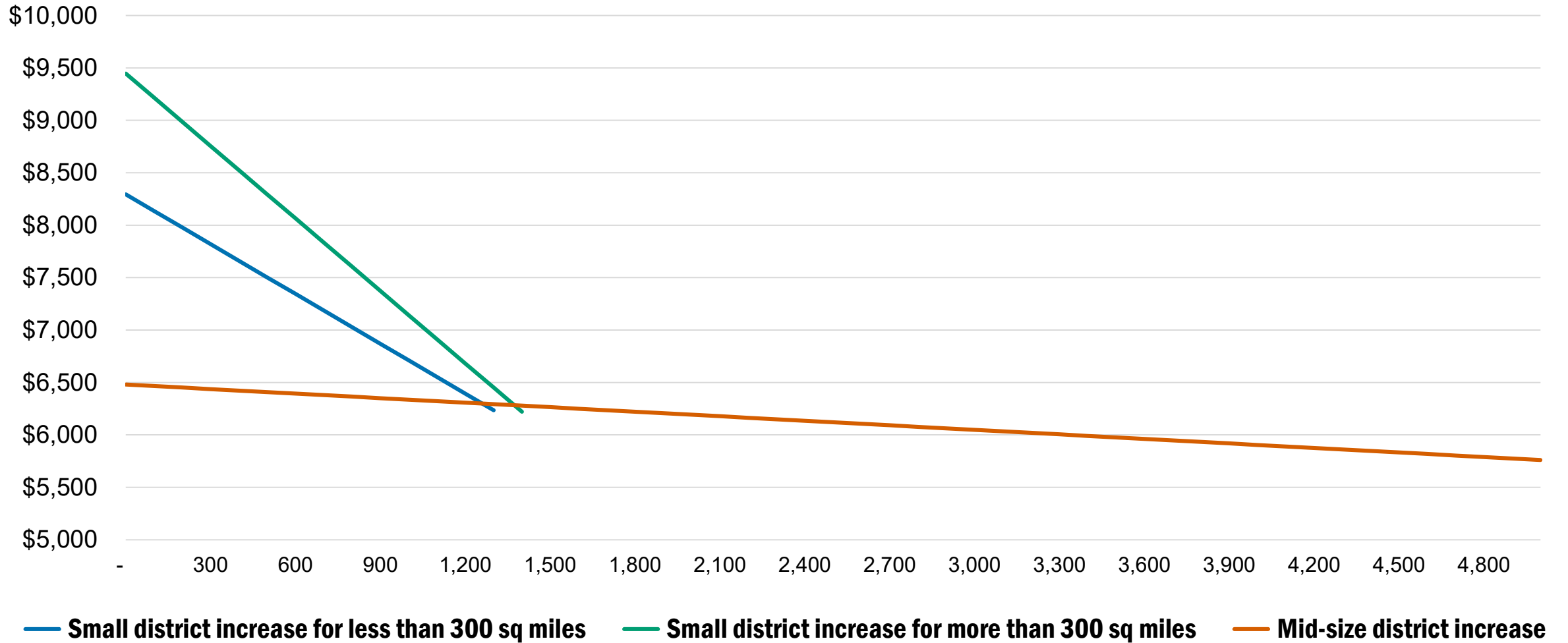
The elimination of the 300 square mile bonus under prior law

In 2017, House Bill 21 (85-1) created a six-year transition period to merge the two adjustments together. The transition period began in FY2019 and by FY2024, there would only be one formula to govern all small-size districts, regardless of the number of square miles in the district. For districts with < 300 square miles, the adjustment factor was scheduled to increase from 0.000025 (FY2018) to 0.00040 (FY2024).

Fiscal Year	SDA Factor		Fiscal Year	SDA Factor
FY2019	0.000275		FY2022	0.000350
FY2020	0.000300		FY2023	0.000375
FY2021	0.000325		FY2024	0.000400

HB 3 accelerated this schedule so there is no longer a difference in funding for small districts based on square miles.

Small and Mid-sized District Adjustments under old law



Small and Mid-sized Allotment With HB 3

How is Tier One funding determined under HB 3

The Basic Allotment (BA) is increased to \$6,160 per student for the 2019–2020 biennium and is set in the General Appropriations Act (GAA).

No more adjusted allotment (AA):

- CEI is repealed, with funding redirected to basic allotment
- Small and mid-sized formula is a stand-alone allotment in Tier One
- Small and mid-sized formula does not affect other funding except special education

BA, not the AA, is used in a series of formulas that consider student characteristics, except for special education which uses the small and mid-sized adjustments.

Changes to Tier One Allotments that use the AA / BA

Pre HB 3

The allotments funded using the district's adjusted allotment (AA)

- Regular Program Allotment
- Special Education
- Career & Technology
- Gifted & Talented
- Compensatory Education
- Bilingual Education
- Public Education Grant

HB 3

The allotments are funded using the district's basic allotment (\$6,160)

- Regular Program Allotment
- **Special Education** *
- Career & Technology *
- Compensatory Education *
- Bilingual Education *
- Public Education Grant
- Dyslexia Allotment
- Early Education Allotment
- Fast Growth Allotment

Additional New Tier One Allotments

- ✓ Teacher Incentive Allotment
- ✓ CCMR Outcomes Bonus
- ✓ Mentor Program Allotment
- ✓ Dropout Recovery & Residential Placement Facility Allotment
- ✓ College / Career Entrance Exam Reimbursements

Mid-sized District Allotment Under HB 3

The mid-sized district allotment (MDA) applies to all school districts with less than 5,000 students in regular program average daily attendance.

$$\text{MDA} = ((5,000 - \text{ADA}) \times 0.000025) \times \text{Basic Allotment}$$

The small district formula provides for separate Tier One allotment per student in regular program average daily attendance (ADA) for some school districts.

The small district allotment (SDA) applies to districts with less than 1,600 students:

$$\mathbf{((1,600 - ADA) \times 0.00040) \times \text{Basic Allotment}}$$

Reflects immediate phase-in of 0.0004 factor for all small districts

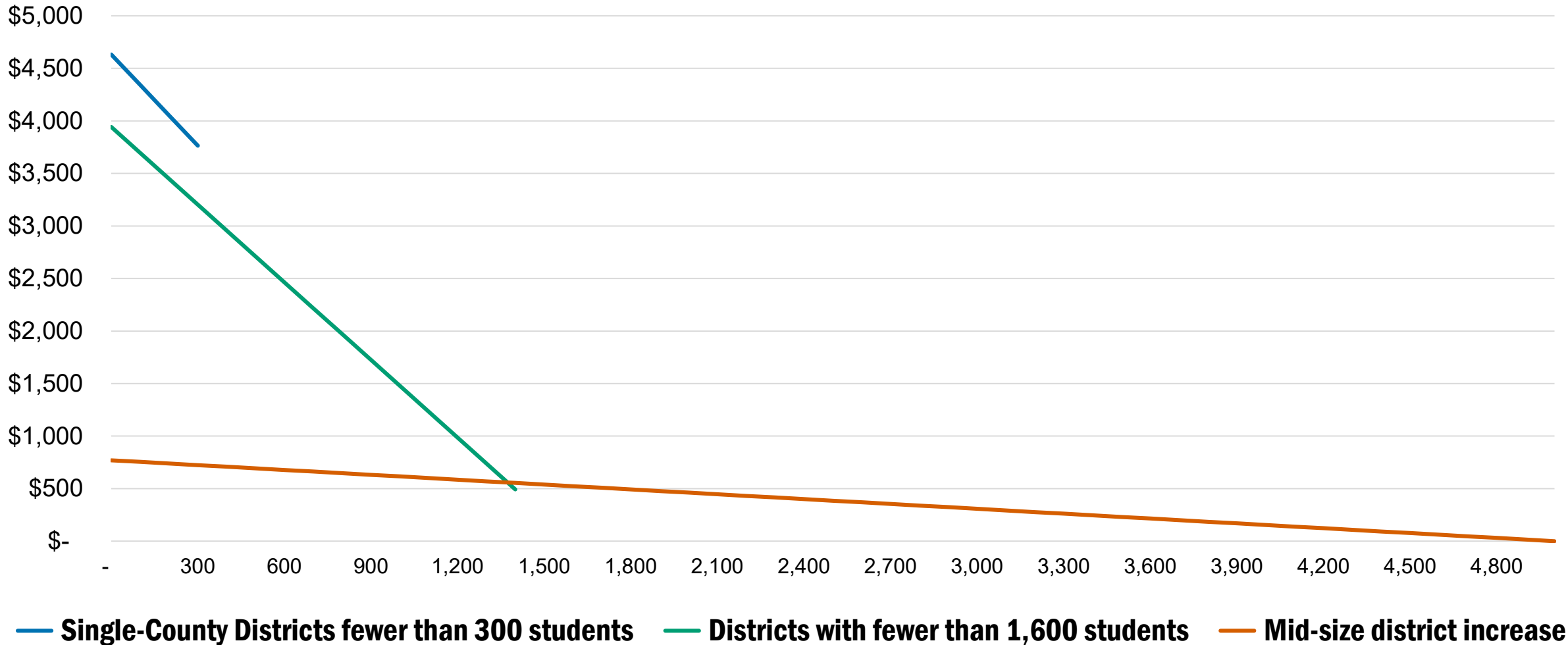
Single County Small District Allotment

HB 3 created a new carve out for small districts that have fewer than 300 students in average daily attendance and are the only school district located and operating in a county.

These school districts have a factor of 0.00047 substituted for the 0.0004 that other small districts receive.

$$((1,600 - \text{ADA}) \times 0.00047) \times \text{Basic Allotment}$$

Small and Mid-sized District Allotments Under HB 3



Charter Funding and the Small / Mid-size District Allotment

A new allotment was created for charter schools based on the small and mid-sized district allotment, but it is more accurate to think of it as a charter allotment.

It is calculated based on a weighted average of the small and mid-sized district allotment, and interested stakeholders can find more information in next week's webinar on charter school funding, which can be found at www.tea.texas.gov/hb3

House Bill 3 Resources

Stay tuned for the most up-to-date information from TEA on the implementation of House Bill 3



tea.texas.gov/HB3

Visit tea.texas.gov/HB3 for the most up-to-date information



HB3info@tea.texas.gov

Email HB3info@tea.texas.gov with any questions

A photograph of a classroom scene. A male teacher in a light blue shirt is standing and has his hands raised. Several young students are seated at a table, also with their hands raised. The background shows a blue storage cabinet with various supplies, a bookshelf, and a red pennant with the number '2021'.

Thank you!

Additional questions: Email HB3info@tea.texas.gov
(include the topic name in the subject line)