Texas Education Agency

HB 3 in 30:
State Compensatory Education (SCE) Program

July 11, 2019

Agenda and Introductions

Agenda

- What is Compensatory Education?
- How did HB 3 change Compensatory Education?
- Identification of Student Information
- Census Tiers
- Flow of SCE Allotment Funding
- Use of SCE Funds
- Advisory Committee

What is Compensatory Education?

What is Compensatory Education?

State Compensatory Education (SCE or Comp Ed):

- The goal of the SCE program is to **provide additional resources to reduce any disparity in performance** on assessment instruments or disparity in the rates of high school completion between educationally disadvantaged students, at-risk students, and all other students.
- The purpose of the SCE program is to **increase academic achievement and reduce the dropout rate** for these students by providing supplemental programs and services.

See TEC Sec 48.104(k)

How did HB 3 change Compensatory Education?

How Compensatory Education Changed: Overview

The main components of the SCE program as a result of the passage of HB 3:

- Increases overall allotment:
  - From 0.20 to a range from 0.225 – 0.275
- Established a new allotment methodology:
  - The methodology accounts for severe economic disadvantage in a student's neighborhood based on the census block in which the student resides and the index category of the census block.
- Changes spending requirements:
  - Added childcare services and life skills programs to the allowable use of SCE funds
  - Requires 55% of the allotment be spent on the SCE program
  - Requires the commissioner to adopt rules on spending requirements, with a focus on streamlined reporting and in a way that does not reduce eligible uses
- Requires a Compensatory Education Advisory Committee

To the Administrator Addressed: House Bill 3 (HB 3) Implementation: State Compensatory Education Program (July 11, 2019)

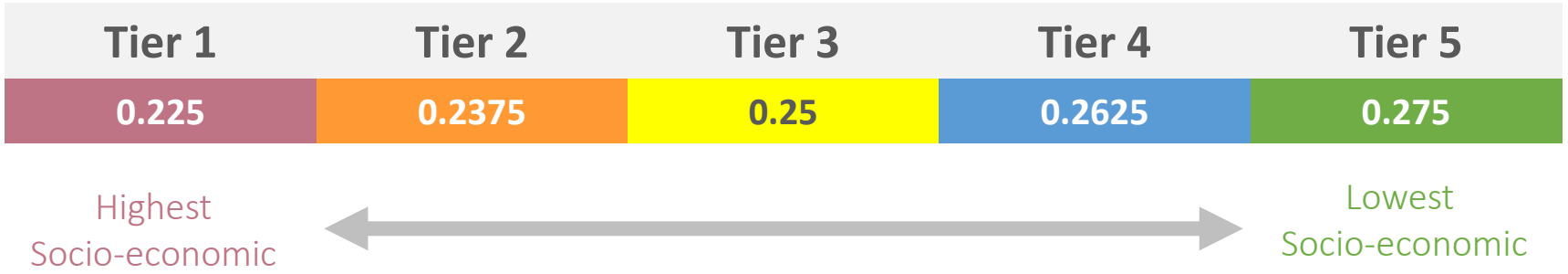
In Statute:
This topic can be found in Section 48.104 of House Bill 3, starting on page 49

How did the Compensatory Education allotment change?

HB 3 changes the previous funding methodology:

Was: a single multiplier (0.20 x the basic allotment) for each student eligible for the national free and reduced lunch program

Now will be: a tiered multiplier for those free/reduced lunch students based on the tier of the student's home address census block group.



Compensatory Education: Tiering

The Compensatory Education Allotment is based on a tiering methodology:

- Establishes economic disadvantage census blocks with five tiers and assigned funding weights to each tier.
- Assigns a higher multiplier for educationally disadvantaged students than prior law
- Requires an annual review of the census block data and assigned weights by March 1
- TEA is developing a tool that will allow school districts and charter schools to easily obtain a census block group based on the student's address.
- Allows the use of an alternate calculation, when no census data is available.

To the Administrator Addressed: House Bill 3 (HB 3) Implementation: State Compensatory Education Program (July 11, 2019)

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Compensatory Education Funding: Prior Law vs. Current Law

Prior to HB 3:

- Students eligible for the national free and reduced lunch program determined the funding
- Best six months of the prior federal fiscal year

Post HB 3:

- Student's determined to be **educationally disadvantaged**; and
- The **census block group determined** by the individual **student's home or residence address**

Key Point:
SCE funding is now based on the coding of individual students.

Frequently Asked Questions

Question

What is the difference between an economically disadvantaged student and an educationally disadvantaged student?

Answer

Texas Education Code (TEC) §5.001(4) defines educationally disadvantaged as "eligible to participate in the national free or reduced-price lunch program." Therefore, when we use educationally disadvantaged student, we are saying the student qualifies for free or reduced-price lunch program. Which is the same for economically disadvantaged. The terms have an identical meaning.

Identification of Student Information

Identification of Student Information

Steps for identification:

1. Students are determined to be educationally disadvantaged and are reported as economically disadvantaged in the **PEIMS Fall submission**. Guidelines for determining a student's economically disadvantaged status can be found in the Texas Education Data Standards: http://castro.tea.state.tx.us/tsds/teds/2020A/teds-ds2.4.pdf (Pages 31-34)
2. Identify the student's resident address
3. Identify the census block group of that address
   - TEA will provide a free tool for this purpose to be available before this fall PEIMS submission window. Expect more communication when the tool is available.
4. The census block group assigned to the student determines the tier and the weight the student earns for SCE allotment

Key Point:
The district will base the residence address on where the student resides on the PEIMS Fall snapshot date.

Frequently Asked Questions

Question

Do I now get Compensatory Education funding for all students based on their home address tier?

Answer

No. Students must first meet the eligibility requirements for compensatory education (i.e. be classified as educationally disadvantaged).

Frequently Asked Questions

Question

What if I can't identify a student's census block group from the tool that will be created by TEA for use this Fall?

Answer

Sometimes, especially for new addresses, lookup tools will not produce results. Feel free to consult census block group maps to make the identification manually.

In the event a census block group is not assigned, the eligible student will be assumed into the lowest funded tier, receiving the 0.225 weight.

Frequently Asked Questions

Question

What address should I use for determining the census block group for a student with a P.O. Box?

Answer

A P.O. Box is not a resident address therefore the district needs to obtain the address of where the student resides.

Frequently Asked Questions

Question

What address should I use for determining the census block group for a student who is Homeless?

Answer

Districts do not need to report a census block group for a student who is homeless. TEA will use the address of the campus on which the student is enrolled to determine the census block group for that student.

Frequently Asked Questions

Question

What address should I use for determining the census block group for a student when parents have joint custody of the child?

Answer

For the specific scenario where only one of the custodial parents has an address that qualifies the student for enrollment in a campus, then use the parent's address that qualifies the student for attendance at that campus. In all other cases, the district chooses the most appropriate resident address of the custodial parents for the purposes of assigning a compensatory education census block group.

Frequently Asked Questions

Question

What address should I use for determining the census block group for a student residing in a residential facility?

Answer

There are some funding and data collection issues with regard to residential facility students that require additional review by TEA. So expect more guidance on this issue to be posted to the HB 3 Frequently Asked Question document in the coming weeks.

Census Tiers

Census Block Group Tiers: How will census block groups be categorized/determined?

Below are the five categories used in determining census block groups:

1. Median household income by block group
2. The highest average educational level of the population (i.e., block group)
3. Percentage of single-parent households
4. Home ownership rate (i.e., calculated as owner occupied housing/units total housing units)
5. Other* economic criteria determined by the commissioner and advisory committee (*not part of the initial census block determination*)

*other criteria will be determined and adopted in the future, pending rulemaking comments and recommendations from the Compensatory Education Advisory Committee

Census Block Group Tiers: How will census block groups be categorized/determined?

How the categories of census block groups were used to determined Tier placement:

1. Each of the four categories were ranked and assigned a percentile score from 0 to 1.
2. The scores were added together and given an overall Socioeconomic score between 0 and 4.
3. After scoring all 15,286 block groups, they were ranked from lowest to highest.
4. Census blocks groups were placed into tiers starting with the lowest scores going into Tier 5 which earns the highest funding weight.

This methodology is fully described in a report posted on the HB 3 website: A Statewide Socioeconomic Tier Model for Texas School-Age Residents: Methodology and Results. Texas Education Agency, May 2018. https://tea.texas.gov/WorkArea/DownloadAsset.aspx?id=51539630875

Results of preliminary analysis of census block data

Table 3. Mean Indicators for Texas Census Block Groups by Calculated SES Tier (ACS 2016 5-yr Estimates) *

SES Tier	Median Household Income	% Home Ownership	% Single-Parent Households	Educational Score %	Total Socio-economic Score
	Categories for determining census blocks				
Tier 1	$114,358	89%	11%	70%	3.4
Tier 2	$68,724	75%	19%	60%	2.7
Tier 3	$52,944	64%	27%	54%	2.0
Tier 4	$40,507	54%	37%	48%	1.4
Tier 5	$28,705	37%	53%	42%	0.8

An excel document containing all the underlying data and tiering determinations based on this methodology from the 2016 ACS.

Campus Census Block Group https://tea.texas.gov/WorkArea/DownloadAsset.aspx?id=51539630883

Census Tiers by County https://tea.texas.gov/WorkArea/DownloadAsset.aspx?id=51539630884

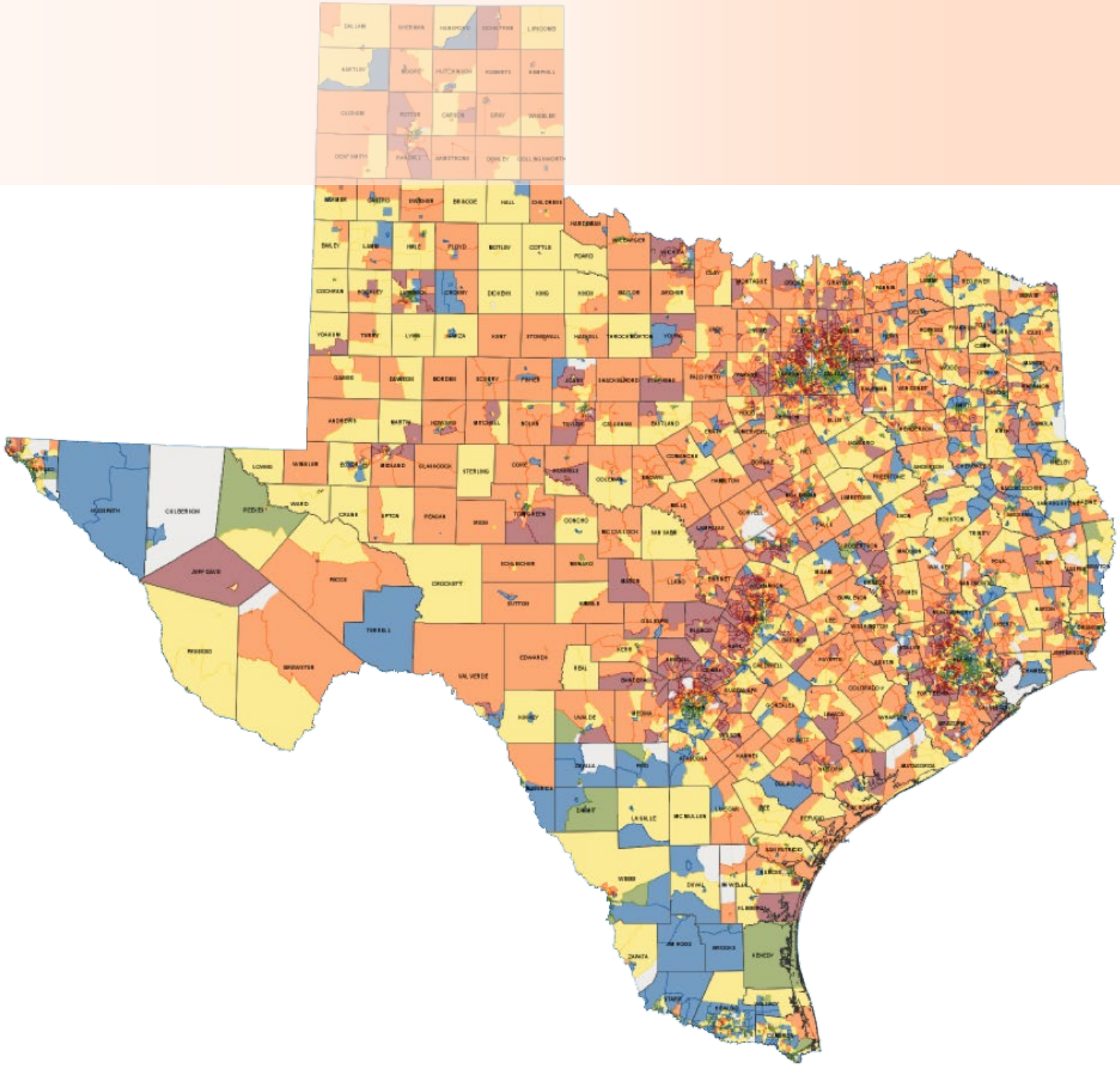
Tiers

Key Point: Students are funded if they are identified as eligible for a free or reduced lunch. But the level of funding for each student is based on the tier of the student's home address census block group.

Highest Socio-economic

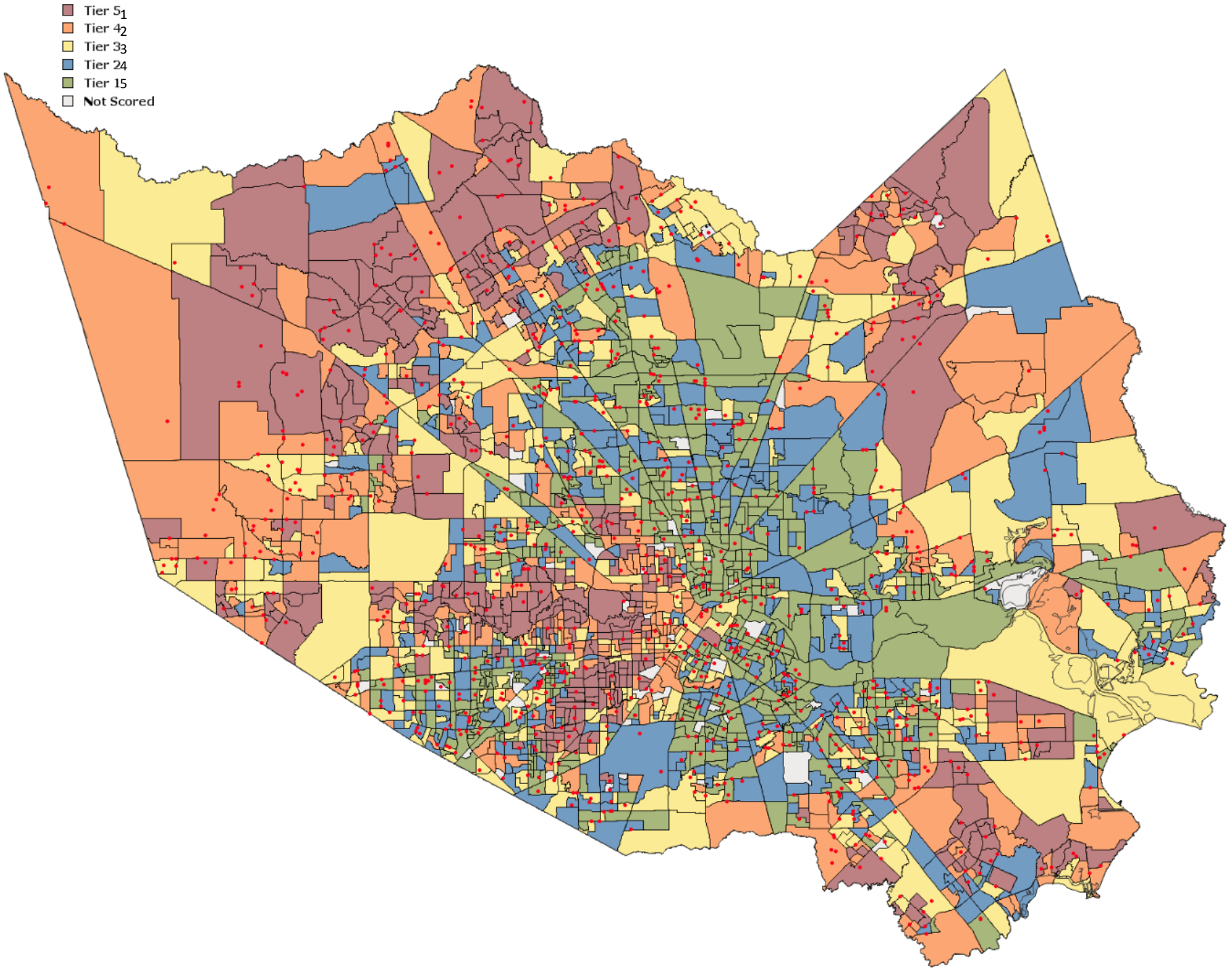
Lowest Socio-economic

0.225
0.2375
0.25
0.2625
0.275



Census Tier Close-up View:

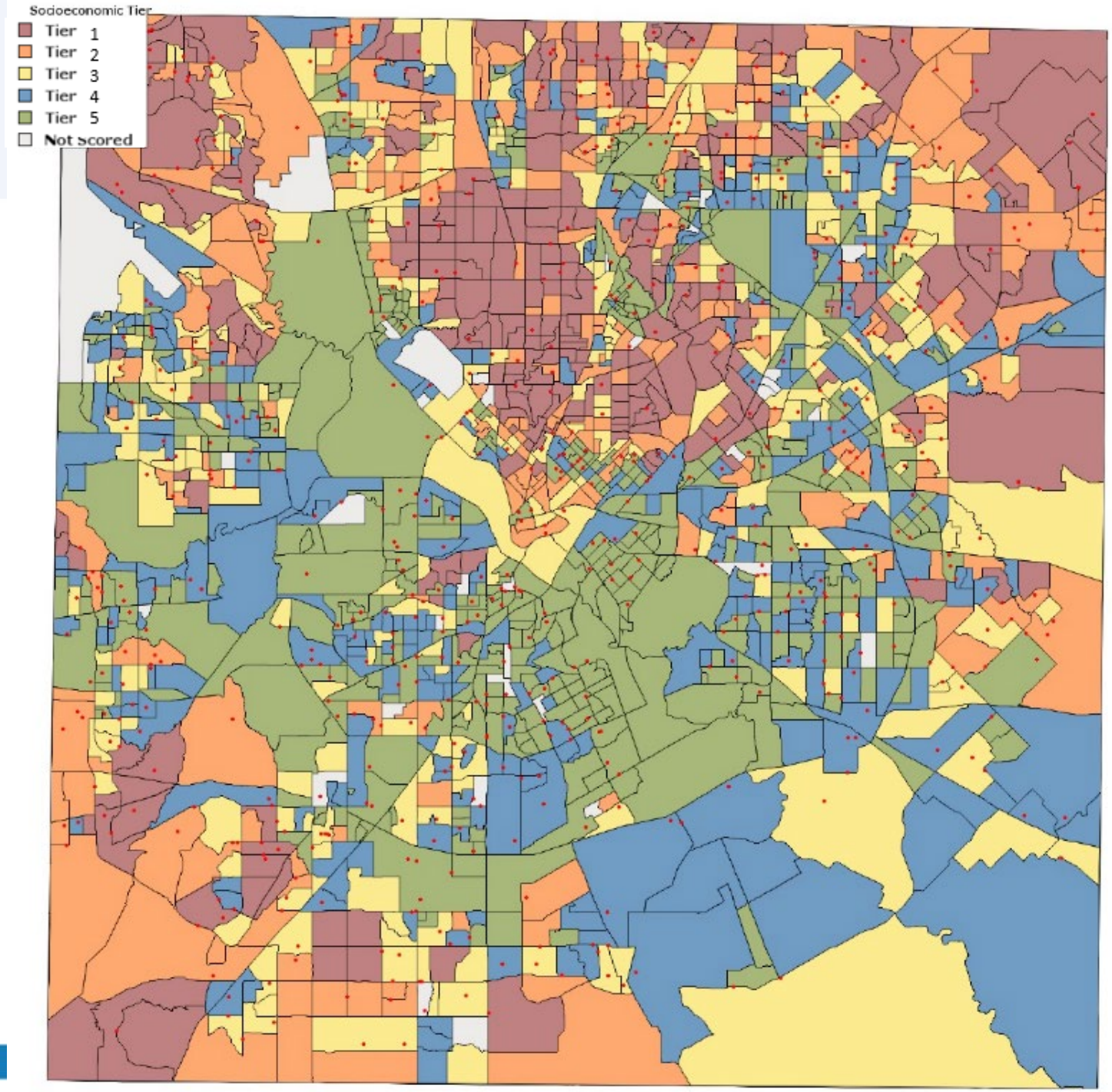
Harris County



Each red dot is a campus

Census Tier Close-up View:

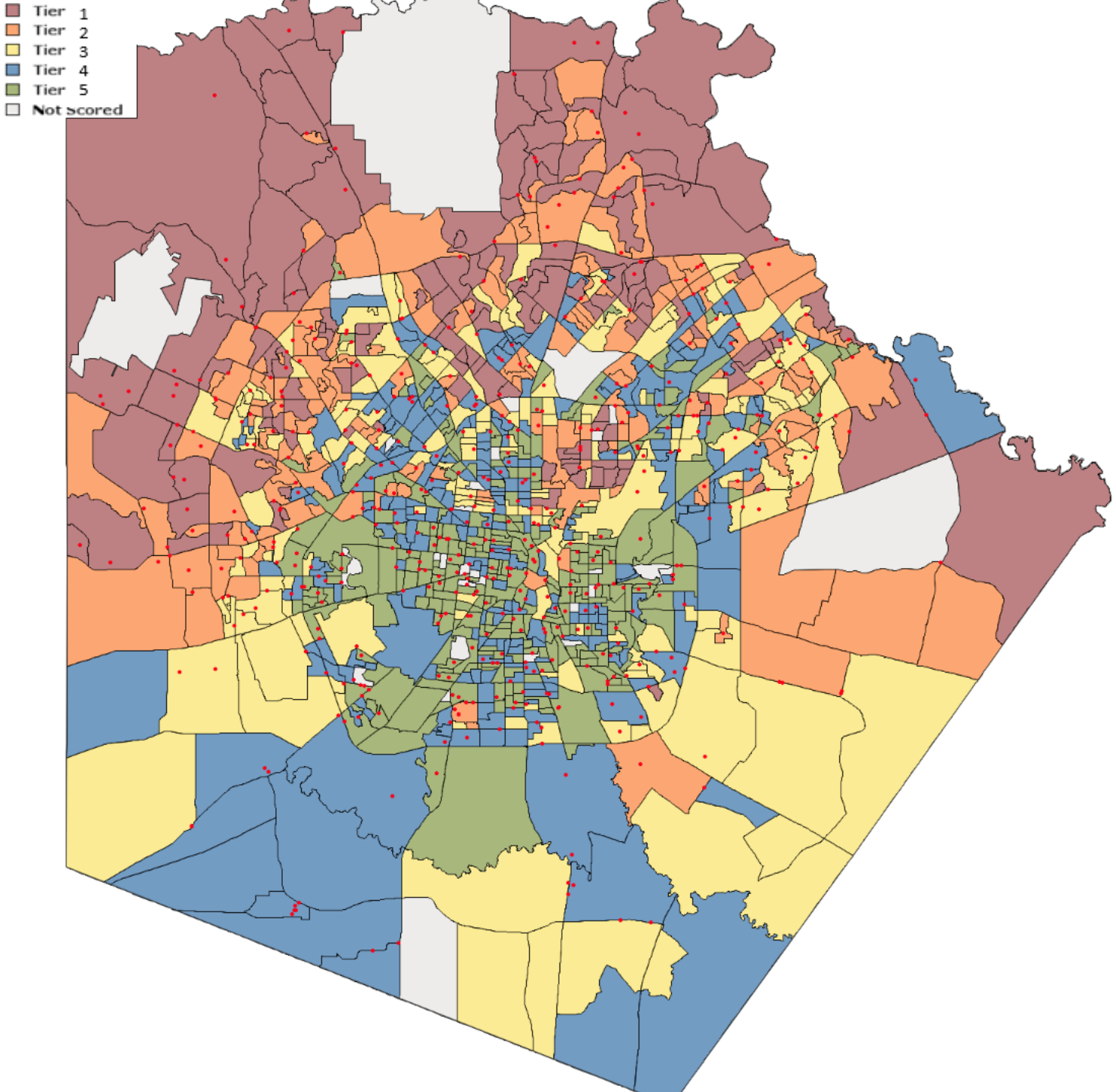
Dallas County



Each red dot is a campus

Census Tier Close-up View:

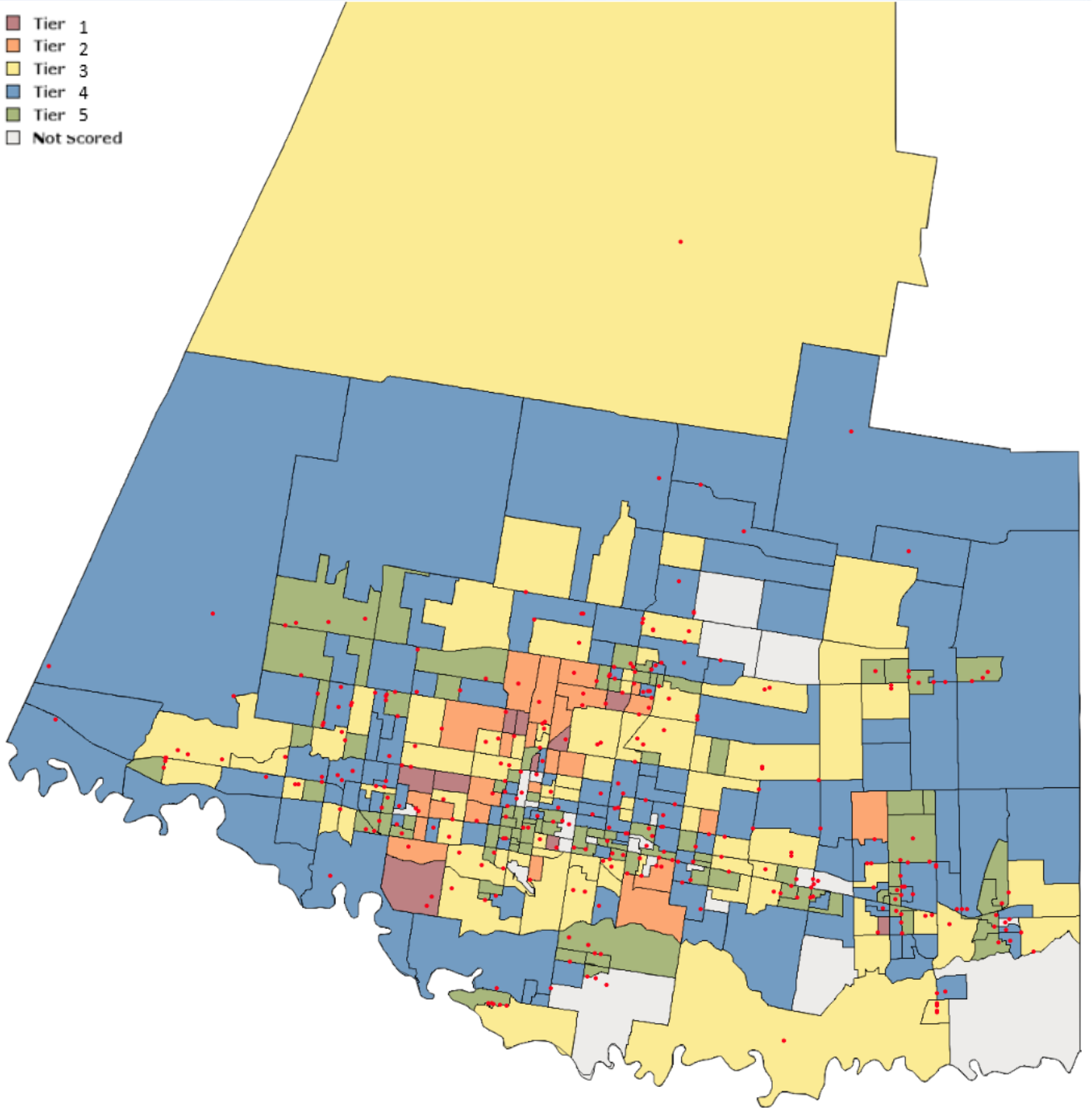
Bexar County



Each red dot is a campus

Census Tier Close-up View:

Hidalgo County

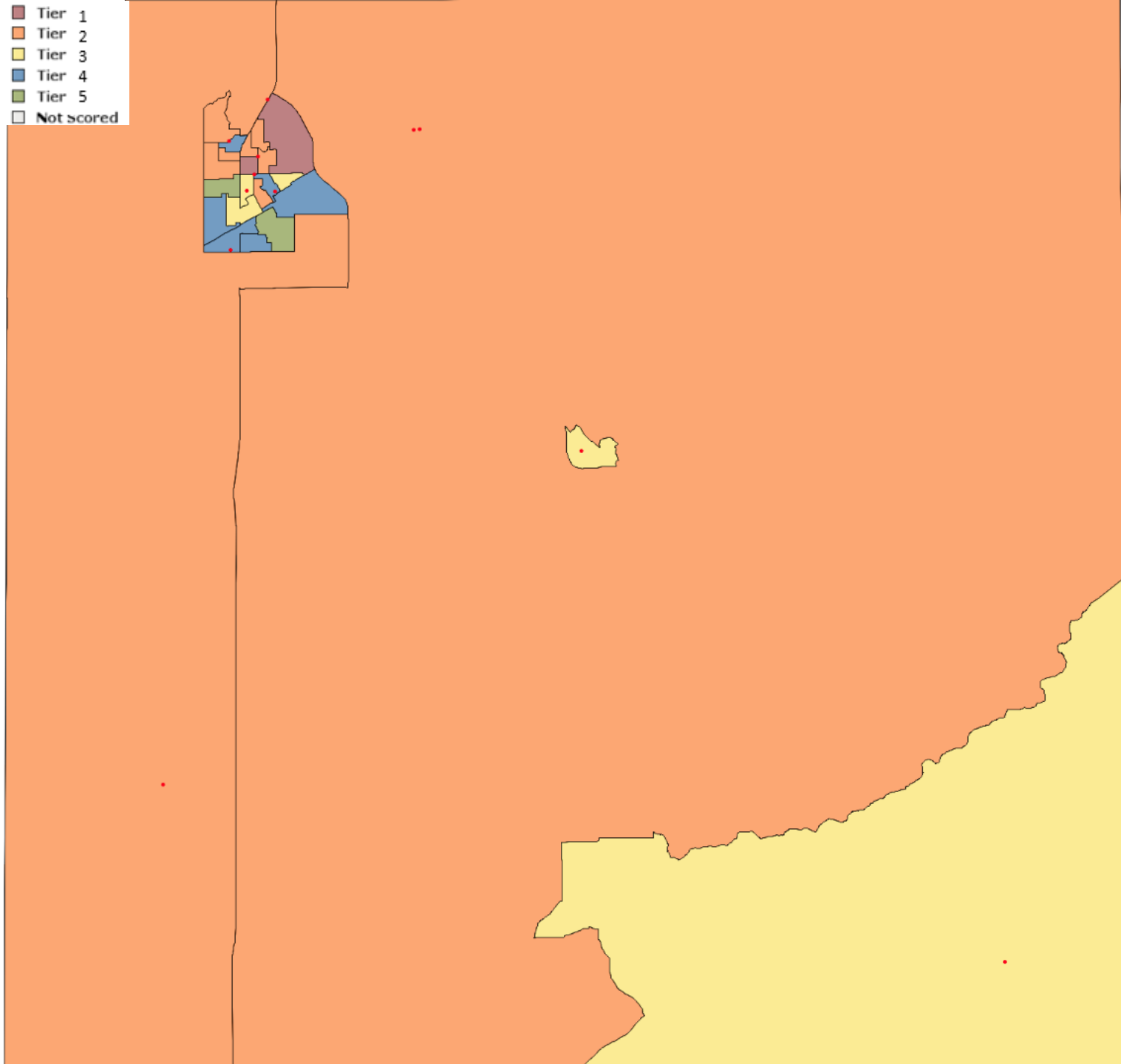


Each red dot is a campus

Census Tier Close-up View:

Gray County

Each red dot is a campus



Maps for census block groups

For an interactive map of the entire state with census data as tiered for the purposes of supporting legislative deliberations, visit:

http://tea4avcastro.tea.state.tx.us/research/

(be patient, that web resource was not designed for heavy use)

Frequently Asked Questions

Question

What if a block group doesn't have a tier assigned due to insufficient census information?

Answer

A small number of census block groups in Texas have insufficient data to assign a census tier. In all non-standard cases, educationally disadvantaged students will be assigned into the lowest funded tier, receiving the 0.225 weight.

SCE Allotment Funding for 2019-2020

SCE Funding for 2019-2020

The 2019-2020 School Year is the first year of the new HB 3 methodology, and student level census block group information is not yet known. As a result, this year will involve a transition process for the purposes of SCE Allotment Funding.

1. Starting with the new school year, district payments will be provided based on **estimates developed based on campus addresses**.

2. Starting with FSP payments in the spring, the FSP payments will likely be **adjusted** to align with **actuals from student information in the fall PEIMS submissions pending rule adoption**.

Key Point:
In some cases actuals may be noticeably different from the methodology used to produce estimates. Districts should budget accordingly.

Methodology for Funding Estimates in 2019-2020

TEA will initially fund the SCE allotment for 2019-2020 based on the census block group of each campus and the fall 2018 student estimates.

- TEA used the **address of each campus** to determine a single campus census block group.
- TEA used the initial census block group tiering determinations developed during the legislative process to assign each **campus a poverty tier**.
- Each campus poverty tier was applied to **every educationally disadvantaged student at those campuses**, using counts from the 2018 fall enrollment snapshot.

An excel document containing estimated SCE allotments by district can be found on the HB3 website.
SCE Allotment Data

Note: This funding methodology produces an estimate. But this is NOT the actual payment methodology stipulated by law. This methodology is used because student enrollment information by census block group is not yet known. As a result, a reconciliation process will be required after that information is obtained.

Adjusting to Actuals for 2019-2020

The fall PEIMS submissions will be used as the determination for each student's educationally disadvantaged status and census block group.

- Districts will be required to upload a census block group for each student in membership, in addition to the prior practice of noting whether the student is educationally disadvantaged.
- **TEA is developing a tool** to help districts identify census block groups from addresses. But districts are free to use any source of information for that purpose.
- **Final FSP funding will be based on** the census block group uploaded in **the fall 2019 PEIMS (Timing to be determined).**

Key Point:
Because the funding will be based on information collected by the school district or charter school, the identified and reported information must be accurate so that the district or charter school receives the correct amount of funding.

Future Year Funding Methodology

Beyond 2019-2020, LPE funding estimates will be based on **census block groups reported as of the prior year's fall snapshot date** for educationally disadvantaged students.

Expect more correspondence on this topic in future years.

SCE funding with a Community Eligibility Provision (CEP)

Rules may be amended for the method of determining the number of students who qualify for an SCE allotment at a campus that participates in a CEP administered by the U.S. Department of Agriculture.

Please note: It appears the intent of the legislature was that CEP should NOT qualify for compensatory education, independent of individual student identification. This will likely be how the rule is proposed, and this was the methodology assumed when modeling estimated SCE funding.

Frequently Asked Questions

Question

How do we handle Community Eligibility Provision students for Compensatory Education funding?

Answer

Prior to HB 3, school districts and charter schools participating in a CEP were required to follow 19 TAC §61.1027 for an alternative reporting method. This will not change. Districts are required to collect information to determine if a student is educationally disadvantaged for determining funding for Compensatory Education.

Use of SCE Funds

How SCE funds can be spent

State Compensatory Education funding can be spent on the following:

- Programs that meet the needs of **educationally disadvantaged students** - as permitted before and after the passage of HB 3
- Childcare services or assistance with **childcare expenses for students at risk of dropping out of school**, as described by the TEC, §29.081(d)(5)
- Pay the costs associated with services provided through a **life skills program** in accordance with the TEC, §29.085(b)(1) and (3–7)
- Continue to support a **program eligible under Title I of the Elementary and Secondary Education Act of 1965** and its subsequent amendments.
- Additionally rules will be adopted to permit a school district to use funds for programs and services that reflect the needs of the students at each campus

Frequently Asked Questions

Question

Can funds be spent on students at-risk of dropping out as defined in TEC 29.081(d)?

Answer

Yes. Students that meet one of the 13 criteria are eligible for the same supplemental services they received before the passage of HB3.

Additionally the students who were are designated as educationally disadvantaged can receive supplemental services paid for with Compensatory Education funds.

How SCE funds can be spent

State Compensatory Education spending requirements:

- **At least 55 percent** of the SCE funds allocated must be used to fund supplemental programs and services designed to eliminate any disparity in performance on assessment instruments administered under the TEC, Subchapter B, Chapter 39, or disparity in the rates of high school completion between:
  1) students who are educationally disadvantaged and students who are not educationally disadvantaged; and
  2) students at risk of dropping out of school, as defined by the TEC, §29.081, and all other students.

Frequently Asked Questions

Question

Will TEA continue to allocate expenditures coded to Program Intent Code(PIC) 99?

Answer

Yes. TEA will continue to allocated PIC 99 to the other programs through PEIMS after the mid-year submission. However, TEA recommends that districts and charters code as much as they can to the actual program and campus.

Frequently Asked Questions

Question	**Can I continue to use State Compensatory Education Allotment funds to pay for the second half of a pre-k program?**
Answer	Yes, you may continue to use State Compensatory Education funds to pay for the second half of a pre-k program as long as the students meet the eligibility for use of the allotment. Additionally, HB 3 added the Early Education Allotment, which is another significant funding stream for districts and charters to use to fund the second half of a pre-k education program.
Key Takeaway	The district or charter is required to offer a full day pre-k program for four-year-olds and may use other funding sources as long as the student meets the allowability for use guidelines.

Adoption of rules for use of funds

The Commissioner will adopt rules regarding the use of funds:

- Rule proposal expected in **October 2019**
- Rules must allow the funds to be **spent on the campus to address the students needs**,
- Provide streamlined **reporting on the use of the funds**, and
- May **not restrict uses that were allowable** prior to HB 3.

The State Board of Education will adopt rules that require a report as part of the Annual Financial Report and determine minimum standards for the report

Commissioner Review

The Commissioner of Education will review the reports submitted in the Annual Financial Report:

- ✓ Determine compliance with the rules on allowable use of funds
- ✓ Provide each district a reasonable opportunity to comply with new rules
- ✓ If it is determined the district or charter is not in compliance, the Commissioner shall withhold funds until compliance is achieved
  - ➢ Discretion is provided to TEA to use the average of the prior three years to determine the amount to withhold
  - ➢ Begins with the 2021-2022 fiscal year

Frequently Asked Questions

Question

What if my district does not meet the spending requirements for this year because of the changes that were made to state funding?

Answer

The district or charter will be required to make up the difference in the following year. For example: District received $100, required to spend $55 on the program, only spent $45. The following year the district would be required to spend $10 plus 55% of the new allotted amount for the year.

Key Takeaway

The district or charter needs to meet the needs of its students regardless of the difficulties in budgeting.

Compensatory Education Advisory Committee

Compensatory Education Advisory Committee

An advisory committee will be formed in fall of 2019 to advise the agency in adopting rules for the SCE allotment.

The advisory committee will consist of members appointed by the Commissioner, including:

- ✓ School district superintendents and chief financial officers
- ✓ Classroom teachers
- ✓ Representatives of school districts located in an area other than an urban area, as designated by the U.S. Census Bureau
- ✓ At least one representative of an open-enrollment charter school
- ✓ Demographers
- ✓ Experts on census data
- ✓ Public school finance experts
- ✓ Appropriate employees of the agency

Compensatory Education Advisory Committee

The Advisory Committee will help the TEA in amending and adopting:

- Rules establishing other economic criteria to be considered for the census block groups
- Rules for students in certain programs
- Methods for counting homeless students
- Rules to determine the appropriate weight for certain students
- At least every two years review census and student data and make recommendations

Additional information coming soon.

Next Steps (TEA and District)

TEA Next Steps

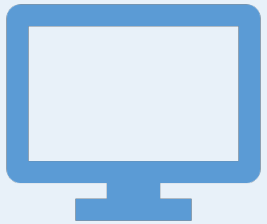
- ✓ Develop a tool that allows districts and charters to upload students' addresses to obtain census block group information.
- ✓ Creation of an advisory committee in the **Fall 2019.**
- ✓ Rule proposal in **October 2019.**

District Next Steps

- ✓ Report to TEA the census block group for educationally disadvantage students **Fall 2019**.

House Bill 3: Resources

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



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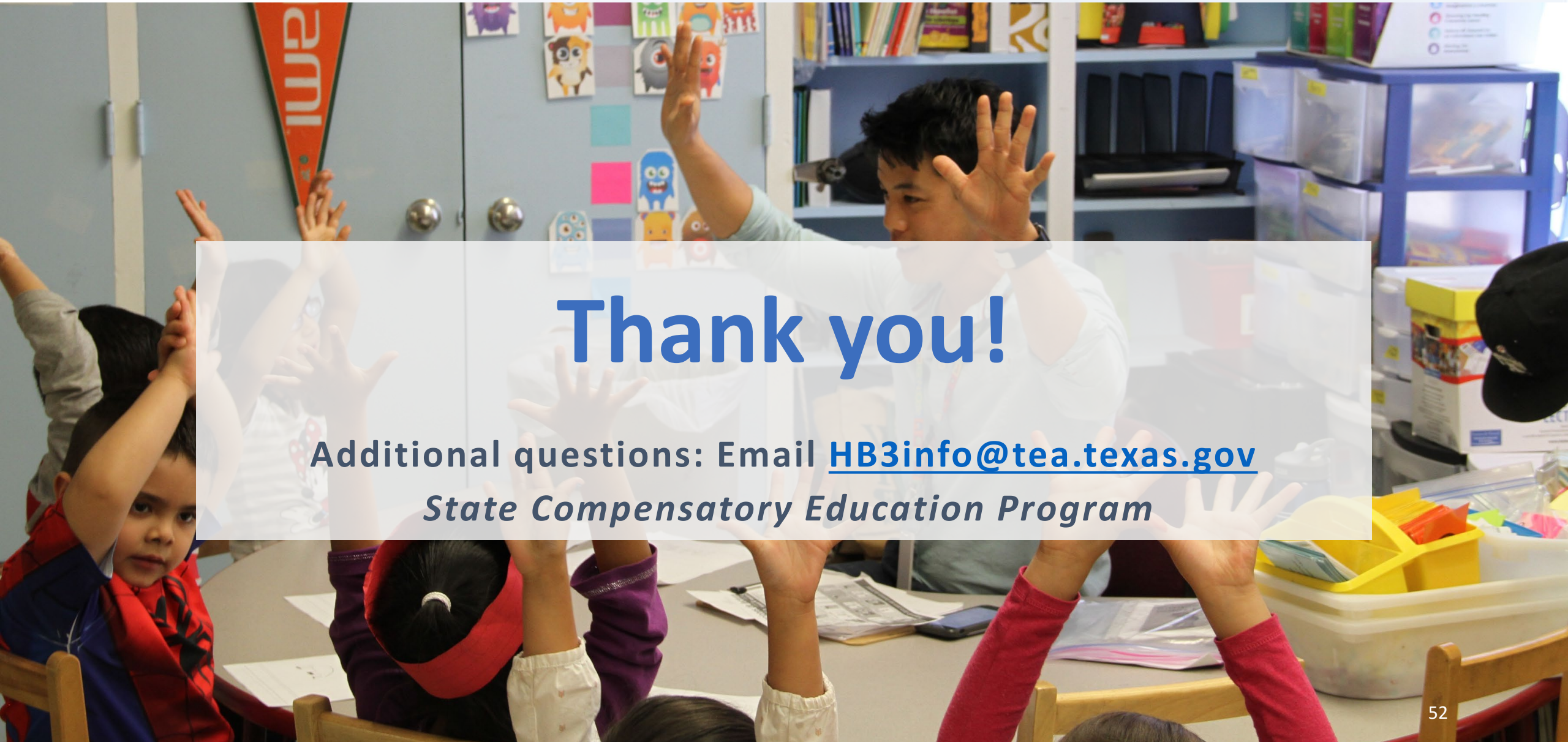
Email HB3info@tea.texas.gov with any questions



Thank you!

Additional questions: Email HB3info@tea.texas.gov

State Compensatory Education Program