

ADMINISTRATOR'S STATEMENT
81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

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Agency name: **Texas Education Agency**

The Texas public school system has produced significant academic gains for students from prekindergarten to high school. Since 2006, the number of Exemplary districts has jumped from 19 to 43 and, more significantly, the number of Academically Unacceptable districts has decreased from 47 to 31. Just this year, the number of ACT test-takers increased 3% to 79,050 with an all-time average score of 20.7. With expected progress, we are on target to meet or exceed the national average in the next three to five years.

Despite these gains, Texas has a long way to go. Many of our peer states are catching up to our record student achievement levels and have greater progress than Texas in adopting more specific curriculum standards, developing more robust data systems and increasing the pool of quality teachers in the areas of their state that need them the most. On the international front, the United States overall is in the middle of the pack in student achievement in both math and science. This is a daunting position when one considers that success in the global economy depends on the ability of our student population to have robust knowledge and background in the science, technology and mathematics content areas.

Texas has enacted many reforms. The state has approved college readiness standards, new curriculum standards, end-of-course exams and stronger teacher certification requirements over the last three years. Rather than create new reforms, Texas should focus on supporting the reforms currently in place and work towards specific intervention strategies that help students and teachers succeed in their individual and collaborative roles. As partners in the legislative appropriations process, we can directly impact higher student achievement, teacher quality and success, and ultimately, a productive and effective workforce and citizenry. But as partners, we need to make some hard choices to commit our fiscal resources specifically to effective and evidence-based practices and policies that truly support the work of the Legislature over the last thirteen years since Senate Bill 1 passed in 1995.

Chief among our priorities for the 2010-2011 biennium is further refinement of the programs I believe are necessary to faithfully implement the goals of the statutory initiatives the Legislature has adopted over the last seven biennia. This includes revising riders to specifically target intervention strategies and practices that support students and teachers who need the most assistance. For example, the state should combine the goals of the Student Success Initiative, the limited English proficient (LEP) Initiative with the Reading and Math Initiative to specifically target academically struggling students with a specific sequence of support activities. These activities include the reading and math diagnostics, professional development, and formative assessments to deliver appropriate instruction. Funds should also be used to implement intervention strategies that are evidence-based and should provide successive support during the school year and through the summer months, both through webinars and summer academies. We must maintain our commitment to continued professional development during the summer for new teachers in grades K-8 based on the latest available research in reading and math.

On behalf of the Texas Education Agency, I am pleased to provide the Legislative Appropriations Request for the 2010-2011 fiscal biennium. While this document details the largest expenditure of general revenue by any agency of state government, it also seeks to commit those fiscal resources towards a more focused and aligned expenditure of funds geared specifically to the success of our students.

Texas is now in its third year since the major school finance overhaul in HB 1, 79th 3rd C.S. In accordance with the LAR instructions, this document funds student growth in the Foundation School Program. It does not assume any legislative changes; however, I am pleased to continue the dialogue I began with the Commissioner's Summit on School Finance this summer and look forward to a full deliberation of the issues and challenges of school finance in the HB 1 era. This deliberation needs to include a discussion of the transportation allotment (which has not been updated since 1984), the appropriate use of the mid-size school adjustment, the potential expansion of the high school and technology allotments and the access to revenue above the initial equalized four cent local enrichment tier—the so called “golden pennies.”

We are also in our third year of HB 1 implementation. Last session, the Legislature passed a number of program initiatives to complement the goals of HB 1, including HB

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2237 (high school and dropout recovery reform), SB 1031 (end-of-course exams), and HB 3485 (career and technology course review). It also provided needed funding for a functional re-write of the PEIMS system, early childhood education, student physical fitness programs and a district-wide teacher performance and incentives program.

The 10% Reduction Exercise:

This exercise is always a challenge, but, in these recommendations, I have tried to conform to the general principles of making decisions that do not have widespread impacts on educational programs. Although they contribute greatly to many individual students, there are a number of small grant programs that do not have statewide impact. Those programs include Science and Math Outreach; AVANCE, certain components of the Reading, Math and Science Initiative; and certain specific and high school grant programs - activities which can be funded by allocating High School Allotment funds locally.

However, the agency has a 10% reduction target of more than \$260 million. Therefore, it cannot be met without some consequential reductions to essential programs.

The Windham School District (WSD) is, I believe, underfunded and I have proposed an exceptional item to address the district's lack of resources. More than 90% of the budget for WSD goes toward salaries. The reduction proposed in this exercise is not as severe as the cuts sustained in 2003, but it would impact their ability to offer educational programs.

Most of the Student Success Initiative (SSI) reduction comes from the elimination of the Intensive Instruction set-asides, a program that I have always felt was duplicative and comprised of activities that could be funded through the basic SSI program or other local funds if school districts so chose.

The cut to the Teacher Incentive Awards program would be concentrated on the Texas Excellence in Education Grants (TEEG) and would facilitate combining the program into the District Award for Teaching Excellence (D.A.T.E.) program.

The educator salary increase refers to the \$23/WADA adjustment made by the 80th Legislature. This increase should be made permanent and rolled into the Foundation School Program. However, the LAR instructions did not allow that treatment. As a result, the increase is, regrettably, included in the reduction exercise.

Finally, the agency cannot meet the reduction target without some decrease in the funding for textbooks and the technology allotment. I have proposed a reduction for both programs, but please be assured that these would be the most difficult cuts to implement because of the impact they would have on the public schools. This exercise also includes a reduction of just under \$10 million in the agency administrative budget and small reductions to the Teacher Mentor Program, Principal Excellence Program and the elimination of the state steroid testing program.

Exceptional Item Requests:

Our requests for exceptional budget items attempt to address specific programs already in statute and target those existing programs towards the preparation of our student population – from Pre-k to adult – for tomorrow's economy and workforce. First, as part of the SSI framework, teacher training and professional development continue to be key priorities for the agency to ensure that the preparation of our students meet the requirements of our new college readiness standards. In addition, we must aid our teachers in preparing our students for the state's new end-of-course (EOC) assessments which are scheduled for implementation beginning with incoming 9th grade students in the 2011-2012 school year. I respectfully request that at a minimum, \$53 million be appropriated towards the development of training materials, staffing and consistent training delivery, including online webinars and formative assessment training, for the EOC exams.

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Critically essential, assessment training will help teachers understand the skills and expectations in the new EOC exams and how to apply what they know as content experts to the levels of learning required to pass the exams. Of particular interest is the Algebra I EOC exam where extensive research on the knowledge and skills of students needed to succeed in Algebra I (fractions, ratio, proportions) has been recently unveiled by both the National Council of Teachers of Mathematics and the National Mathematics Advisory Panel. The agency also respectfully requests \$3.5 million to fund the extension of the EOC assessment program to develop modified EOC assessments for students with disabilities. This will meet requirements under both the Individuals with Disabilities Educational Improvement Act of 2004 and the No Child Left Behind Act of 2001.

I would respectfully request your continued support of the state facilities programs. The request is for \$150 million in new awards for the Instructional Facilities Allotment payments for low-property wealth school districts. The exceptional item for the Existing Debt Allotment amounts to \$175 million, which would not only “roll-forward” debt from the previous biennium, but would add one dollar per penny per ADA to the allowable EDA yield, enabling 47 more school districts to participate.

The agency supports continued funding for the largest education pay for performance program in the nation. Implemented by HB 1, these programs have received considerable interest by districts and campuses seeking to recruit, retain and reward the most effective teachers. However, this alignment comes at a great cost to districts that are truly committed to wholesale change in the way they recruit and retain the best teachers. I respectfully request an appropriation of \$280 million to support the execution of this program in accordance with statutory provisions.

The LAR includes full funding for the textbook proclamation 2010, as well as continuing contracts. This exceptional item amounts to \$397 million in new obligations for instructional materials.

As we discuss the needs of servicing the new economy with better prepared students, we also need to discuss our students’ need for up-to-date technology. Our technology allotment has remained the same - \$30 per student – since it began in 1992. Technology has transformed the classroom. Teachers develop and submit lesson plans electronically, use online grade books, participate in online professional development, access online resources and communicate with parents and students via email and over the web. Students use technology for classroom activities, online instruction, online assessments, reading assignments and homework. As a state, we must commit the financial resources which will allow us all – from the classroom to the district to the state – to evolve into educated consumers of technology. Therefore, I respectfully request an increase of the technology allotment to \$35 per student.

Based on 2000 Census data, more than three million adult Texans have at least one major educational barrier: they lack basic literacy skills, basic English language skills or do not have at least a high school diploma. Our state adult education program is working towards a proven record of efficient and effective performance, yet it is not resourced to address the urgent volume of need. Therefore, as commissioner, I am committed to working with my colleagues at the Texas Higher Education Coordinating Board and the Texas Workforce Commission to support a \$50 million appropriation to Adult Basic Education and Workforce Training. Training that must go beyond basic literacy activities to include skills training, an activity specifically not allowed under the Workforce Investment Act.

Since coming to work for the agency, I have been personally committed to the implementation and expansion of quality Pre-k for all children in Texas. As many early elementary educators can tell you, students enter their classrooms for the first time at different levels, yet are eager to learn and equally capable of learning at the highest levels. Research shows that in many cases, the children coming in with minimum language or computation skills are primarily from economically disadvantaged families, however it also shows that once the child is provided the learning environment to develop those skills, they quickly become more knowledgeable.

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The Prekindergarten Early Start Grant program was established in 1999, using costs and population information from that time. Despite validated research showing the value of a Pre-k education, the return on investment of Pre-k services to the economy and increases in the population of students in need of those services, funding for this grant program has been reduced in subsequent legislative sessions. I am respectfully requesting an exceptional item of \$65 million for the biennium to expand Pre-k services to eligible students who are not being served and to increase the number of students who may be served in a full-day program rather than a half-day program. I also respectfully request that a continued partnership with the Texas Workforce Commission in providing quality preschool services to all our families in need be supported and continued by the Legislature.

Last session, the Legislature passed SB 1788 which directed the agency to launch a State Virtual School Network to allow for a variety of school-related activities to be conducted over the Internet. While no appropriations were established to fund the network, I authorized \$2.3 million to develop a pilot to fund the start-up costs for developing this new network. This \$18 million exceptional item request will go toward full implementation of the network by providing funds for districts to offer courses, pay for central operations and the cost of course review.

Last session, the Legislature reaffirmed its commitment to the health and fitness of Texas schoolchildren by passing SB 530 requiring fitness testing for students in grades 3-12 and increasing the required physical activity for students in middle school. When the results of the fitness testing were released in July 2008 it confirmed what we already knew - a large percentage of our children are not physically fit. Further, the number of healthy students decreases as students get older. In order to establish healthy habits early in life and reverse the current trend of adolescent obesity, I respectfully request an appropriation of \$63 million for grant funding to support the creation and replication of effective health and fitness programs in school districts across Texas and to create a Health and Fitness Best Practices Network.

As mentioned in my explanation of the 10% reduction exercise, I am increasingly concerned about the lack of resources at the Windham School District. I respectfully request \$12 million to address operational shortfalls and, more importantly, to upgrade relevant and robust course offerings to improve work skills and reduce recidivism among the TDCJ population.

The Permanent School Fund continues to operate in a professional and effective manner with far fewer resources than any other similar major state investment fund, according to the LBB study of major state investment funds. The exceptional item request would continue to provide resources to implement the asset re-allocation program approved by the State Board of Education, which is designed to increase the fund's rate of return.

According to a recent State Auditor report, there are shortcomings in the agency's ability to both monitor and hold accountable educator preparation programs. The agency needs increased legislative authority to level sanctions against poor performing programs. I respectfully request appropriations authority to implement this monitoring and accountability program. This initiative can be funded by a small fee increase already approved by SBEC. Even with the increase, the examination and certification fee for Texas educators remains far below the national average.

With the implementation of college-readiness standards, the accreditation and intervention regimen required by HB 1, 79th, 3rd C.S., and the auditing of an increasing number of campuses and open-enrollment charter schools, the agency has over-extended curriculum, auditing, textbook and technology staff. While we have done our best to adjust resources to meet these needs, many of those options are dissipating. We respectfully request an exceptional item to allow the agency to adequately meet obligations required by statute.

There are two exceptional items related to technology operations at the agency. One would provide funds for applications remediation not covered by the Data Center Service Consolidation funds and also address deficiencies in agency infrastructure. The other would address badly needed improvements in agency security,

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confidentiality and financial administration, including phase 3 of the Foundation School Program Payment System re-engineering project.

Finally, I respectfully request funds to both comply with the educator fingerprinting and background check provisions of SB 9, 80th R.S., and to adhere to federal law with regard to the required state match needed to draw down more than \$1 billion in federal child nutrition funds.

“Exceptional Items” not listed:

I would like to note four omissions from the exceptional item list that I look forward to discussing with legislators. The first is a program for charter school facilities, which, in my opinion, is badly needed. While I am not prepared at this time to make a request for state general revenue, I do intend to explore funding options through either private sector participation or by leveraging state resources to create a guarantee program of some kind. It is my hope that we can work together to create a mechanism to assist charter schools in their facilities needs.

There is no exceptional item for the next generation of PEIMS, or a similar data system to replace the current PEIMS. The agency has embarked on a business analysis and stakeholder engagement project funded by the Michael and Susan Dell Foundation to inform future directions on that project. It would be pre-mature to recommend an exceptional item in the absence of such analysis. Again, I look forward to forging a strong legislative partnership on this issue.

An issue that has been on the forefront of the agency’s priority list is the security of our high stakes tests. In the past two years, we have implemented thirteen goals to insure that the tests are not easily manipulated by students, educators or other outside entities. One security measure that has yet to be implemented is the scrambling of test questions on the test itself. If this item were added to the agency’s exceptional items, it would cost the state over \$30 million a year to scramble test questions for the planned end-of-course testing program. I believe scrambling test questions to address test security should be a priority and look forward to discussing this important issue with you.

Finally, I would like to explore additional resources for the review of competitive grant applications by outside third parties and increasing the state’s ability to pursue federal funding. Thank you for your consideration of all of these items and for your hard work and commitment on behalf of Texas students of all ages.

Robert Scott
Commissioner of Education

As required by the LAR instructions, the agency has included the following statement on criminal history background checks. The agency’s statutory authority for requiring criminal history background checks is Texas Education Code, Criminal History Records, §§ 22.081-22.087 (educators, school employees and contractors, including agency personnel who have direct contact with students); Texas Government Code §411.122 (criminal histories of applicants and licensees) §411.0901 (employees, applicants, and contractors with school districts, open-enrollment charter schools, and shared services arrangements), §411.1405 (state agencies can obtain criminal history information on Information Technology employees, applicants, and contractors). The agency’s rules are 19 Texas Administrative Code, Chapter 232, National Criminal History Record Information Review of Active Certificate Holders, §§ 232.901-22.909 (State Board of Educator Certification rules governing educators) and 19 Texas Administrative Code, Criminal History Record Information Review, §§ 153.1101-153.1115 (school and charter school employees and substitute teachers) and § 153.1117 regarding contractors is pending final Commissioner approval). Relevant agency policies are OP 07-38 (criminal history checks on employees and applicants in the Division of Investigations whose jobs require access to the DPS secure website), OP 04-02 (checks on any commissioner appointed monitors, conservators, management teams.) Criminal checks on Permanent School Fund applicants and employees and applicants who will have access to confidential criminal history record information are performed.