

The background of the slide is a photograph of the Texas State Capitol building in Austin. The building is a large, classical-style structure with a prominent central dome topped by a statue. The sky is filled with soft, grey clouds, suggesting an overcast day. In the foreground, there is a well-manicured green hedge and a portion of a copper-roofed structure, likely part of the Capitol grounds.

# House Bill 3 Texas School Finance

86<sup>TH</sup> LEGISLATIVE SESSION

# 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](http://tea.texas.gov/HB3)

Visit [tea.texas.gov/HB3](http://tea.texas.gov/HB3) for the most up-to-date information



[HB3info@tea.texas.gov](mailto:HB3info@tea.texas.gov)

Email [HB3info@tea.texas.gov](mailto:HB3info@tea.texas.gov) with any questions



## Funding Increases On Average - \$635 per ADA



### Supports Teachers and Rewards Teacher Excellence

- Teacher Incentive funding
- Increased Minimum Salary Schedule
- Teacher Mentor Allotment program
- Do Not Hire registry



### Increases Funding and Equity

- Compensatory Education increased to 0.225 - 0.275 based on density of neighborhood poverty
- Current year values equalizing Tier One
- Equal treatment of ASF funding



### Focuses on Learning and Improving Student Outcomes

- Full day Pre-K, K-3 reading support
- Dual Language
- Increased SPED mainstream funding
- Dyslexia funding
- CCMR Outcomes Bonus
- CTE, P-TECH, New Tech
- Extended elementary school year
- Blended Learning



### Reduces and Reforms Property Taxes and Recapture

- Tax rates drop an average of 8 cents in year one
- Tax rates continue to decline as property values grow more than 2.5%
- Additional board local discretion
- Recapture cut from \$3.6B to \$2.0B in year one

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## HB 3 Supports Teachers and Rewards Teacher Excellence



## Basic Allotment Increased from \$5,140 to \$6,160

### District Budget Increases



### Educator Compensation Increases



- ✓ This increases the minimum salary schedule (MSS) by \$5.5K - \$9K per creditable year of service (CYS)
- ✓ Teacher Retirement System (TRS) contributions from the state for all who are subject to the MSS will be increased, reducing the amount LEAs fund out of their own budgets

- ✓ **30%** of a district's budget increase must go to increases in compensation
  - **75%** of this total must go to **teachers, librarians, counselors, and nurses**, with priority given to veteran classroom teachers (greater than 5 years experience)

**Teacher Retirement System (TRS) payments for Charters and Districts of Innovation (DOI) now match those of ISDs**



# Paying Teachers More, With a Focus On Equity



- ✓ HB 3 establishes an optional **Teacher Incentive Allotment** with a stated goal of a six-figure salary for teachers who prioritize teaching in high needs areas and rural district campuses
- ✓ Funding ranges from **\$3,000 - \$32,000** per teacher per year, using new Compensatory Education spectrum system
- ✓ At least **90%** of these funds must be spent on compensation of teachers at these campuses

➔ **More Poverty**

Designation	Base	Multiplier	Tier	Non Eco-Dis	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
			Student Point Value	X 0	X 0.5	X 1.0	X 2.0	X 3.0	X 4.0
Recognized	\$3,000	\$1,500	Non-rural	\$ 3,000	\$ 3,750	\$ 4,500	\$ 6,000	\$ 7,500	\$ 9,000
			Rural	\$ 4,500	\$ 6,000	\$ 7,500	\$ 9,000	\$ 9,000	\$ 9,000
Exemplary	\$6,000	\$3,000	Non-rural	\$ 6,000	\$ 7,500	\$ 9,000	\$ 12,000	\$ 15,000	\$ 18,000
			Rural	\$ 9,000	\$ 12,000	\$ 15,000	\$ 18,000	\$ 18,000	\$ 18,000
Master	\$12,000	\$5,000	Non-rural	\$ 12,000	\$ 14,500	\$ 17,000	\$ 22,000	\$ 27,000	\$ 32,000
			Rural	\$ 17,000	\$ 22,000	\$ 27,000	\$ 32,000	\$ 32,000	\$ 32,000

➔ **More Funding**



## Teacher Mentorship

HB 3 establishes a **Teacher Mentor Program Allotment** to fund stipends for mentors and other costs associated with mentoring teachers in their first two years

- Districts must meet certain quality requirements when implementing their mentoring programs
  - Mentors must work with new teachers immediately after they start and for their first two years as teachers
  - Mentors must be trained, must cover specific topic areas with their mentees, and must have designated time to provide training to the new teachers whom they are mentoring

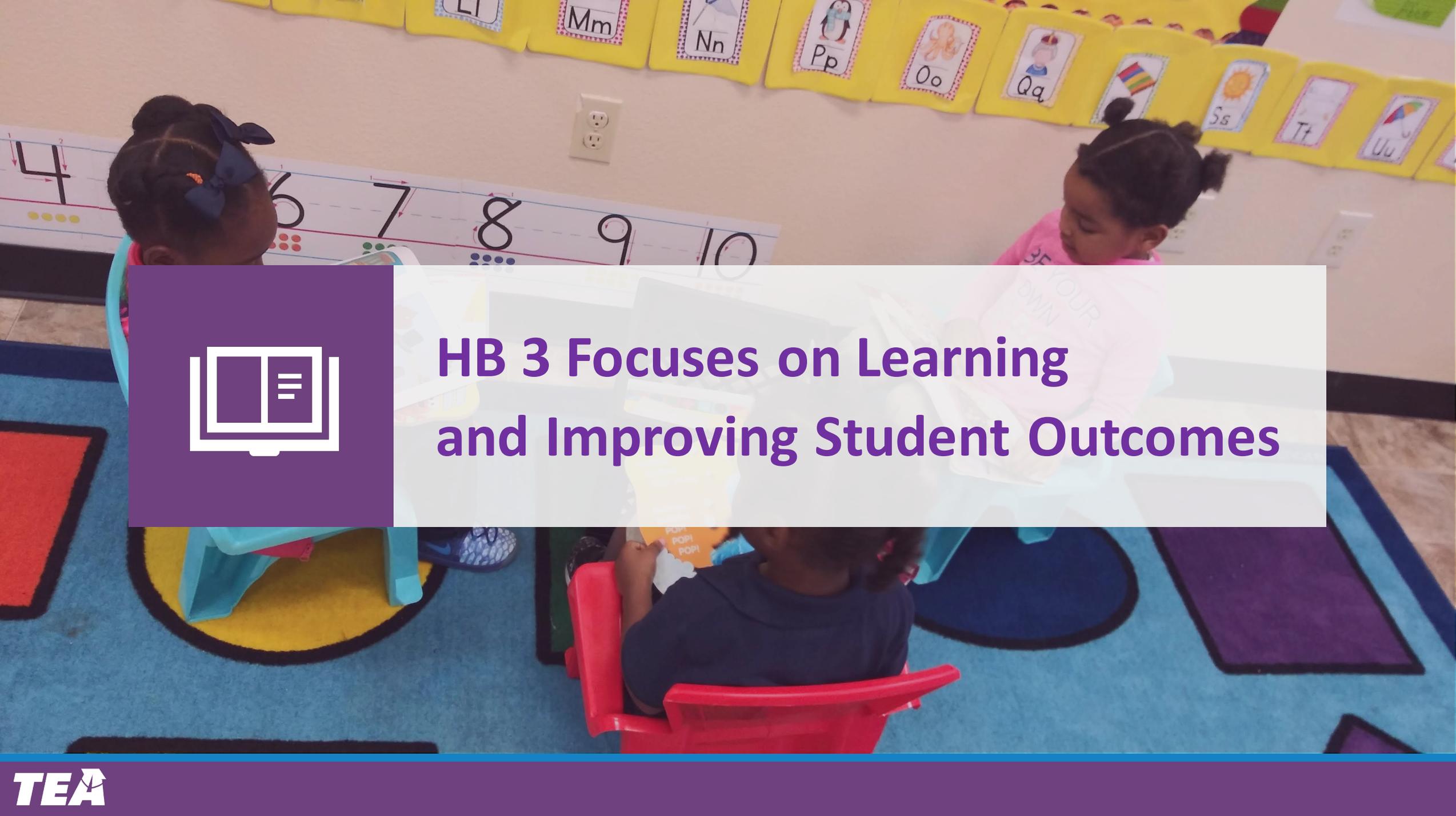


## Do Not Hire Registry

TEA is required to create a new **Do Not Hire Registry** and place individuals on the Registry who:

- Had a State Board for Educator Certification (SBEC) certificate previously revoked for abusing a student or minor, or soliciting / engaging in an inappropriate relationship with a student or minor
- Were found by the Commissioner to be a non-certified person who abused a student or minor, or solicited / engaged in an inappropriate relationship with a student or minor
- Were found to be ineligible due to having certain criminal history

All public schools must investigate and report suspected abuse or solicitation of a student or minor **regardless of a resignation**. Schools must also terminate, or otherwise not hire, anyone listed on the registry



## HB 3 Focuses on Learning and Improving Student Outcomes



Focuses On Learning and Improving Student Outcomes

# Prioritizing Early Literacy, Including Pre-K



## Early Education Allotment

Establishes an Early Education Allotment (**additional 0.10 weight**) for each student in ADA:

- In grades K-3, *and*
- Who is educationally disadvantaged or Limited English Proficient (LEP)
  - A student who is both educationally disadvantaged and limited English proficiency generates a funding weight of 0.20
- Funds must be used to support implementing early literacy and mathematics proficiency plans that lead to improved third grade proficiency



## Proficiency Plans

Requires boards of school districts and open-enrollment charter schools to adopt literacy and mathematics proficiency plans and post on their website:

- Boards must set specific annual reading and mathematics performance goals for each campus for five years
- Goals are adopted for all students and for disaggregated student groups
- School boards must monitor progress toward those goals at least once annually
- Plans must be posted online



## Full-Day Prekindergarten

HB 3 Requires full-day Pre-K for all eligible 4 year old's

- Requires high-quality program requirements of all prekindergarten classrooms in Texas
- Requires consideration of partnerships with quality child care providers before issuing bonds for new classrooms
- To support districts who may need time to reach the quality requirements, a waiver is available
  - District must demonstrate they sought a public-private partnership
  - Waivers last up to three years and may only be renewed once



## Improving Reading Outcomes

HB 3 amends statute to include multiple reading initiatives:

- Requires districts and charters to provide a phonics curriculum using systematic direct instruction in grades K-3
- Requires each teacher and principal in grades K-3 to attend reading academies by 2020-2021
- Requires districts to certify to the TEA that the district:
  - Prioritizes placing highly-effective teachers in K-2 and
  - Has integrated reading instruments to support Pre-K to grade 3 students
- Requires TEA to:
  - Provide technical assistance
  - Monitor implementation and report to the legislature
  - Establish a Reading Standards Advisory Board



## Reading Diagnostic Instruments

HB 3 amends statute regarding the use of kindergarten readiness reading diagnostics:

- Requires the Commissioner to adopt a multi-dimensional assessment tool that includes a reading instrument
  - Currently, districts choose from a list of adopted tools
- Requires the Commissioner to establish a common kindergarten readiness standard to ensure alignment across the state
- Districts must communicate the result of this diagnostic to parents within 60 calendar days



Additional funding is provided to support students with Dyslexia

- School districts and open-enrollment charter schools now receive a weight of 0.10 multiplied against the Basic Allotment for each student that has been identified as having Dyslexia or a related disorder



**Dyslexia  
Allotment**

## Simple View of Reading

Gough & Tunmer (1986)

### Decoding

Ability to transform  
print into spoken  
language

**X**

### Language Comprehension

Ability to understand  
spoken language

**=**

### Reading Comprehension

Word-level reading and oral language comprehension are relatively independent abilities



## Dual Language Programs

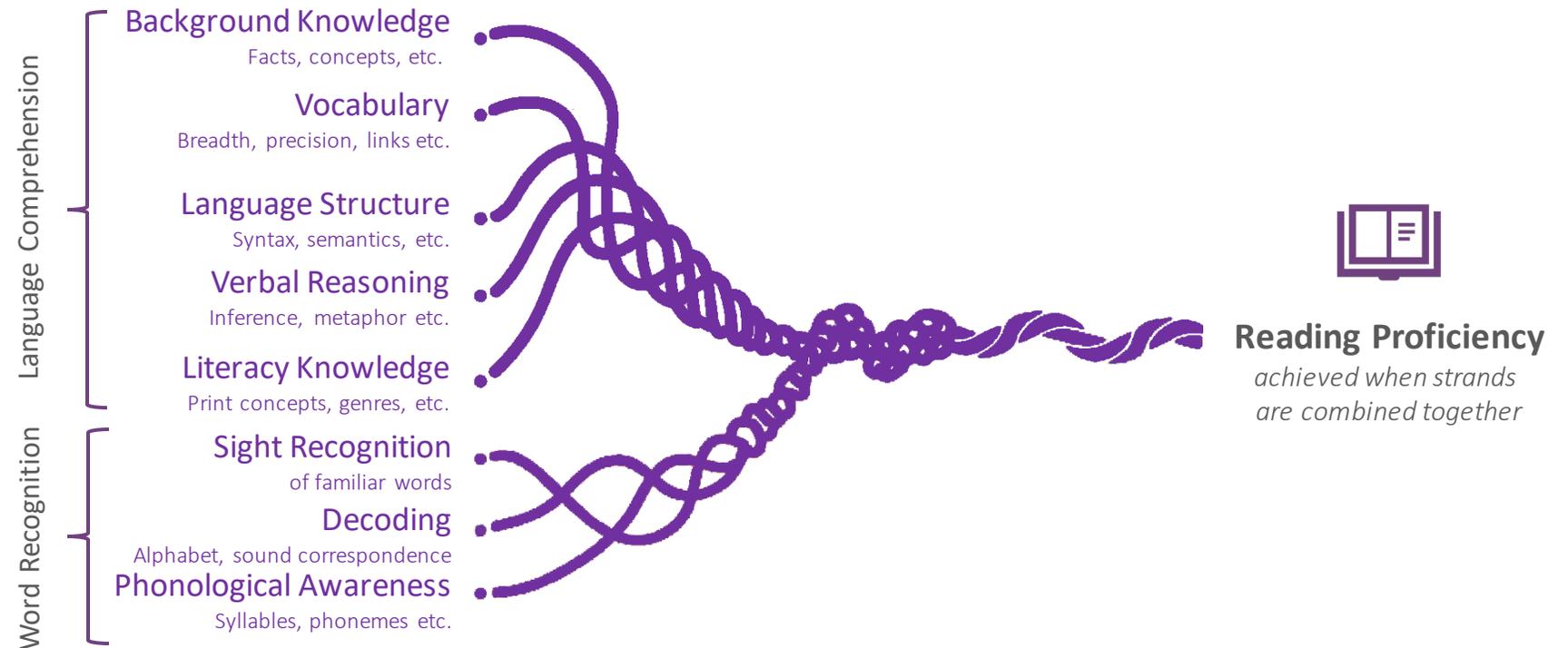
Expands the Bilingual Education Allotment to increase student support for literacy in English and other languages

- Includes incentivized funding for dual language:
  - two-way program models
  - 0.15 for LEP students and
  - 0.05 for native English speaking students
- Incentivizes districts to integrate English learners and native English speakers into dual language programs
- Requires TEA to develop tools to assist school districts and charters to implement these programs



## Preparing New Teachers

To earn a certificate to teach Pre-K to grade 6, a candidate must demonstrate proficiency in the science of teaching reading on a certification examination by January 1, 2021





Focuses On Learning and Improving Student Outcomes

# Improving College, Career, and Military Readiness



## Readiness Plans

Requires boards of school districts and open-enrollment charter schools to adopt college, career and military readiness plans and post on their website

- Boards must set specific annual college, career and military readiness performance goals for each campus for five years
- Goals are adopted for all students, and for disaggregated student groups
- Boards must monitor progress towards the goals at least annually
- Plans must be posted online



## Outcomes Bonus and CTE Expansion

Establishes a CCMR Outcomes Bonus paid for each annual graduate above a certain threshold percentage. Requires Commissioner to adopt rules:

- **Economically Disadvantaged: \$5,000** for each CCMR graduate (Likely to be above the first 13% of eco-dis graduates)
- **Non-Economically Disadvantaged: \$3,000** for each CCMR graduate (Likely to be above the first 25% of non eco-dis graduates)
- **Special Education:** In addition to the above, **\$2,000** for each CCMR graduate enrolled in special education

CTE funding expansion:

- Adds Technology Applications to funding weight – including all computer science
- Extends to CTE & Tech Apps courses offered in grade 7
- New funding to support the P-TECH and New Tech HS models



## Other Initiatives

Adds a reimbursement to districts to offer one free college & one free industry entrance exam per student before they graduate

- Reimbursement for one HS student for SAT/ACT/TSIA
- Reimbursement for one HS student for any of the 220 approved Industry Based Credentials (IBC)

Requires every student to fill out a FAFSA to graduate (Allows for opt-out)

- Establishes a FAFSA advisory board to advise on policy and implementation

Removes High School Allotment

- Previous funding for the HS Allotment has been redirected to the basic allotment



Focuses On Learning and Improving Student Outcomes

## **Increasing Support for Special Education**



## Increased Resources, Planning and Training

Increases Special Education weight from **1.1 to 1.15** for students served in a mainstream setting

Authorizes a district to pay compensation incentives to teachers that complete autism training at a regional Education Service Center (ESC)

Requires the Commissioner to establish a Special Education Advisory Committee to make recommendations regarding financing special education

- Committee report due by May 1, 2020 which includes an analysis of moving towards funding services rather than instructional arrangement



## New Dyslexia Allotment and CCMR Funding

Additional funding is provided to support students with Dyslexia

- School districts and charter schools will now receive a weight of 0.10 multiplied against the Basic Allotment for each student that has been identified as having dyslexia or a related disorder
- Students may qualify for both SPED and Dyslexia Allotments

Establishes CCMR outcomes bonus funds for each special education student who graduates college, career, or military ready

- In addition to other CCMR outcomes bonuses for which the student may help the district earn funding, every student who receives special education and graduates CCMR entitles a district to \$2,000



Focuses On Learning and Improving Student Outcomes

## Expanding Learning Opportunities



## Additional Instructional Days

HB 3 adds **funding support** for school systems that want to add instructional days (beyond the minimum 180 days) to one or more of their elementary school calendars:

- For grades Pre-K to grade 5
- Half-day ADA funding for up to an additional 30 days of instruction (i.e. days 181 to 210)
- Campuses receive the greater of the funding under district/charter partnerships (SB 1882, 85th Regular Session) or additional instructional days - not both
- Not subject to compulsory attendance
- Takes effect for the 2020-21 school year

### Summer CTE Grant Program:

- Establishes a grant program for career and technology courses during the summer
- Commissioner may collaborate with a private entity for this program



## Blended Learning Grant Program

Establishes a blended learning grant program that prioritizes LEAs with the highest enrollment of educationally disadvantaged students

- To receive a grant, a school must:
  - Develop a blended learning plan
  - Provide training to teachers/personnel on effective blended learning practices
  - Certify to TEA the implementation of the blended learning model
  - Provide a report on outcomes of blended learning model (after 4<sup>th</sup> year)
- A school may receive a grant for no more than four consecutive years.
- Math Innovation Zones blended learning program qualifies



# Subsidizes High School Equivalency Exams



Requires TEA to enter into a MOU with the Texas Workforce Commission to fund a subsidy for persons 21 years of age and older to take high school equivalency exams



**Other  
Initiatives**



## HB 3 Increases Funding and Equity



## Compensatory Education (Comp Ed)

Comp Ed funding is provided for students who are educationally disadvantaged (i.e. eligible for free and reduced-priced lunch)



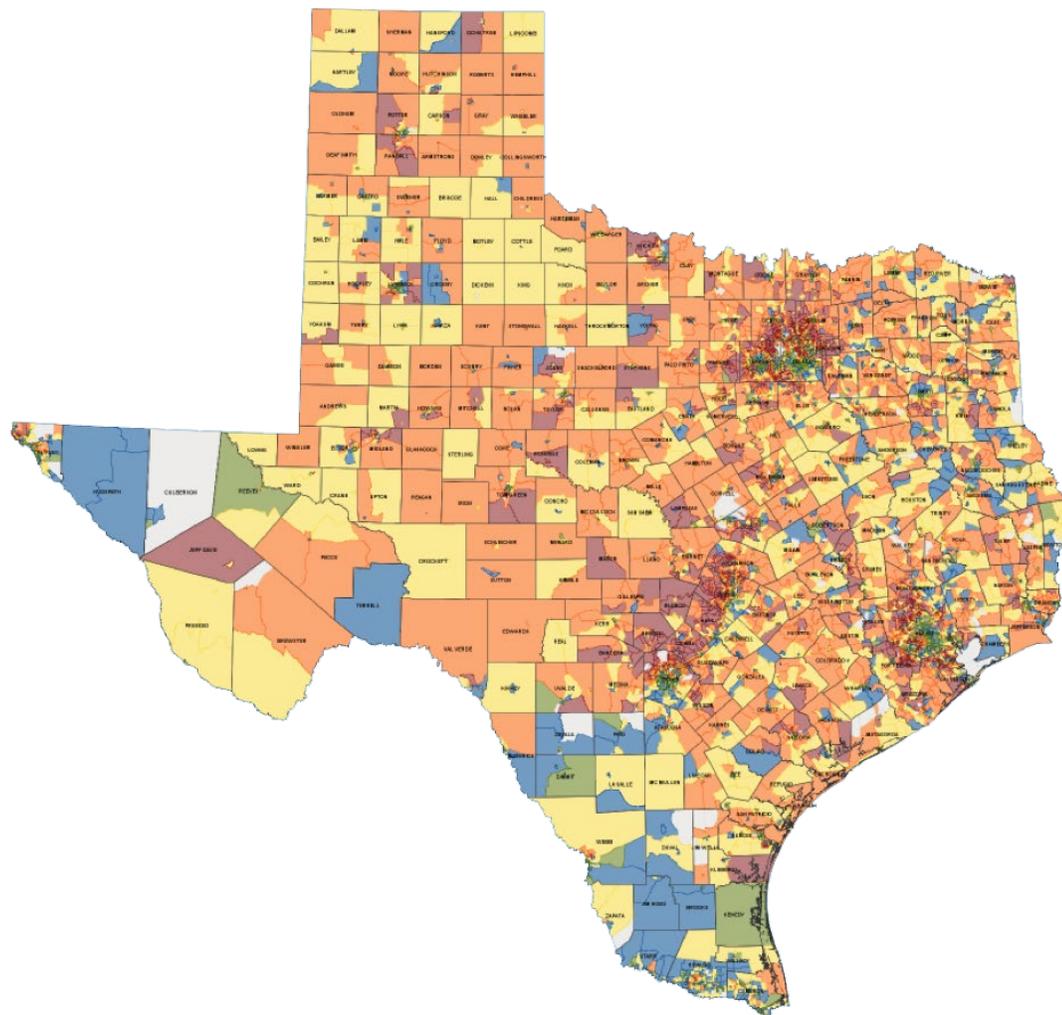
Under HB 3, the formula for Comp Ed **increases from 0.20 to a range of 0.225-0.275** per student based on the census block group of the student’s home address

- Requires TEA to establish an Advisory Committee on the Comp Ed Spectrum approach
- Requires TEA to enact rules for tiering criteria



In school year 2019-20, data collections will be updated to include the census block group for each student

- This map shows the Tier of every census block group in Texas
- TEA will provide districts with a tool to identify block group by address



Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
0.225	0.2375	0.25	0.2625	0.275

Highest  
Socio-economic



Lowest  
Socio-economic



## Support for High-Needs Schools

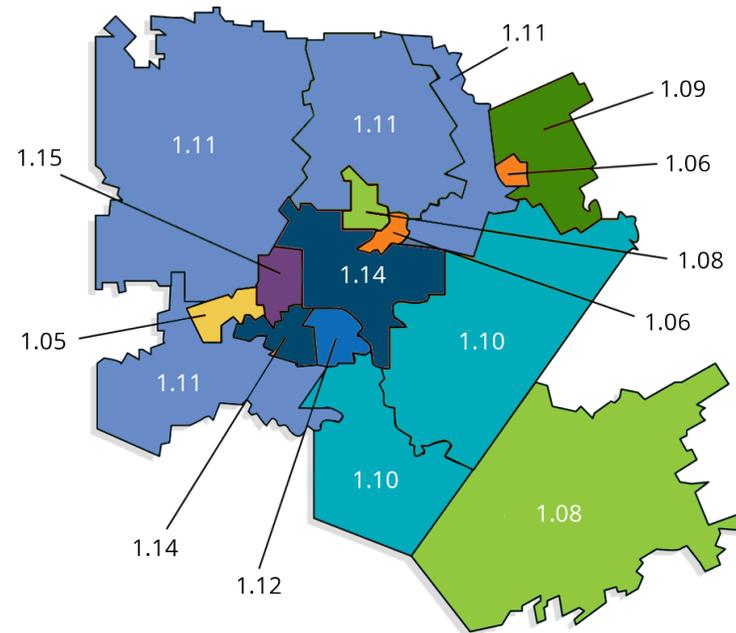
Establishes a Drop Out Recovery and Residential Facility Allotment

- **Adds \$275 per student** in ADA in a drop out recovery school or residential facility



Repeals the Cost of Education Index (CEI), so districts no longer receive funding based on a decades old metric

- Requires TEA to study geographic variations in resource costs and cost of education, including transportation



- The CEI had not changed since initial data was gathered in 1989.
- Some areas had notably different CEI values even though the districts were adjacent.



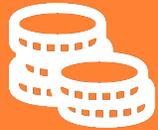
Cost of Education Index



**Current Year  
Values**

Utilizes current tax year property values (vs. prior tax year property values) for the local share calculation

- This change effectively rolls the “lag money” that previously resulted in varying amounts of revenue available to districts above or below formula entitlement into the basic allotment to equally benefit all districts
- This change almost completely eliminates the impact of property wealth on a district’s Tier One budget, so that Tier One is funded entirely based on formula determinations of student need and district characteristics



## Fast Growth Allotment

Adds a Fast Growth Allotment of 0.04 for each student in ADA to support rapidly growing districts

- The top 25% of districts by enrollment growth over three years are designated as “Fast Growth” and are eligible for the allotment
- Open-enrollment charter schools are not eligible
- Final methodology subject to TEA rulemaking

Increases the New Instructional Facility Allotment (NIFA) maximum annual appropriation from \$25 million to \$100 million

- This increase aligns with the increase to the per student multiplier (from \$250 to \$1,000) that occurred in 2017



## Gifted and Talented Allotment

Removes the Gifted & Talented (GT) Allotment as a discrete, stand-alone Tier One allotment

- The GT Allotment funding amount was reallocated into the basic allotment

Requires school districts and open-enrollment charter schools to continue to provide GT programs

- A district shall adopt a policy regarding the use of funds to support the program
- Requires each district to annually certify to the Commissioner that the district has established a program for gifted and talented students

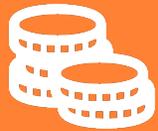
If Commissioner determines a district has failed to comply, TEA shall reduce funding in an amount equal to the basic allotment multiplied by 0.12 and 5% of the students in ADA



## Transportation Funding Changes

Amends statute for transportation from linear density to a simple \$1.00 per mile reimbursement (set at \$1.00 per mile in the General Appropriations Act)

- Previously, transportation funding was not provided to Chapter 41 districts. Now, transportation funding is equally available to all districts.
- Certain new transportation options have become eligible for reimbursement:
  - Homeless students (regardless of distance to campus)
  - Work-based learning site transportation under a district's CTE program
  - Dual credit students (to a local college or a neighboring district)



## Small and Mid-sized Allotment

Establishes Small and Mid-sized adjustment as a stand-alone allotment

- This new allotment improves transparency and separates student centric weights from district centric weights
- Charter schools will now receive the weighted average funding amount for the Small and Mid-sized Allotment, with certain adjustments.
- Small and Mid-sized continues to be a multiplier for the Special Education Allotment to ensure maintenance of financial support.
- Adds new small district formula for districts under 300 students that are the only district in a county



**Reducing Impact  
of Recapture**

Recapture is now local revenue in excess of entitlement instead of on a wealth per WADA basis

- Districts are now guaranteed that recapture will not reduce revenue below their entitlement level

Early Agreement Credit on recapture has been repealed

Recapture for school year 2019-20 is reduced from \$3.55 billion to \$1.95 billion (45%)



## Changes to Equalize Funding

Establishes an Equalized Wealth Transition Grant

- The grant establishes a 5-year glide path off of the 1992-1993 Chapter 41 hold harmless (repealed by HB 3)

The Available School Fund (ASF) operates as a method of financing for all school districts

- In prior law, only Chapter 41 districts received the ASF on top of their Tier One entitlement

Disaster Aid, when appropriated, applies equally to recapture and non-recapture districts

- Disaster aid for facility repair now includes vehicles and computer equipment

Repeals the Staff Allotment and redirects the funding to the basic allotment



## Formula Transition Grants

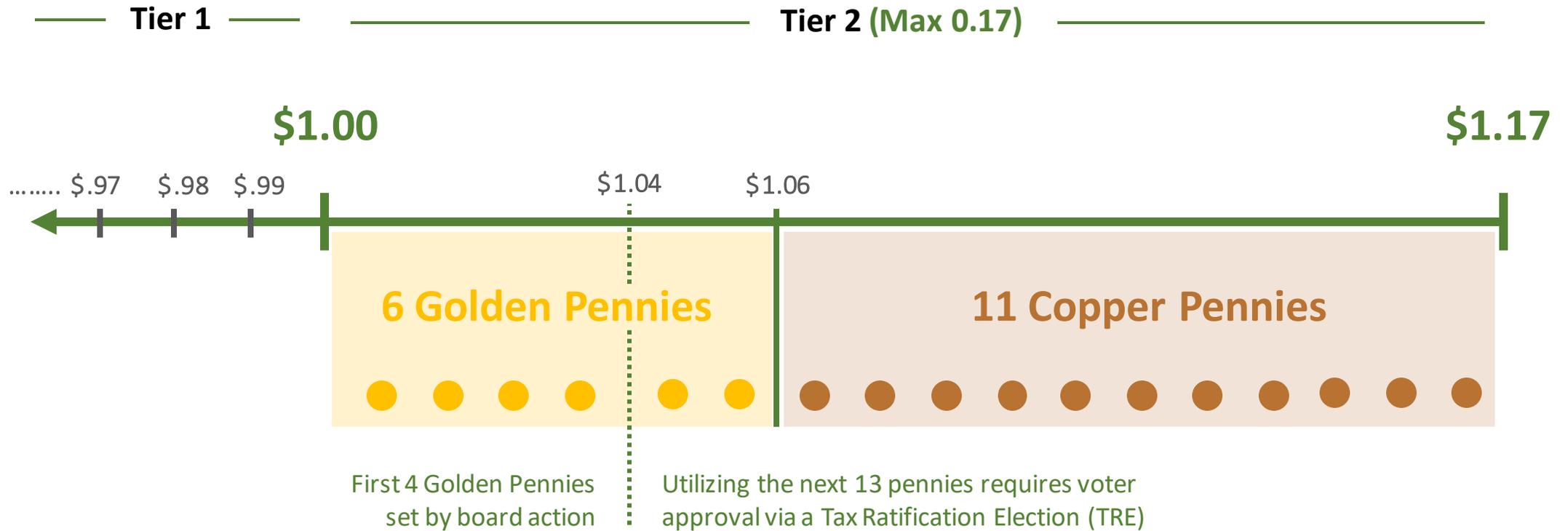
- School districts and open-enrollment charter schools are entitled to receive the lesser of 103% of the M&O funding they would have received under old law, or 128% of the state average M&O funding under old law
- For school years ending in odd years (SY 2020-21, SY 2022-23, and SY 2024-25) school districts and charter schools receive the better of SY 2019-20 or SY 2020-21 under old law
- Except for a small number of districts that received the 1992/93 hold harmless, no districts or open-enrollment charter schools lose funding relative to old law during SY 2019-20 or SY 2020-21
- The formula transition grant expires after five years (SY 2023-24)



# Reduces and Reforms Property Taxes and Recapture



## Prior Law



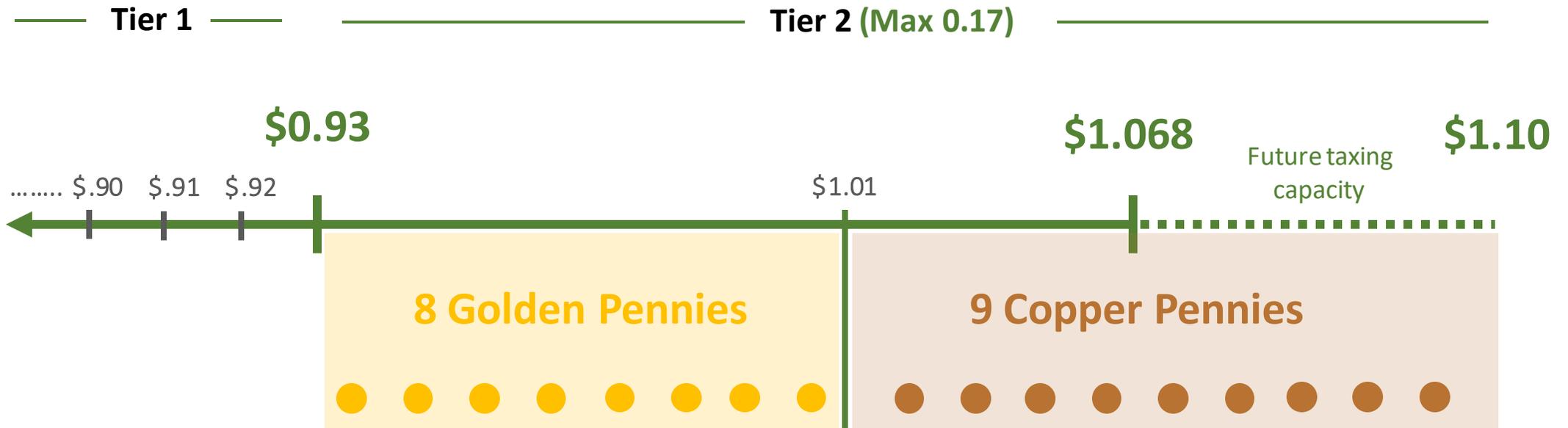


# Max M&O Tax Rates Drop From \$1.17 To \$1.068



## HB 3 Year 1 (FY2020)

1. Tier One max rate reduced by 7%
2. First two Copper Pennies become Golden Pennies
3. Remaining Copper Pennies are cut in ~ half
4. Rates in most cases cannot be raised for year 1



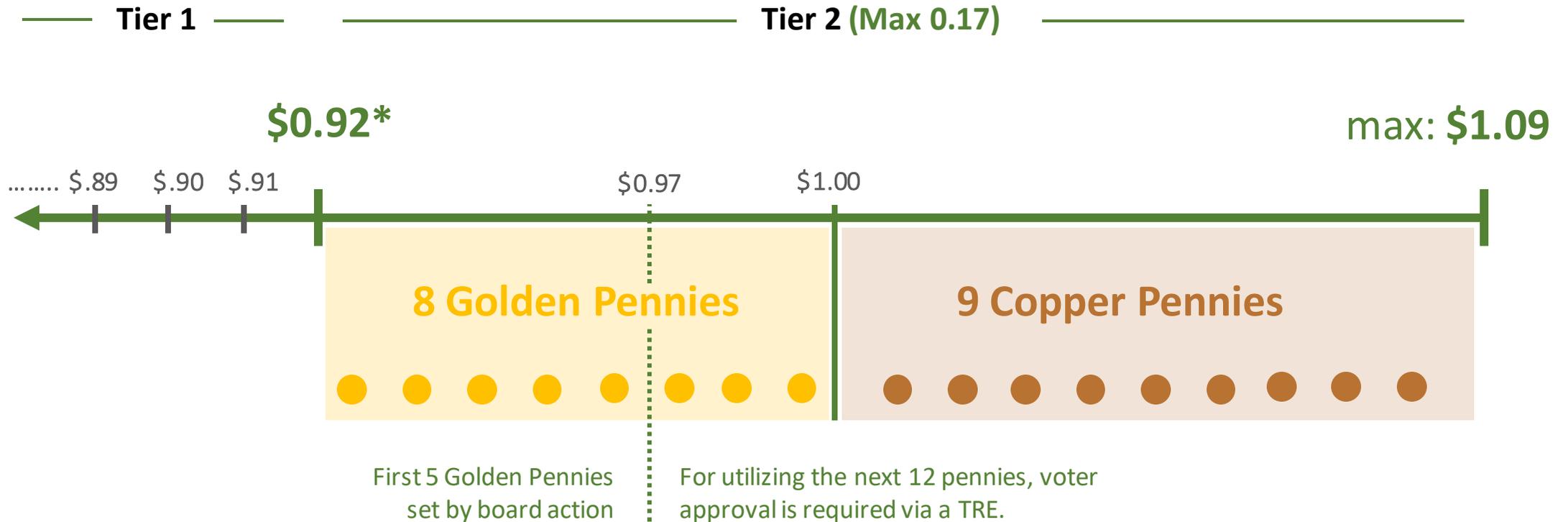


# Tier One M&O Rates Continue to Decline



## HB 3 Year 2 (FY2021)

- 1. 2.5% Compression begins on Tier One
- 2. TRE threshold increased by one penny



\* Assumes statewide or local property value growth in excess of 2.5%



## Tax Policy Changes

Effective January 1, 2020, **Efficiency Audits** must take place before a district seeks voter approval for increasing tax rates. LBB establishes the guidelines for the audit. Districts must select the auditor **at least four months before** the scheduled tax increase election date;

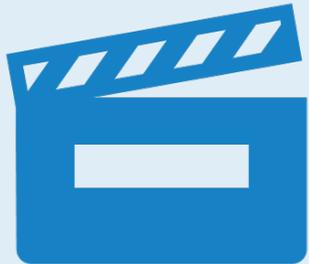
- Audit must be completed and posted on the district's website at least 30 days before the election

New statutory language clarifies that a school district may not increase the M&O tax rate in order to create a surplus for the purpose of paying the district's debt service. (i.e. no more "swap and drops" or "tax swaps")

Other Requirements:

- Tax Ratification Elections (TREs) must happen on uniform election days
- Bond election notices must include "THIS IS A PROPERTY TAX INCREASE" language

# More Coming Soon



TEA is planning a weekly video series that will dive deeper into each major HB 3 topic through October. The schedule is posted at [tea.texas.gov/HB3](https://tea.texas.gov/HB3).

## Contact Us

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