

DATE:	November 7, 2019
SUBJECT:	House Bill 3 (HB 3) Implementation: Transportation Funding
CATEGORY:	Funding Implications
NEXT STEPS:	Share with appropriate staff

House Bill (HB) 3, was passed by the 86th Texas Legislature, 2019, and signed into law by Governor Abbott on June 11, 2019.

This letter is to inform you of HB 3 state funding implications for transportation.

Regular Transportation Program Allotment

Prior to HB 3, the regular transportation program allotment was calculated using a maximum effective rate per mile that was based on the lesser of the prior year program’s cost per mile or the prior year’s program linear density rate, which ranged between \$0.68 to \$1.43 per mile. HB 3 amended Section 48.151, Texas Education Code, to provide entitlement based on a rate per mile set by the Legislature in the General Appropriations Act (GAA). The recently adopted 2020-2021 rate under the current GAA is \$1 per mile. Previously, the maximum effective rate per mile calculation and linear density rate provided a disincentive for districts to provide home-to-school and school-to-home transportation for students to attend specialized school models. As a result of the transportation funding changes in HB 3, districts have the option to offer transportation to eligible students from home-to-school and school-to-home to schools outside their attendance zone without negatively impacting their transportation allotment.

Dual Credit and Work-Based Learning

Although transporting students to dual credit, career and technology, and work-based learning opportunities were allowable prior to HB 3, HB 3 now codifies allowable use and encourages districts to provide opportunities for students to engage in these activities.

Homeless Students

Although transportation for homeless students was previously funded, HB 3 formally expanded the definition of a “regular eligible student” to include students who are homeless according to the criteria found in United States Code, Title 42, §11434a.

Recapture Districts

Prior to HB 3, recapture districts did not receive the benefit of the transportation allotment because transportation was excluded from the calculation of weighted average daily attendance (WADA), which was used to determine a district’s wealth level and recapture amount. Pursuant to HB 3, the calculation of recapture is now based on local revenue in excess of entitlement instead of equalized wealth levels. Transportation continues to be part of the tier one entitlement for all districts, and the calculation of recapture is now based on local revenue in excess of entitlement instead of equalized wealth levels. As a result, costs for transportation are now funded equally between recapture and non-recapture districts.

Reporting Transportation Information

For the purposes of calculating the formula transition grant, HB 3 requires that transportation funding be calculated under both the linear density and \$1 per mile formulas. As a result, there are no changes to Foundation School Program transportation reporting due to HB 3, and

transportation allotment reporting remains on the same schedule for 2019-2020. Actual 2019-2020 transportation route services data is due to the Texas Education Agency (TEA) by August 1, 2020. Actual 2019-2020 transportation operations data is due to TEA by December 1, 2020. Actual 2019-2020 transportation allotments will be updated to the SOF report in August 2020 when near final and final settle-up are calculated.

Questions

If you have any questions related to this TAA, please email HB3info@tea.texas.gov. We will be compiling answers to frequently asked questions (FAQs) on the <https://tea.texas.gov/hb3> webpage.

Sincerely,

Leo Lopez, RTSBA
Associate Commissioner for School Finance & Chief School Finance Officer