TEXAS COMMISSION ON
PUBLIC SCHOOL FINANCE

Texas Commission on Public School Finance
Outcomes Working Group Recommendations
July 10, 2018

Agenda

Outcomes Working Group Members and Process to Date

Rep. Diego Bernal San Antonio *Vice Chairman* *House Public Ed. Committee*	Melissa Martin Educator Galena Park ISD	Dr. Doug Killian Supt. Pflugerville ISD	Sen. Larry Taylor Friendswood *Chairman* *Sen. Public Ed Committee*	Todd Williams Commit Partnership Dallas, TX

1. Heard testimony in Commission hearings from over 70 speakers encompassing **over 60 collective hours** of testimony across ten separate days of hearing

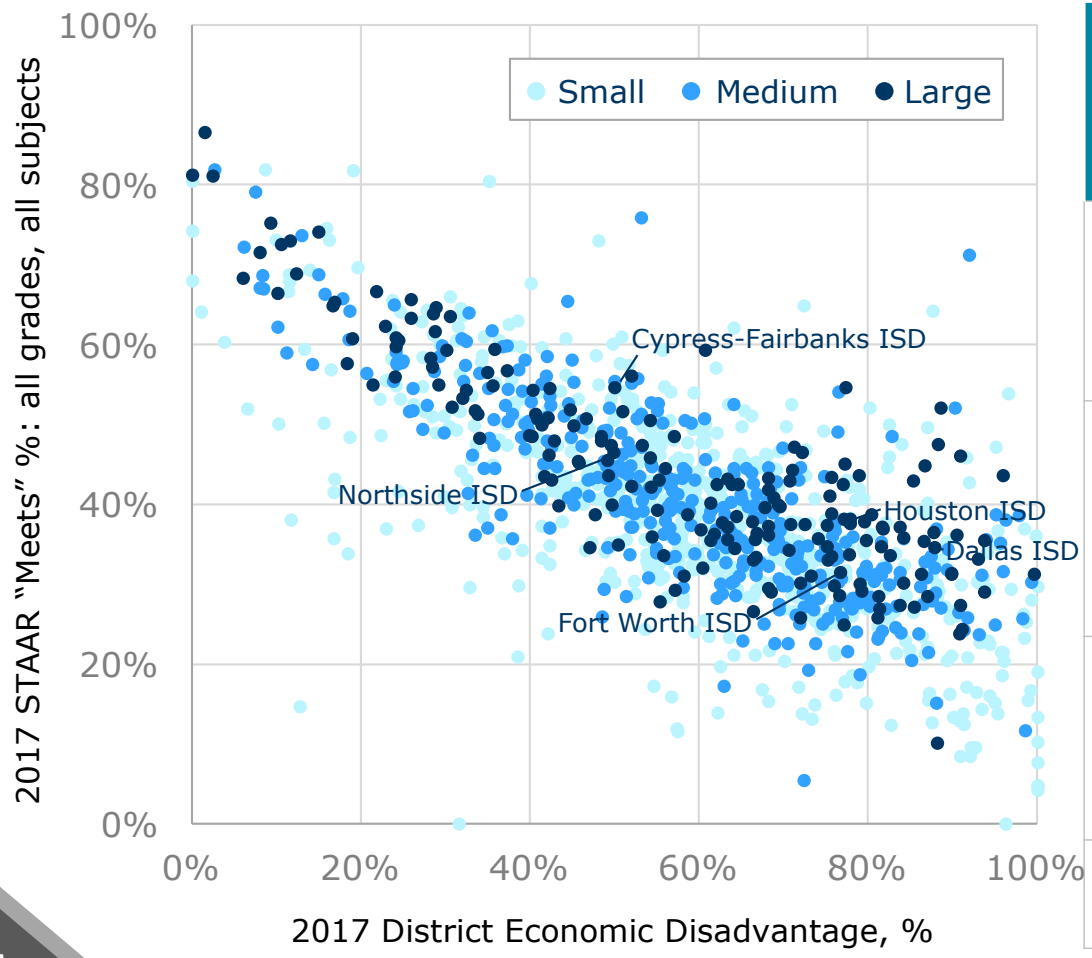
2. Met four times in person/by phone coupled with reviews of drafts

TEXAS COMMISSION ON
PUBLIC SCHOOL FINANCE

Current Educational Outcomes in Texas and Their Impact on the Texas Economy

Outcomes Heavily Impacted by Poverty While Large ISD's (Educating 4 in 5 TX Students) Somewhat Outperform Smaller ISD's on STAAR

2017 STAAR "Meets Grade Level" Rates by District: All Grades, All Subjects



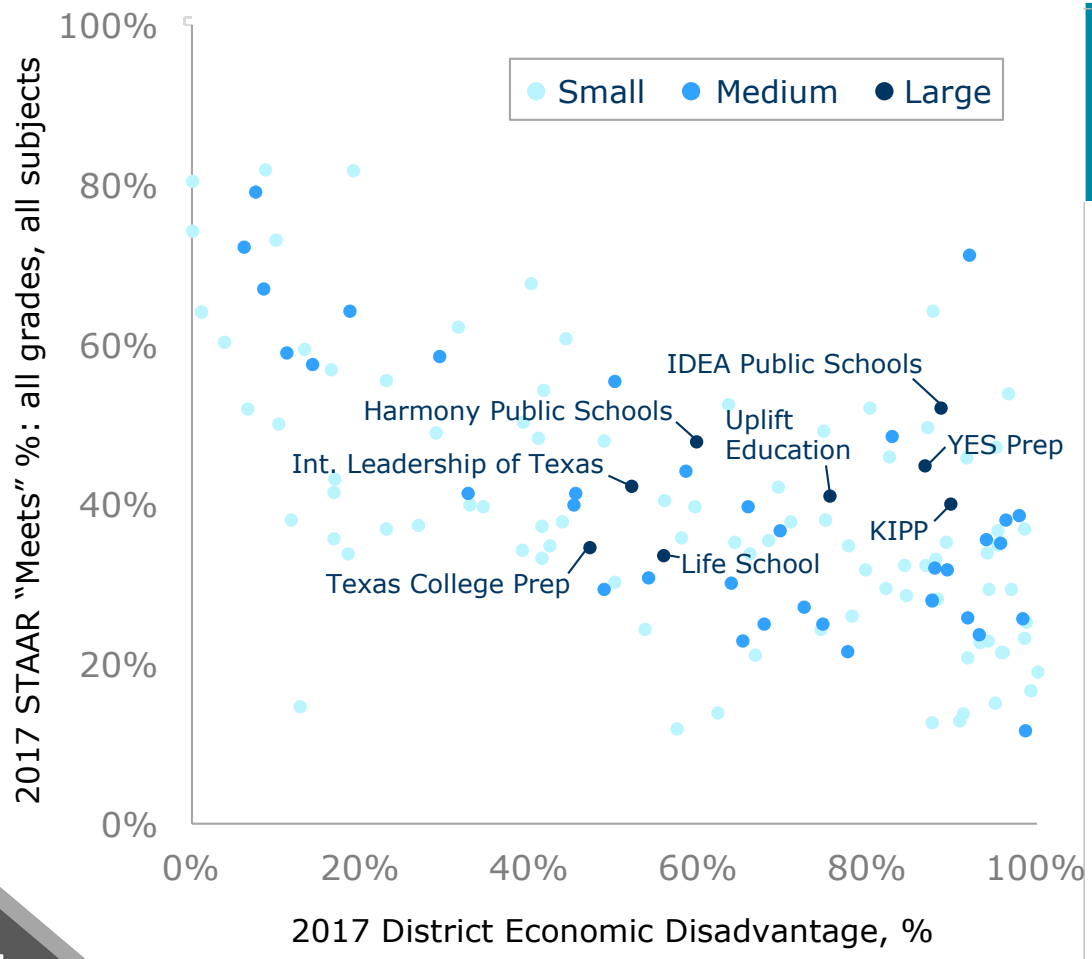
Dist. Size (Avg. Eco. Dis. %)	# ISD's (% of Total)	# Students (% of TX Students)	% "Meets" (All/Eco. Dis. Only)
Small: Below 1,000 students **(59%)**	636 (53%)	271,106 (5%)	40%/30%
Medium: Between 1,000 and 5,000 students **(59%)**	378 (31%)	834,239 (16%)	41%/31%
Large: Above 5,000 students **(59%)**	189 **(16%)**	4,238,081 **(79%)**	45%/34%
TX Totals:	**1,203 districts and networks**	**5,343,834**	**44%/33%**

Source: Commit Partnership 3/19/18 testimony to Outcomes working group, STAAR performance: 2017 TEA STAAR report; District student EcoDis: 2017 TEA TAPR report

Larger Charter Networks Outperform Smaller Charter Networks and State Overall on STAAR for Low Income Students

2017 STAAR "Meets Grade Level" Rates by District: All Grades, All Subjects

(Compared to Overall State Avg. of 44% for All Students, 33% for Low Income Students)



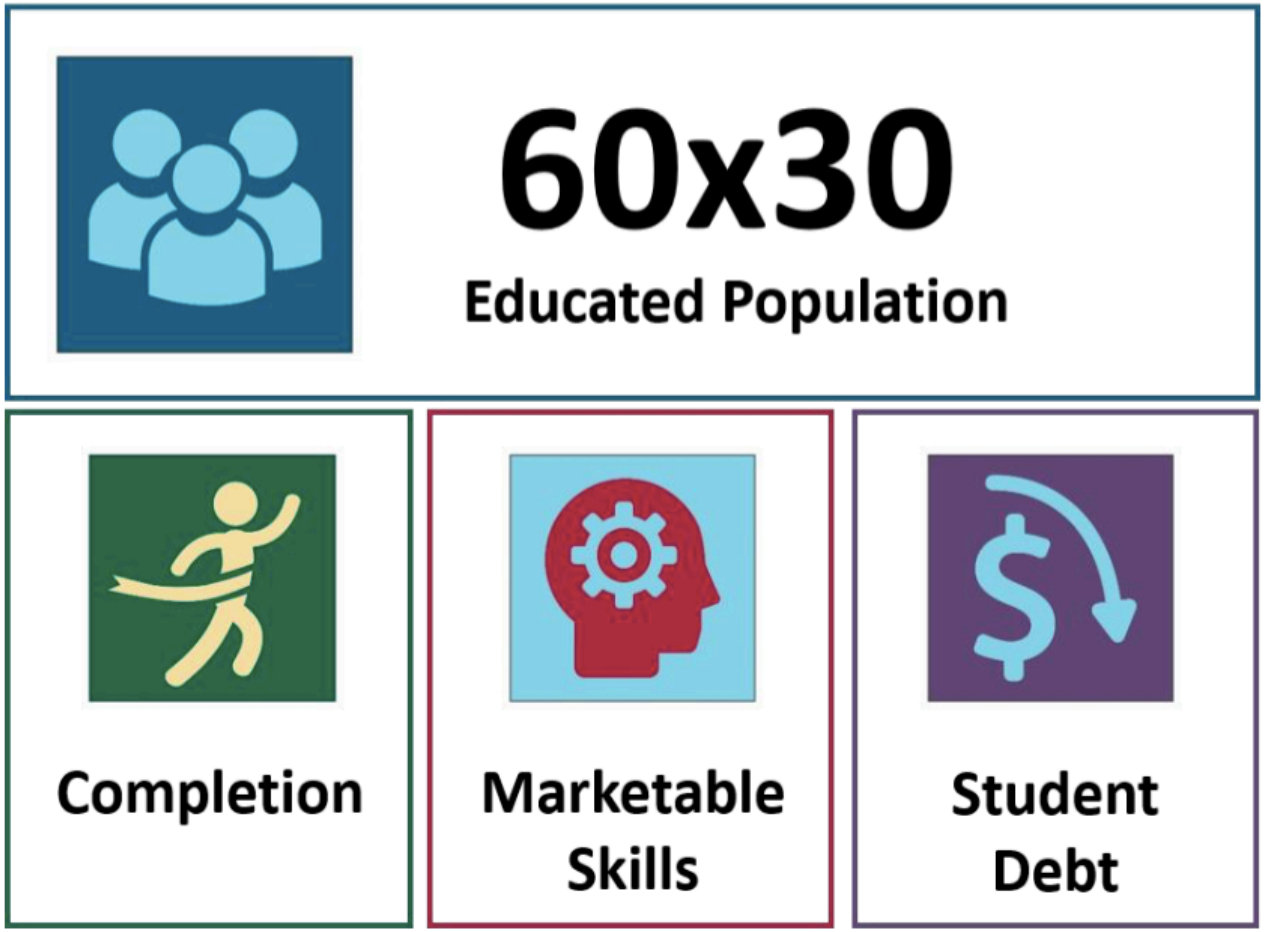
Charter Size (Avg. Eco. Dis. %)	# Charters (% of Total)	# Students (% of total)	% "Meets" (All/Eco. Dis. Only)
Small: Below 1,000 students **(57%)**	91 (67%)	40,472 (17%)	41%/32%
Medium: Between 1,000 and 5,000 students (63%)	36 (27%)	61,970 (25%)	41%/33%
Large: Above 5,000 students **(72%)**	8 **(6%)**	140,749 **(58%)**	44%/40%
TX Totals (all):	**1,203 districts and networks**	**5,343,834**	**44%/33%**

Source: Commit Partnership 3/19/18 testimony to Outcomes working group, STAAR performance: 2017 TEA STAAR report; District student EcoDis: 2017 TEA TAPR report, Note: Charter districts classified from the TEA as "alternative" are not included in this analysis

Texas' Stated "True North" Goal of 60% Post Secondary Completion by 2030

Blended % of State Educational System Outputs and Out of State Imports

60x30TX: Texas Bold, Texas Achievable



Why is 60% Post Secondary Completion by 2030 So Important?

Per a Georgetown University 2017 study,

95%+

of jobs created post the 2008 recession went to individuals with at least some college education

Understanding Contribution of Texas' Current Education Outcomes to State's Overall 60x30 Goal

- **~40% of Texans** ages 25-34 currently have a post-secondary degree vs. statewide goal announced in 2015 of **60% by 2030 ("60x30 Goal")**[1]

- Current 40% status is weighted average of (i) the education of adults who move to Texas and (ii) **what we produce with our own education pipeline**.

- **Per Texas Higher Education Coordinating Board:**

  - **28%** of the state's H.S. graduating class (and **21%** of the state's most recent 8th grade cohort) had achieved a P.S. credential within 6 years post their actual/scheduled H.S. graduation
  - **Only 12% P.S. completion for low income students**)[2]

- Low income students now comprise **6 in 10 Texas public K-12 students**.[3]

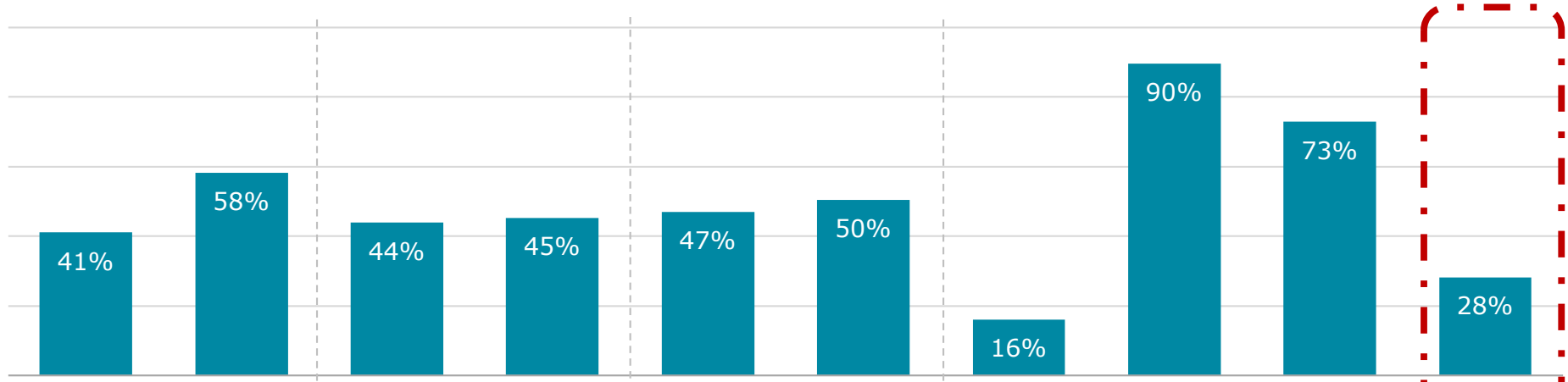
- **~200,000 students annually graduate** from H.S. failing to attain a post-secondary degree within 6 years following graduation; we need to decrease this total by **roughly ~90,000 students** to reach our 60% goal[4]

Source: (1) Commit Partnership, U.S. Census – American Community Survey, (2) THECB 8th Grade Cohort Study, (3)2017 TEA TAPR, (4) Commit Partnership 3/19/18 testimony to Outcomes working group

Where We Stand Today: Texas' Education/Workforce Pipeline

~201,000 (72%) of High School Grads Don't Complete P.S. Credential in 6 Years

Establish a starting line | **Build a solid early foundation** | **Equip for the future** | **Support to and through post-secondary completion**



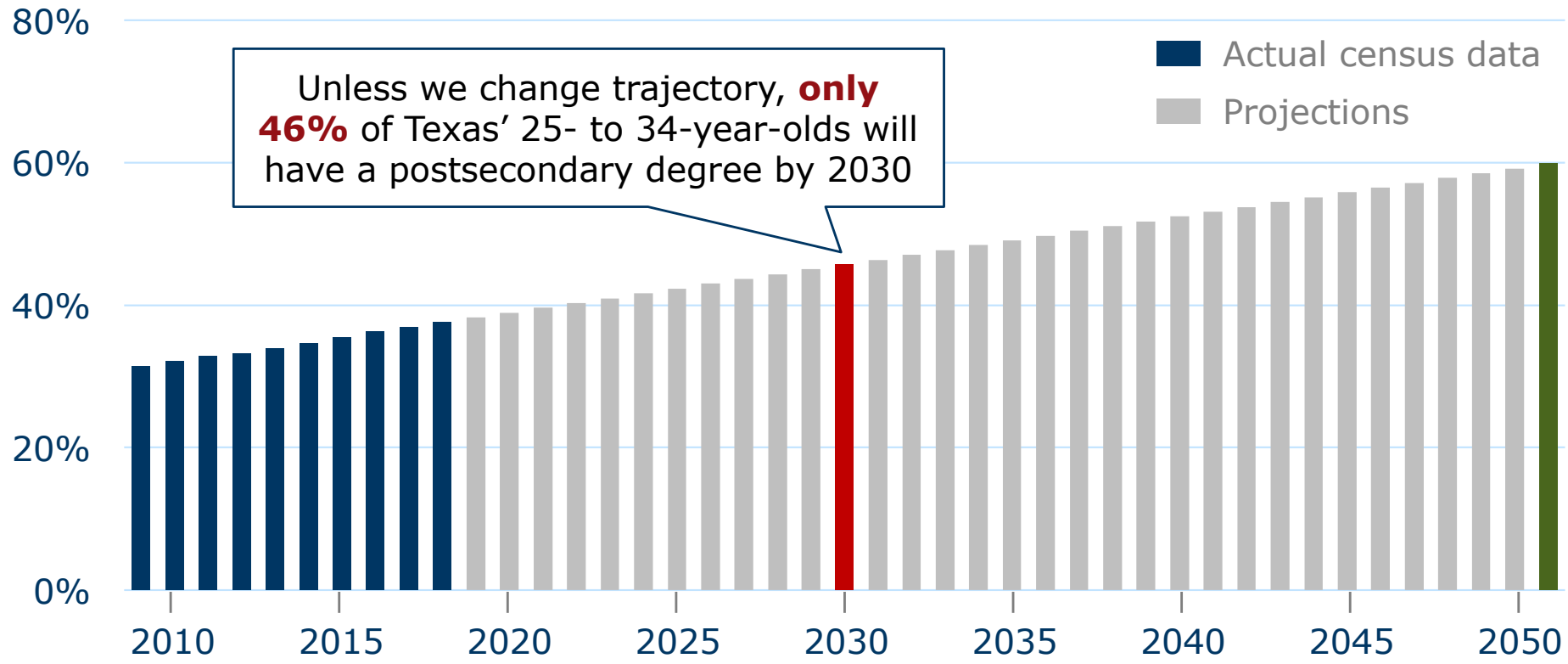
	3 and 4-yr-olds enrolled in district Pre-K[1]	Kinder Ready[2]	3rd Reading[3]	4th Math[3]	8th Reading[3]	Algebra I[3]	College Ready[4]	High School Grad[5]	Postsec. Enrollment (of HS grads)[6]	Postsec. Completion (of HS grads)[7]
Change Since 2016	+1%	-1%	+2%	+6%	+0%	+3%	-1%	+1%	+0%	+1%
Change Since 2012	-2%	n/a	+6%	+14%	+4%	+11%	-1%	+3%	+2%	+2%
Students Not Meeting Benchmark in 2017	321,305	113,380	228,140	221,343	199,974	214,676	272,064	36,411	75,844	201,378

Source: Commit Partnership 3/19/18 testimony to Outcomes working group (1) Pre-K Enrollment: Percent of 3- and 4-year-olds enrolled in district Pre-K programs. Texas Education Agency (TEA) – Texas Public Education Information Report (TPEIR) – Texas Pre-Kindergarten Report; (2) Kindergarten Readiness: The percent of students deemed Kindergarten Ready based on assessments given by districts at the beginning of the year to Kindergarteners; (3) STAAR indicators: Achievement levels represent percentage of students achieving "meets grade level" standard on 2017 STAAR exams. (4) College ready: The percent of HS grads who took the SAT or ACT and scored at least a 24 on the ACT or 1110 on the SAT (reading and math) – TEA TAPR 2017. (5) Graduation rate: the percent of the 9th grade cohort from 2012 – 2013 school year that graduated four years later in 2016. Texas Education Agency: – 2016-2017 Accountability System – 4 year Federal Graduation Rate; (6) College enrollment: The percent of 2010 HS graduates who enrolled in a TX postsecondary institution; THECB 8th Grade Cohort 2016 report; (7) College completion: The percent of 2010 HS grads who earned a PS degree/certification within 6 years of HS graduation; THECB 8th Grade Cohort Study, 2016 report

Given Current Rates of P.S. Attainment Growth, Texas Will Miss its 60x30 Goal by Over Two Decades (2051)

Percent of Texas' 25- to 34-year-olds with a postsecondary degree or certificate

Projections assume current annual increase of 0.7 percentage points continues



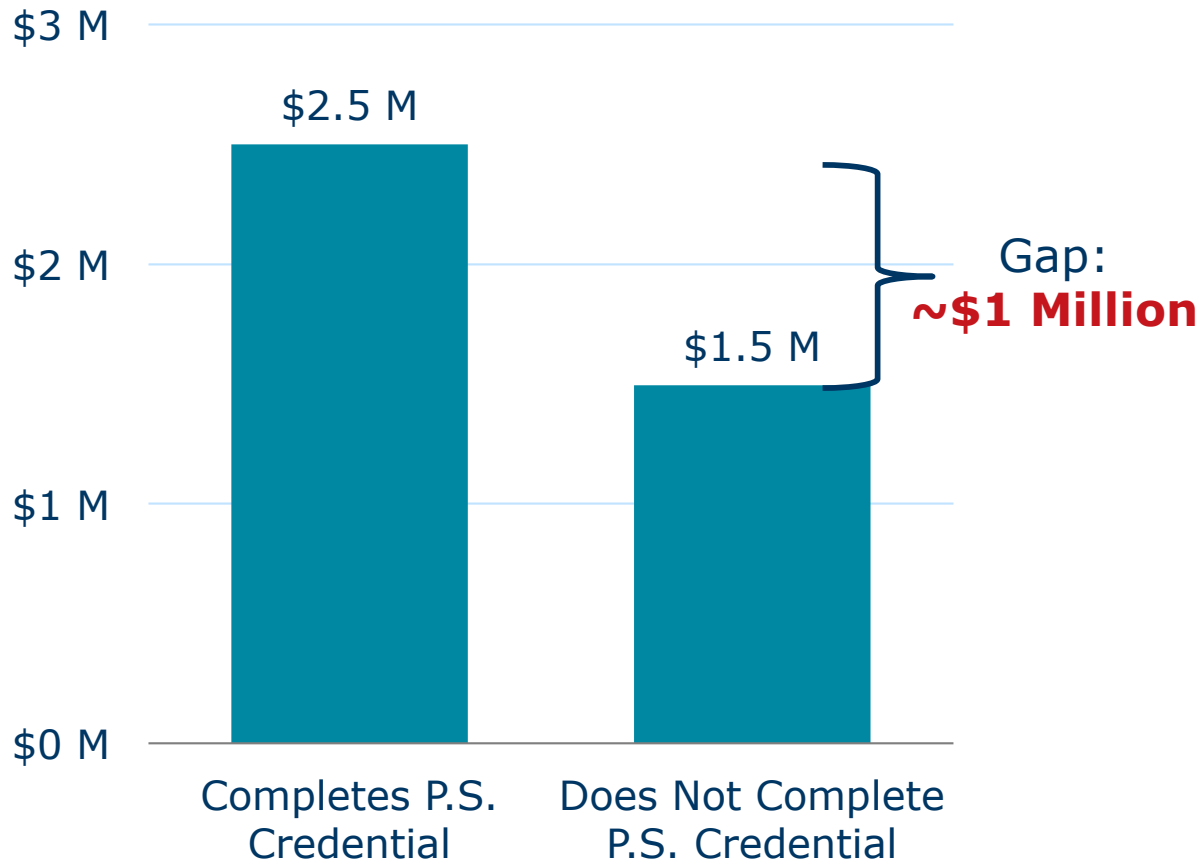
But Texas' changing demographics may mean it takes us even longer to achieve this goal based on their current outcomes…

Source: U.S. Census, American Community Survey 5-Year Estimates 2009 – 2016, Commit Partnership Analysis

Roughly **$200 Billion Dollars** Foregone by Each Texas HS Class by not Obtaining Postsecondary Credentials

Estimated Lifetime Earnings by Education Level, H.S. class of 2010

Texas



	Completes P.S. Credential	Does Not Complete P.S. Credential
# students, 2010 HS cohort	79,142	201,378

Within each Texas H.S. graduating class, students subsequently not earning a postsecondary credential lose a combined **$201 billion** in future lifetime earnings (equal to 1/8th of Texas $1.6 trillion GDP)

Source: The Commit Partnership, Median earnings found and adjusted for inflation (2017 Dollars) in U.S. Census, American Community Survey Briefs, "Work-life Earnings by Field of Degree and Occupation for People with a Bachelor's Degree: 2011"; PS attainment numbers estimated using the THECB Higher Education Attainment report, HS grad classes '08-'10

There Are Real Costs to Texas Business Taxpayers of an Education and Workforce Pipeline That is Not Adequately Resourced and Performing

Per a Recent Dallas Federal Reserve Analysis:

- Tight labor markets are now the No. 1 concern of business, **with 70% of business executives reporting difficulty finding and hiring qualified workers;**
- This shortage is increasing overall labor costs, with **62% of firms surveyed reporting having to increase wages and benefits** in order to recruit and retain employees, up from 53 percent in early 2018;
-

Source: "DFW's Continued Breakneck Growth Depends on a Cascade of New Workers", Dallas Fed, 6/16/18

Other Costs of Undereducated Workforce Beyond Lost GDP

Unemployment, Uninsured Medical, and Incarceration

u
W

Uninsured Medical:[2]

~$6.0 bn

annual cost to Texas for people without the health benefits typically associated with living wage jobs

Incarceration:[3]

~147,000

inmates costing

~$5.7bn

annually ($38,000 per inmate), or 3x what we spend on K-12 student

Source: (1) Texas Workforce Commission, 2017, (2) Anne Dunkelberg Presentation, Outcomes Working Group 5/29/18, (3) Texas Dept. of Criminal Justice, 2016.

What Should our Outcomes Goals Be?

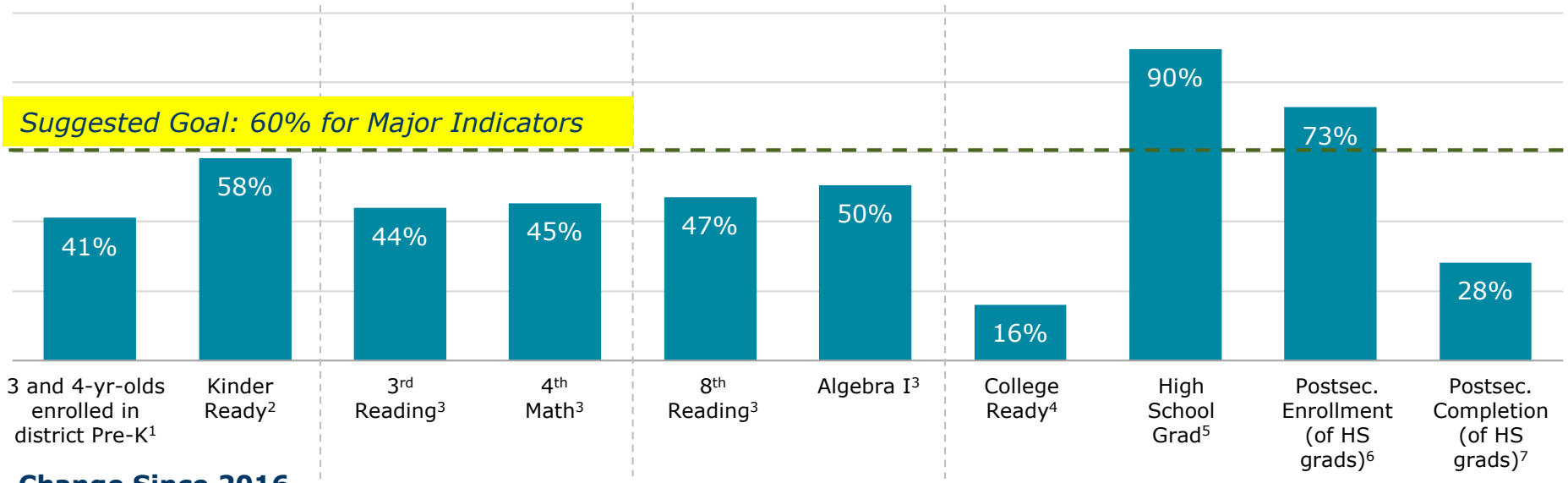
Even if Post-Secondary Completion Rate for Non-Low Income Students was Increased to 100%, We Mathematically Cannot Achieve Our 60% Goal Without a Substantial Increase in Low Income P.S. Completion

	% of Texas K-12 Enrollment	Current Six Year P.S. Completion Rate	Hypothetical Increase in P.S. Completion Rate for Non Low Students Only
	41%	38%	100%
	59%	18%	18%
	100%	**28%**	**51%**

Align K-12 Goals for Our Own Population with TX Goal of 60x30

Need for *~90,000 More Students Completing to Not Rely on Imports to Meet Goal*

Establish a starting line | **Build a solid early foundation** | **Equip for the future** | **Support to and through college**



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Additional Students Needed to Meet 60% Goal	103,250	4,584	65,545	59,435	47,748	41,278	142,340	0	0	**89,170**

Source: Commit Partnership 3/19/18 testimony to Outcomes working group(1) Pre-K Enrollment: Percent of 3- and 4-year-olds enrolled in district Pre-K programs. Texas Education Agency (TEA) – Texas Public Education Information Report (TPEIR) – Texas Pre-Kindergarten Report; (2) Kindergarten Readiness: The percent of students deemed Kindergarten Ready based on assessments given by districts at the beginning of the year to Kindergarteners; (3) STAAR indicators: Achievement levels represent percentage of students achieving "meets grade level" standard on 2017 STAAR exams. (4) College ready: The percent of HS grads who took the SAT or ACT and scored at least a 24 on the ACT or 1110 on the SAT (reading and math) – TEA TAPR 2017. (5) Graduation rate: the percent of the 9th grade cohort from 2012 – 2013 school year that graduated four years later in 2016. Texas Education Agency: – 2016-2017 Accountability System – 4 year Federal Graduation Rate; (6) College enrollment: The percent of 2010 HS graduates who enrolled in a TX postsecondary institution; THECB 8th Grade Cohort 2016 report; (7) College completion: The percent of 2010 HS grads who earned a PS degree/certification within 6 years of HS graduation; THECB 8th Grade Cohort Study, 2016 report

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When and Where in K-12 Should We Invest to Achieve our Outcomes?

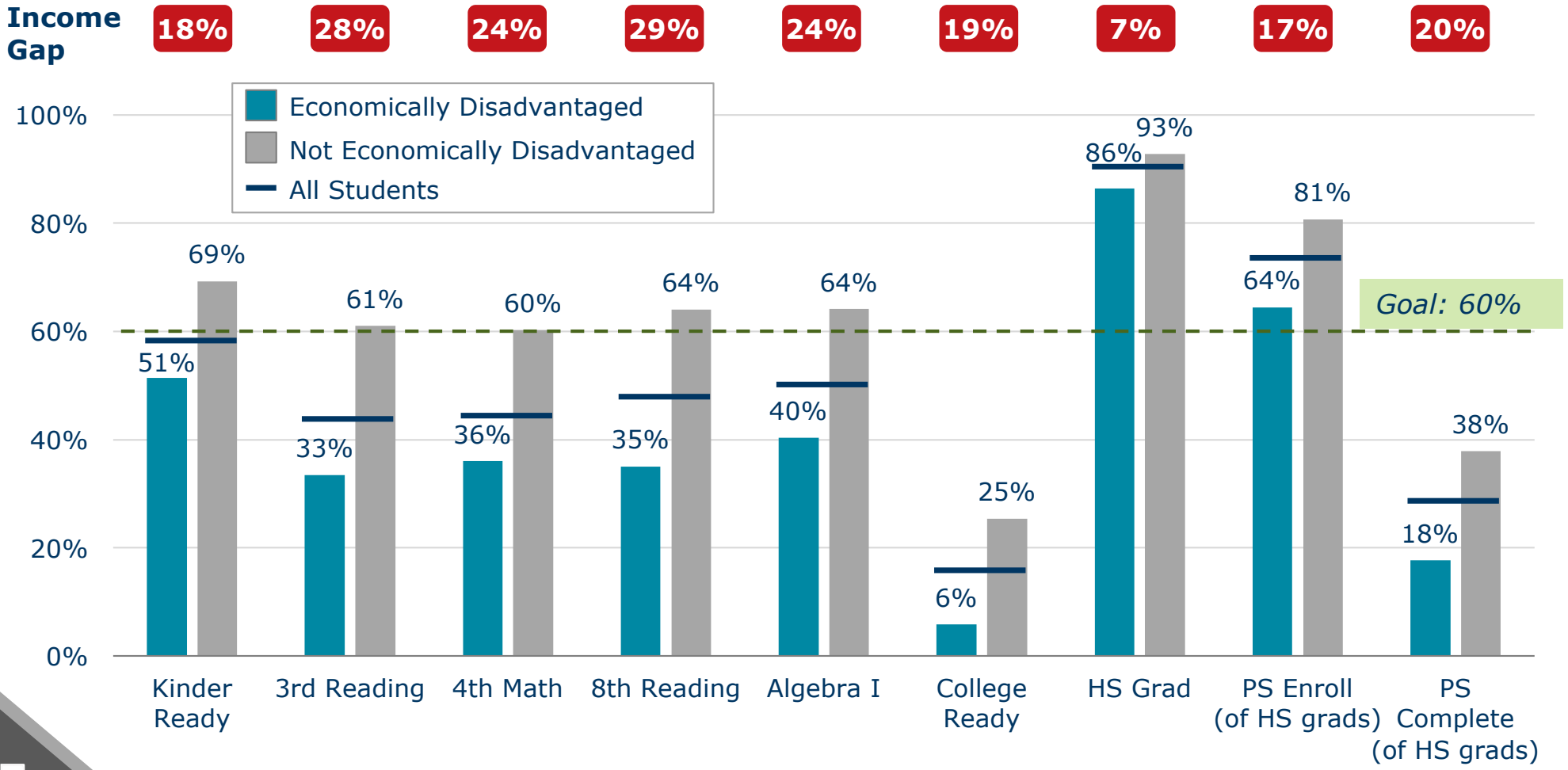
General Sentiment of Commission To Date

- Given broad variations in achievement among campuses with similar demographics and lack of correlation of achievement to campus spending, simply investing more dollars per student **represents some risk of "more of the same"**

- However, investing **more dollars within specific strategies** currently showing strong results represents the potential to **substantially accelerate** Texas' educational outcomes and **reach our state's 60x30 Goal**

Wide Income-Based Opportunity/Achievement Gaps Exist From Kindergarten Through Postsecondary Completion

2017 Statewide Performance in Key Indicators by Income

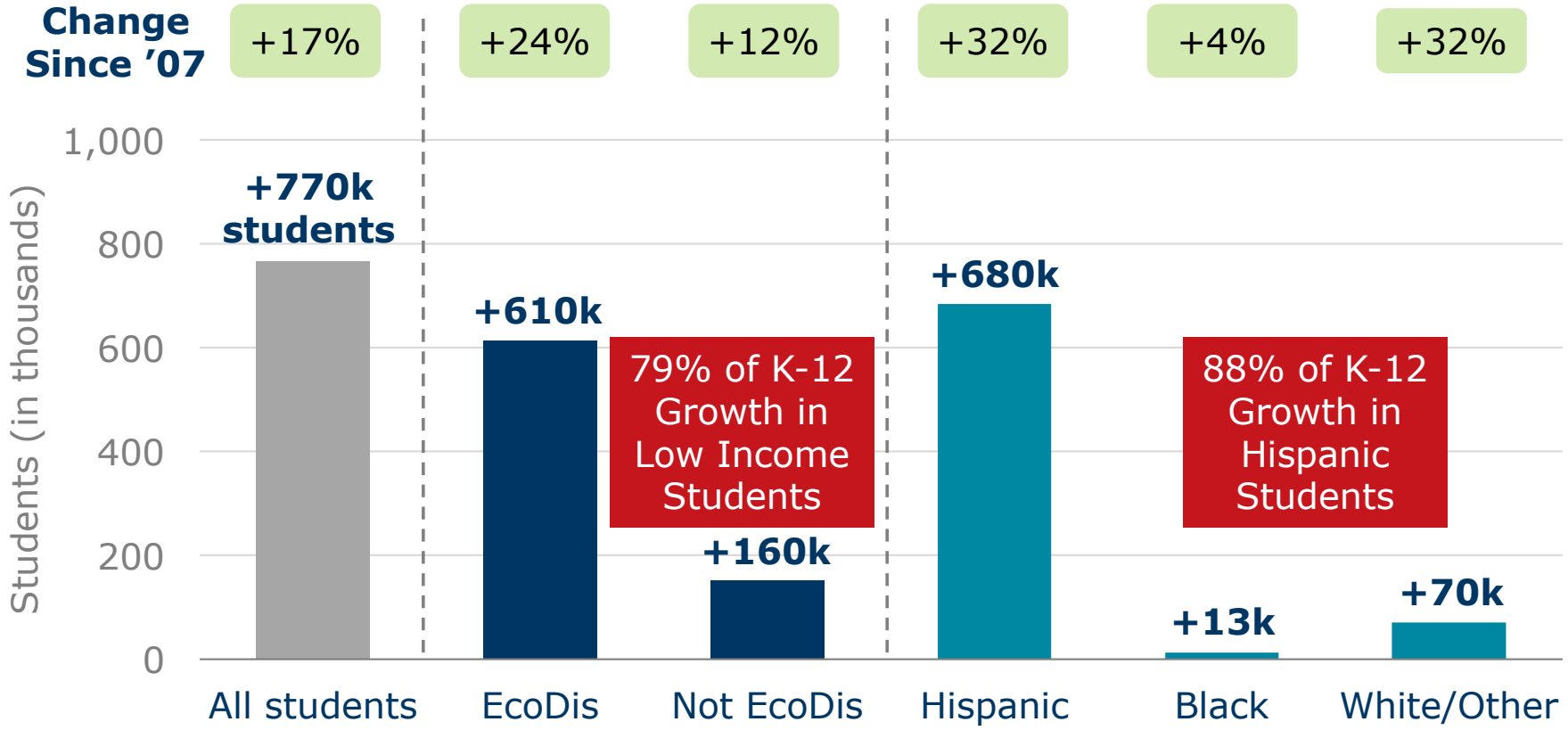


Sources: Commit Partnership 3/19/18 testimony to Outcomes working group, K-Readiness: TPEIR 2016-2017 reports; 3rd reading, 4th math, 8th reading, and Algebra I: TEA STAAR 2017 report; College Readiness and HS Graduation rates: TEA TAPR 2017 report; PS enrollment and completion calculated as percentages of HS graduates; THECB 8th Grade Cohort Study, 2006

When/Where to Invest?

With Changing Demographics, State Can't Sustain Texas' Prosperity Without Major Shifts in Investing More Equitably in All Students

Change in Texas Public PK-12 Student Enrollment, From 2007 to 2017

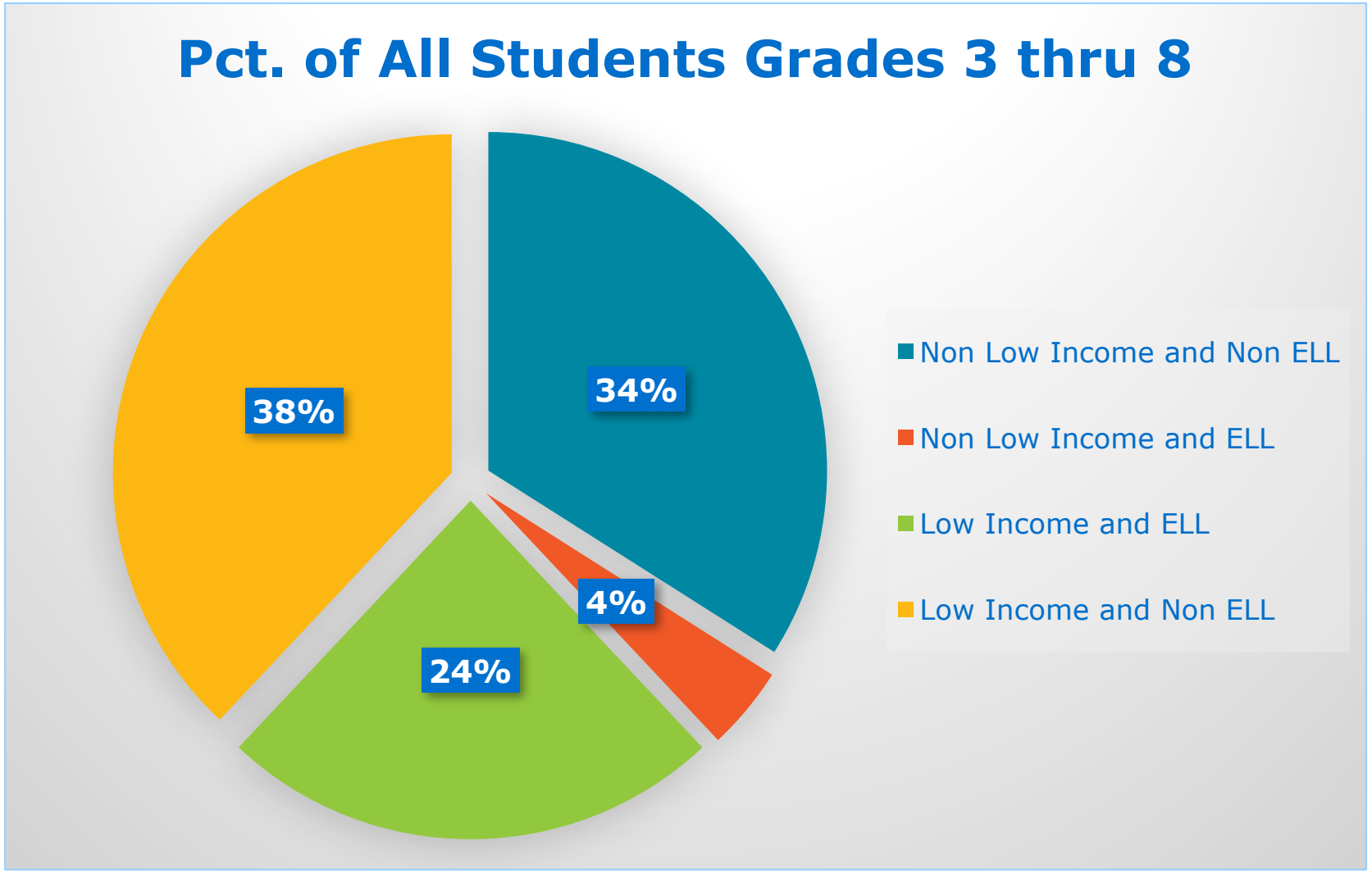


% of HS Grads Earning a Postsecondary Degree Within Six Years[1]

All students	EcoDis	Not EcoDis	Hispanic	Black	White/Other
28%	18%	38%	21%	19%	37%

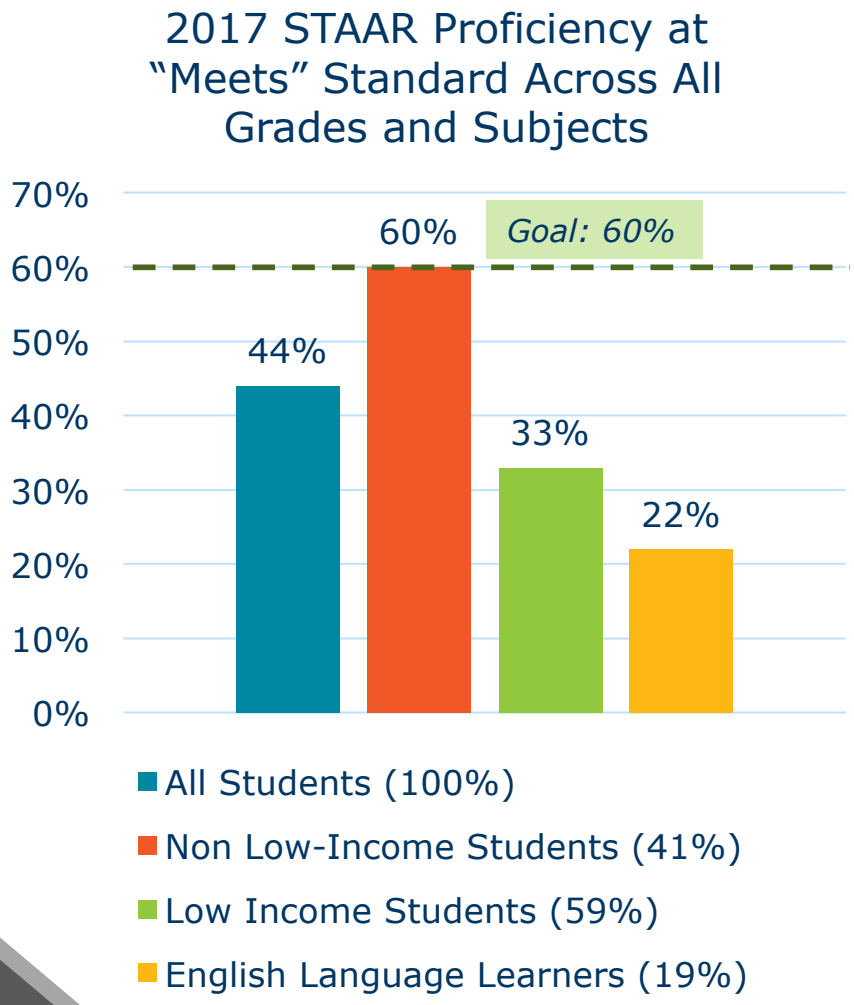
Source: Commit Partnership 3/19/18 testimony to Outcomes working group Demographic data: TEA TAPR 2007 and 2017 reports; PS completion: THECB 8th Grade Cohort Study, 2016 report (1) Postsecondary Completion rates are calculated as a percent of HS graduates

Across the Formative Grades of 3 thru 8, 62% of Students are Low Income with 28% Considered ELL (vs. 59% and 19% for All Grades)



Source: TEA TAPR

Data Clearly Indicates New Investments Should Target Low Income and ELL Students; Range of Outcomes Shows Very High Potential for Growth



	Prof. at Meets for Highest Perf. ISD/Charter	Prof. at Meets for Lowest Perf. ISD/Charter	Gap Between Highest and Lowest
All Students	87%	25%	62%
Non-Low Income Students	87%	28%	59%
Low Income Students	52%	21%	31%
English Language Learners	40%	5%	35%

If statewide achievement for low income students could match our highest performing district for that population, overall achievement would **increase from 44% to 55%**

Source: Commit Partnership, 2017 TEA TAPR.Highest performing is Southlake Carroll ISD (1% economically disadvantaged) among districts greater than 5,000 students with at least 25% economic disadvantage. Highest performing districts included Sharyland ISD (52% proficiency for low-income students), IDEA (50% proficiency), Los Fresnos ISD (50%) and Wylie ISD (46%). Among districts greater than 5,000 students with at least a 10% ELL population. Highest performing districts included IDEA (38% proficiency for ELL students), Roma ISD (37% proficiency), and Sharyland ISD (35% proficiency).

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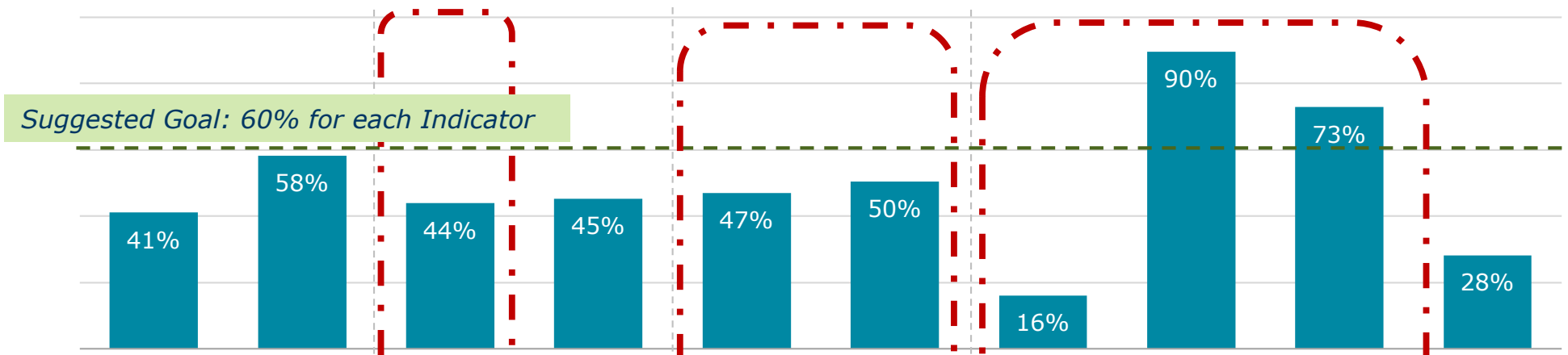
Common Themes From Testimony

Common Themes

Key Areas of Academic "Melt" in Texas' Education/Workforce Pipeline

Need for *~90,000 Additional Students Completing to Meet TX 60x2030 Goal*

Establish a starting line → **Build a solid early foundation** → **Equip for the future** → **Support to and through college**



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Common Theme No. 1 – "Ready to Learn"

Early Intervention is Critical to Future Student Success

- **90%** of a child's brain develops by the **age of five**;
- Despite this importance, **only 40%** of students who are eligible for optional public Pre-K public school in Texas attend as 3 and 4-year olds;
- **Only 6 in 10** Texas children come to public school assessed as Kindergarten ready;
- Students learn to read through 3rd grade; thereafter, **they must be able to read to learn. In 2017, only 44% of students met the state's 3rd grade reading standard.**
- Students who don't read proficiently by third grade are **four times more likely to leave high school without a diploma than proficient readers***
- **Funding should ensure** that the ~225,000 of Texas students annually failing **to meet the state standard in 3rd grade reading is substantially reduced** as this initial leak within our education pipeline is so severe that it cannot sufficiently recover to help meet our state's 60x30 Goal;

*http://www.aecf.org/blog/poverty-puts-struggling-readers-in-double-jeopardy-minorities-most-at-risk/

Common Theme No. 2 – "Ready to Teach"

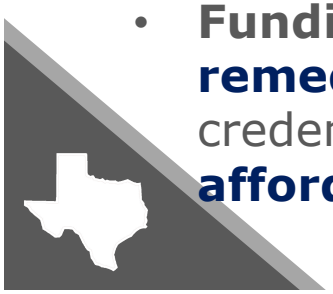
Increase Quality and Strategic Placement of Teachers

- Teachers are **THE most important** in-school factor in student outcomes;
- Per a 2010 McKinsey study, **only 1 in 4** new U.S. teachers come from the top-third of their college graduating class;
- **Compensation was the primary differentiating factor** cited by top-third graduates who declined a career in education;
- Per a 2017 report by ACT, **only 1 in 5** intended education majors met ACT college ready benchmarks;
- **Funding should ensure** that:
  - Our top college graduates view public education **as a rewarding career where effectiveness is valued as soon as it is demonstrated**;
  - Every new teacher candidate is financially incented to **seek high quality preparation programs**;
  - Effective teachers are paid well enough and soon enough to **stay in the profession and in the classroom if they desire;**
  - Effective educators are financially incented to teach students facing the **most challenges** and **as early as possible** in their education

Common Theme No. 3 – "Ready to Earn"

Postsecondary Achievement is Fundamental

- **Only 21% of most recent 8th grade cohort** graduated with any type of post-secondary education six years following H.S. graduation;
- 8th grade completion rate was **just 12% for low income students**;
- Only 40% of low income 8th graders enroll in college four years later, **leaving $525 million** of federal Pell grants on the table to fund their P.S. credential.
- Low income students today **currently comprise ~60% of Texas**.
- Texas unemployment rate is <4%, but stagnant labor participation rate (due to skillset mismatch) is **forcing industry to recruit substantial numbers at high labor cost from outside the state**;
- Fall 2017 TWC data indicated **300,000+ unfilled posted jobs** despite having over 543,000 unemployed Texans;
- **Funding should ensure** graduates are (i) **ready and do NOT require remediation in higher ed** and (ii) that achievement of a post-secondary credential is not only **expected**, but is also viewed as **achievable, affordable, and supported**



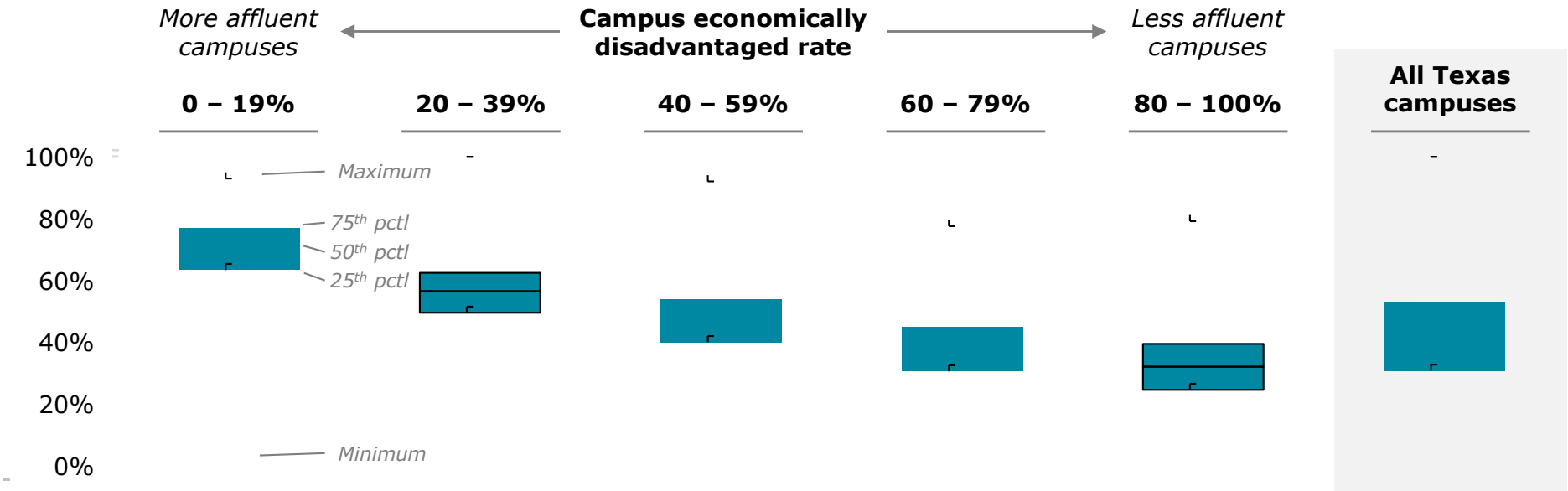
Common Theme No. 4
Systemic Incentives Matter

- Current stakeholders **respond to incentives**, some of which encourage actions to the detriment of student achievement and post-secondary success. Examples:
  - Strong K-2nd grade educators **relocated to tested grades**;
  - Under seniority pay, prospective teachers incented to **seek certification as quickly/inexpensively as possible** due to no differentiation (initially or in early years) for better preparation;
  - High school principals tend to focus **more on EOC testing and high school graduation** (based on current state accountability) vs. **post-secondary access and readiness**
- **Funding should ensure** that **financial incentives tied to the achievement of our most critical outcomes** are put in place to help overcome these systemic challenges

The Potential Value of Incentives

While % of 3rd Graders Meeting Standard Declines as Campus Poverty Increases, the *Broad Range in Proficiency Within Each Economic Band Shows High Potential*

Percent of students per campus meeting STAAR assessment standards in 3rd gr. reading, 2016-17



	0 – 19%	20 – 39%	40 – 59%	60 – 79%	80 – 100%	All Texas campuses
Max	93%	100%	92%	77%	79%	100%
75th pctl	77%	62%	54%	45%	39%	53%
50th pctl	70%	56%	47%	38%	32%	41%
25th pctl	63%	49%	40%	31%	25%	31%
	[illegible]%	14%	5%	8%	0%	0%
	[illegible]%	**76%**	**87%**	**69%**	**54%**	**100%**
	56	470	721	1,134	1,631	4,412

Source: Commit Partnership, STAAR Aggregate Data, 2017. Note: (1) Only campuses with at least 10 test takers are included in calculations

Broad Variation in Low Income Student Achievement (78%) Across TX Campuses with Varying Levels of Size, Poverty and Choice Highlights Potential of Incentives

Top 12 ISD's/Charter Campuses Across

Rank	District Type	County	Total Enroll.	Pct. Eco.Dis.	Pct. at Meets Standard
1	Charter	DALLAS	572	19%	**82%**
2	Charter	HARRIS	271	92%	**71%**
3	Charter	BEXAR	1,384	7%	**68%**
4	ISD	CAMERON	3,848	53%	**67%**
5	ISD	TRAVIS	8,116	2%	**64%**
6	ISD	DEAF SMITH	139	64%	**61%**
7	ISD	COLLIN	1,230	3%	**60%**
8	ISD	LIBERTY	181	48%	**60%**
9	ISD	BEXAR	1,428	8%	**59%**
10	Charter	HARRIS	499	44%	**59%**
11	Charter	EL PASO	352	40%	**58%**
12	Charter	HARRIS	2,213	44%	**58%**

Lowest 12 ISD's/Charter Campuses Across

Rank	District Type	County	Total Enroll.	Pct. Eco.Dis.	Pct. at Meets Standard
1	Charter	NUECES	168	19%	**4%**
2	ISD	ERATH	136	37%	**5%**
3	Charter	WALKER	89	100%	**5%**
4	ISD	NOLAN	150	42%	**6%**
5	ISD	BREWSTER	70	87%	**7%**
6	Charter	TRAVIS	589	39%	**8%**
7	Charter	ERATH	120	88%	**9%**
8	Charter	REAL	204	92%	**9%**
9	ISD	HUDSPETH	72	74%	**10%**
10	ISD	TERRELL	146	48%	**10%**
11	ISD	ERATH	103	83%	**11%**
12	ISD	LYNN	120	73%	**11%**

Source: Commit Partnership. TEA STAAR Aggregate report (https://tea.texas.gov/student.assessment/staar/aggregate/). First administration, ecodis test takers, grades 3-8 and EOCs. Note: Not including alternative education programs such as DAEP.

TEXAS COMMISSION ON
PUBLIC SCHOOL FINANCE

Recommendations of the Outcomes Working Group

Recommendation #1

School Finance Legislation Should Include Sufficient Incremental Dollars to Fund Strategies Across Three High Impact Areas

- **Dollars represent <u>additional</u> investments (vs. supplanting)**
- **Funded through school finance formula** (vs. grants) to convince educators and school boards to make the investment/commitment
- **Funding should include specific incentives within the formula funding**, tied to specific goals at critical "gates" within a Texas student's educational journey that reflect:
  - high areas of academic "melt"
  - large, systemic challenges where incentives can potentially help alter actions of stakeholders
  - Are equitably determined so that low-income students receive more funding than non-low-income students and as such funding increases as overall campus poverty increases

Recommendation #1A

Incentive No. 1

Funding for Every 3rd Grader Meeting State's "Meets" Reading Standard

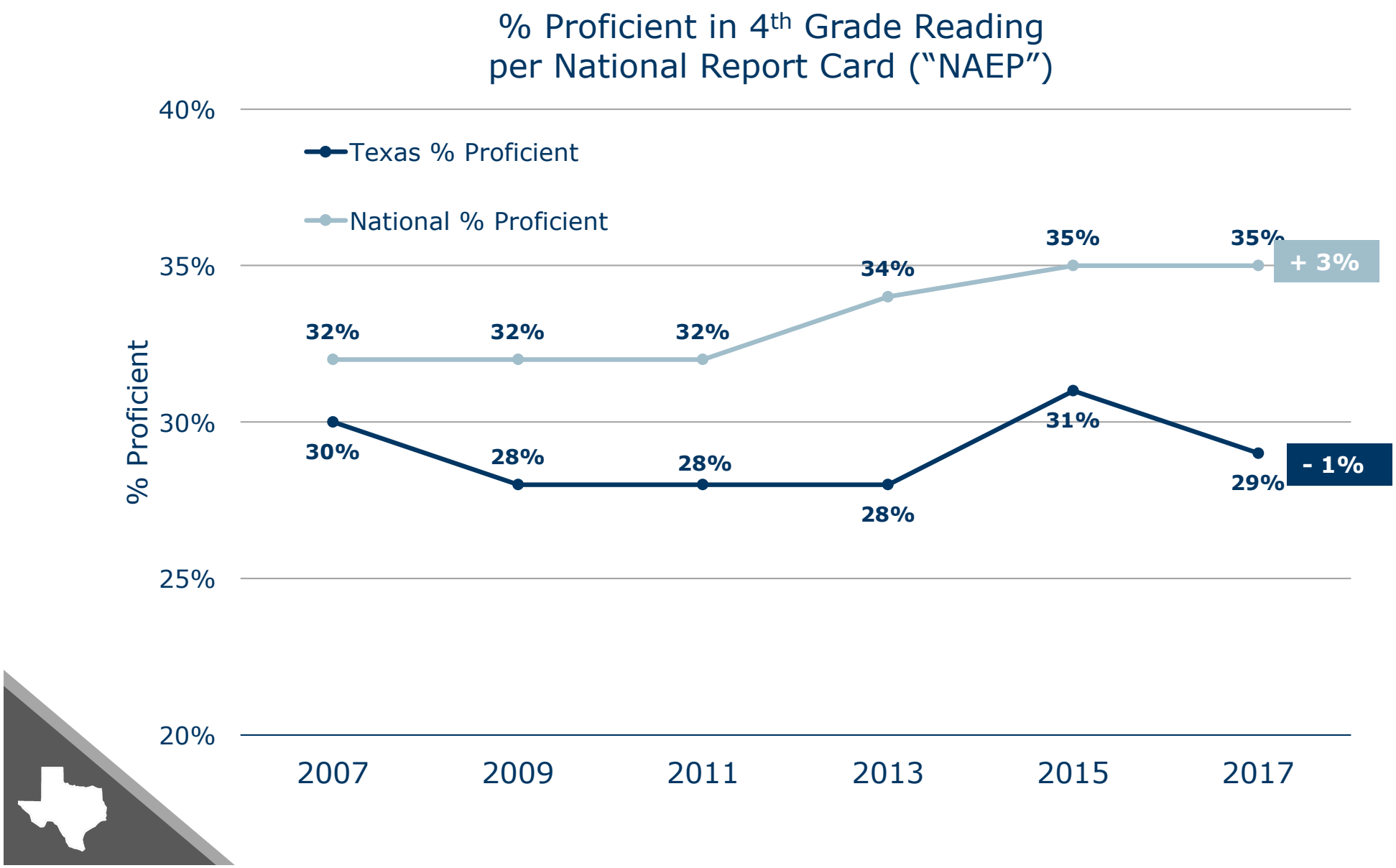
- **Current Achievement –** only 44% of Texas 3rd graders met standard in reading in 2017 (preliminary numbers indicate a decline to 41% for 2018)

- **Supporting Data -** Per TEA, students who met the state's "Meets" 3rd grade reading standard in 2011-12 (vs. those who didn't) were:
  - **2.8x more likely** to achieve the state's "Meets" standard in 8th grade reading five years later;
  - **2.0x more likely** to either achieve the state's "Meets" standard in 8th grade math or, more importantly, take the critical Algebra 1 course in 8th grade;

- **Systemic Challenges Incentive Will Seek to Alter/Improve:**
  - **Only 40%** of eligible 3 and 4 year old students attend public Pre-K statewide due to either lack of seats, lack of parental awareness on its importance, or working parents who need a full-day option;
  - **Only 58%** of students come to schools assessed as Kindergarten ready;
  - **No common Kindergarten readiness assessment** to assist districts in their continuous improvement efforts;
  - **Placement by principals of their better teachers away from the foundational grades of Pre-K thru 2nd** to the standardized tested grades of 3rd grade and above, and far too often, less effective teachers are concurrently placed by principals in these critical but non-tested grades

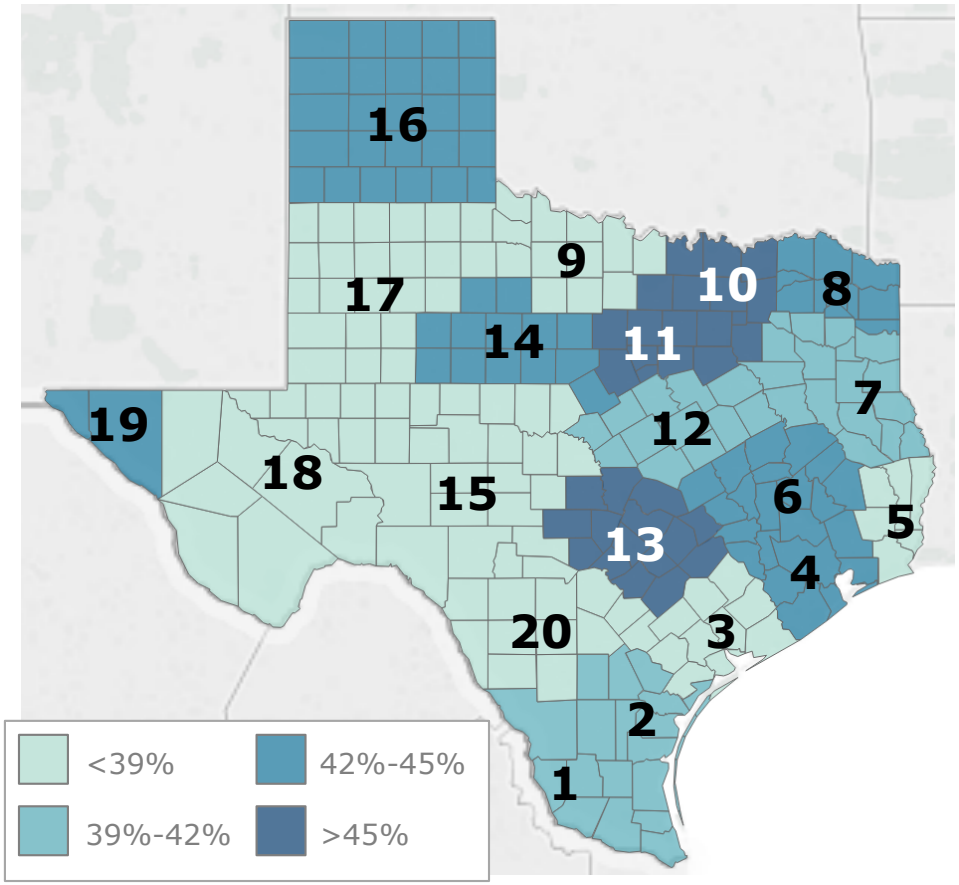
Per Nation's Report Card, TX vs. U.S. Early Literacy Gap Has Widened

Texas Now Ranks 46th in Nation (Down From 40th in 2015), Surpassing the States of LA, MS, and NM and Tied With OK, SC and Washington DC



Largely Urban Regions Tend to Outperform More Rural Regions in Critical Area of 3rd Grade Reading, but None Meet 60% Goal

2017 STAAR 3rd Grade Reading "Meets Grade Level" Rates by ESC Region

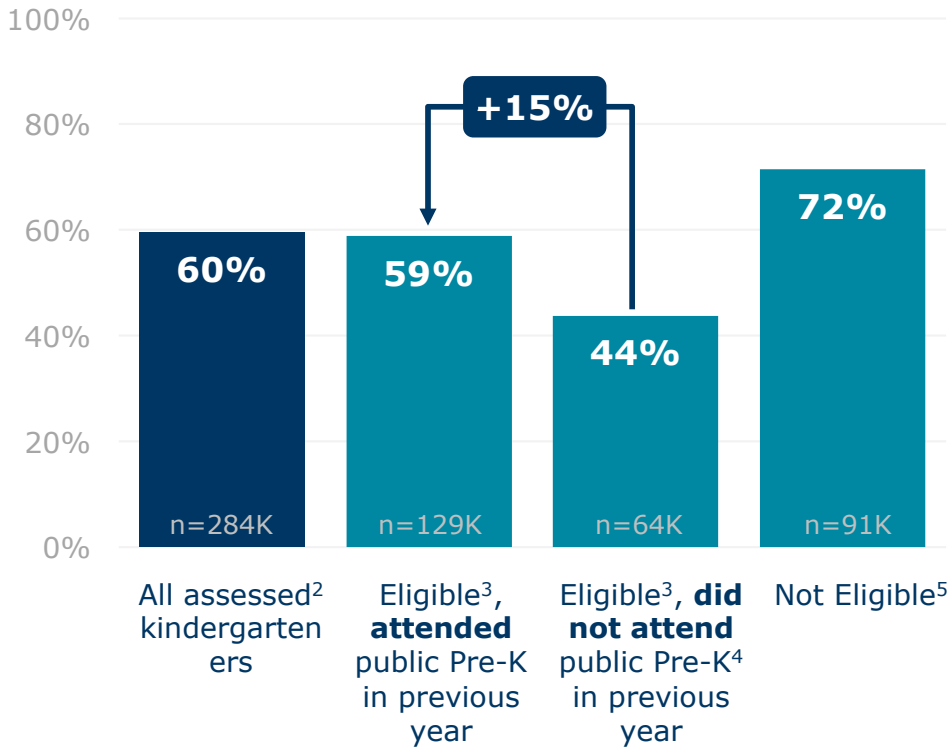


Region	% of Students	Region Name	3R "Meets"
1	8%	Edinburg	42%
2	2%	Corp. Christi	41%
3	1%	Victoria	37%
4	23%	Houston	45%
5	2%	Beaumont	39%
6	4%	Huntsville	45%
7	3%	Kilgore	41%
8	1%	Mt. Pleasant	43%
9	1%	Wichita Falls	39%
10	16%	Richardson	46%
11	11%	Fort Worth	47%
12	3%	Waco	41%
13	7%	Austin	50%
14	1%	Abilene	43%
15	1%	San Angelo	37%
16	2%	Amarillo	42%
17	2%	Lubbock	38%
18	2%	Midland	36%
19	3%	El Paso	44%
20	9%	San Antonio	39%
Total	**100%**	**Texas**	**44%**

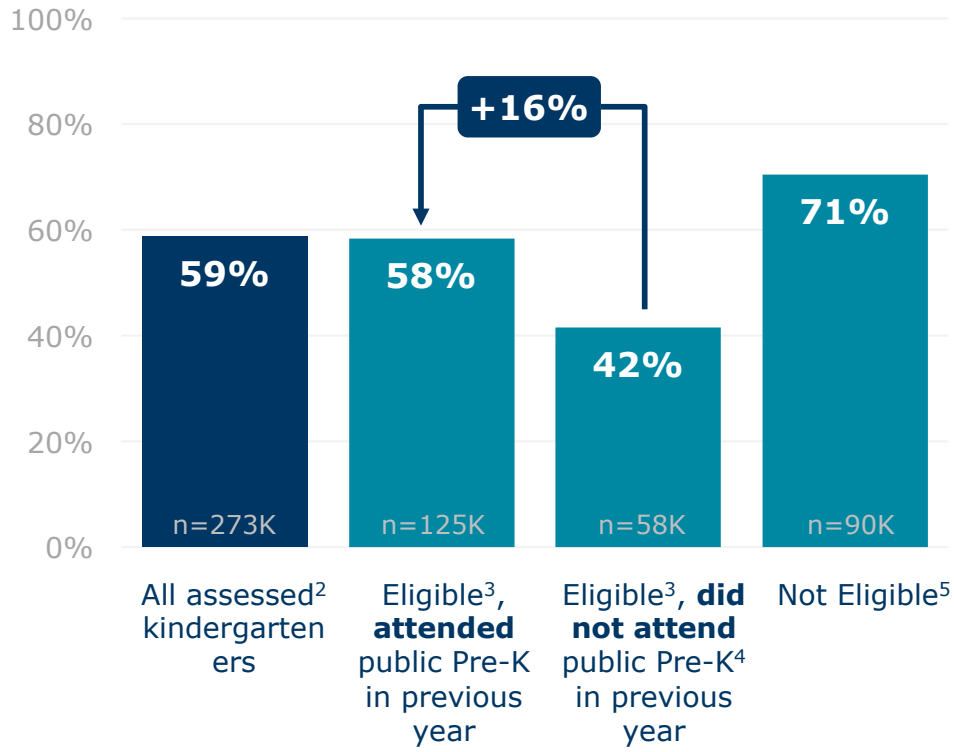
Source: 3rd grade reading rates: 2017 TEA STAAR report

Per TEA and Reporting ISD's, Public Pre-K Strongly Increases Kindergarten Readiness for Eligible Students

Kindergarten Readiness[1] in Texas 2015-16



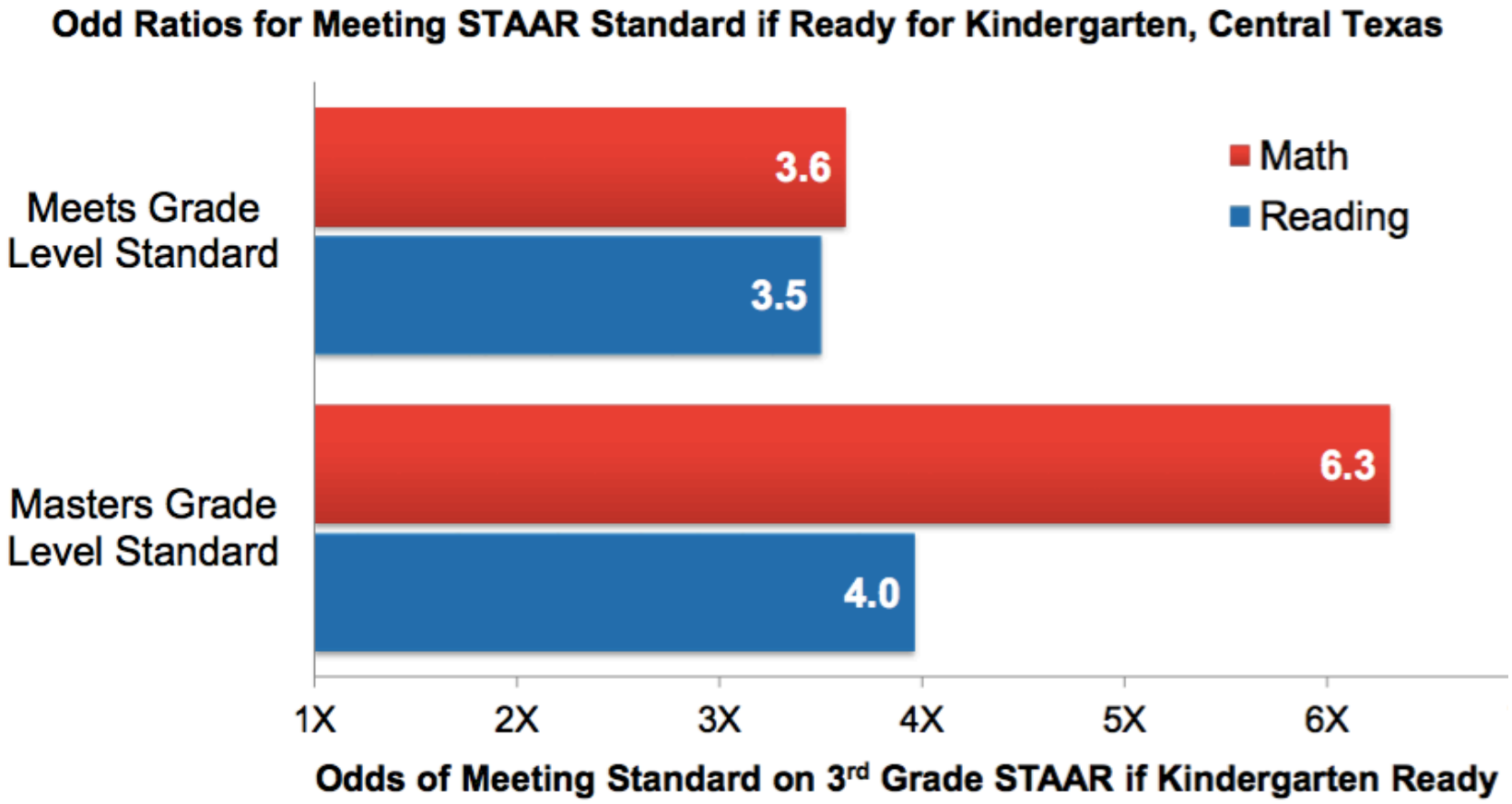
Kindergarten Readiness[1] in Texas 2016-17



[1] Kindergarten readiness rates reflect the percentage of students who met or exceeded the cut-off score for a particular assessment out of all students who were assessed.
[2] Assessed using an assessment on the Commissioner's List of Reading Instruments.
[3] To be eligible to attend a state funded prekindergarten program, the child must meet one of the following prekindergarten eligibility criteria:
- is unable to speak and comprehend the English language;
- is educationally disadvantaged, which means a student eligible to participate in the national free or reduced-price lunch program;
- is homeless;
- is the child of an active duty member of the armed forces of the United States;
- is the child of a member of the armed forces who was injured or killed while on active duty;
- is the child of a person eligible for the Star of Texas Award as a peace officer, firefighter, or emergency medical first responder; or
- is or ever has been in foster care.

[4] Students in this group may have attended private prekindergarten.
[5] Students in this group may have attended private prekindergarten, may have attended public prekindergarten, or may not have attended prekindergarten.

Students Who Are Assessed as Kindergarten Ready Are 3.5x to 6.3x More Likely to Meet State STAAR Standard in Reading and Math



Source: E3 Alliance

Recommendation #1B

Incentive No. 2

Funding for Every 8th Grader Meeting State's "Meets" Standard in Reading and in Algebra 1

- **Current Achievement –** only 47% of Texas 8th graders met standard in reading in 2017 and only 26% of students took Algebra 1 in 8th grade

- **Supporting Data -** Per TEA, students who met the state's "Meets" 8th grade reading standard in 2011-12 (vs. those who didn't) were:
  - **80% less likely** to drop out during their high school years;
  - **10% to 20% more likely** to graduate high school within five years**;**

- **Systemic Challenges Incentive Will Seek to Alter/Improve:**
  - Per THECB date, **4 out of 5 8th graders fail to complete a P.S. degree** within six years of high school graduation;
  - This completion rate **drops to just 12% for low income students** (who are 60% of the state's enrolled students);
  - Due to state accountability system incentives**, too often 8th graders are tracked out of taking Algebra I in middle school** to help districts satisfy their high school math requirement;
  - **54% gap** between high school graduation rates and college readiness rates (per either ACT/SAT/TSI).

Recommendation #1C

Incentive No. 3

Funding for Every H.S. Graduate Assessed as College/Career Ready Who Successfully Achieves Industry Certificate or Enrolls in P.S. or Military

- **Current Achievement –** while 90% graduated**, only 36%** of Texas H.S. seniors met SAT, ACT or TSI college-ready benchmarks. **Only 60% of all H.S. graduates** enroll in P.S. the following September.

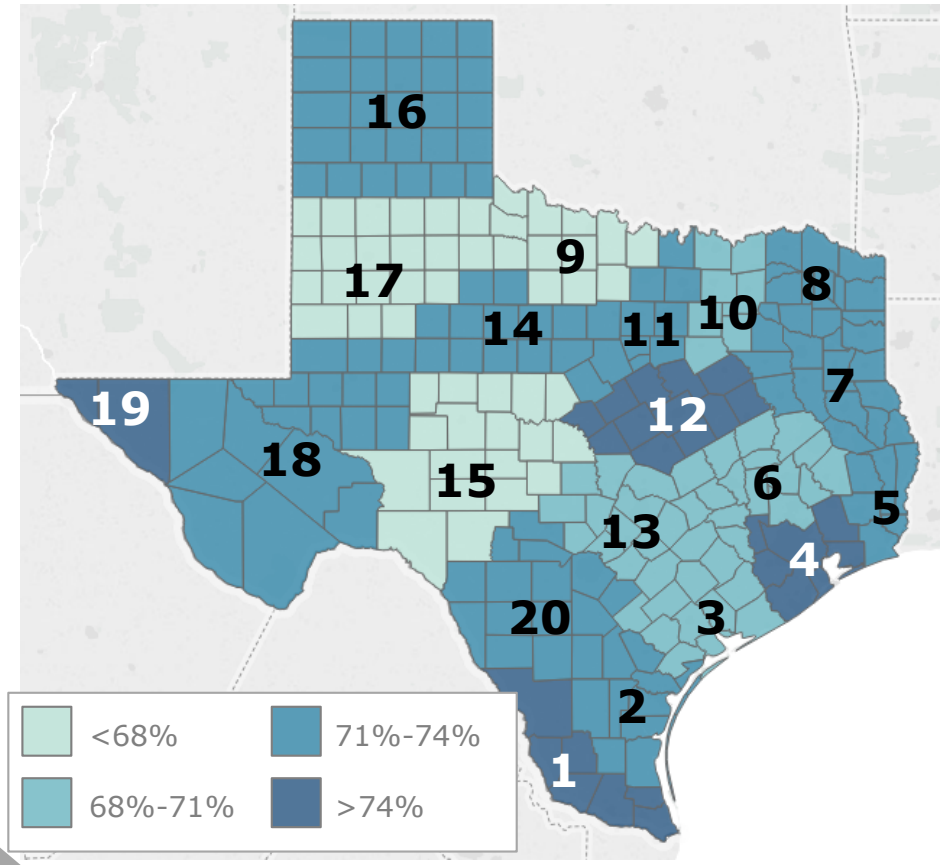
- **Supporting Data –**
  - 60% of 8th graders not enrolling in college (at an average Pell grant award of $3,750 per student/year) representing **over $525mm/year/cohort of untapped federal resources** for our students to pursue a living wage credential
  - **Per national research, every H.S. graduate who does NOT earn a postsecondary credential on avg.:**
    - Earns **$21,000 LESS** avg. salary/year and **$975,000 LESS** in lifetime earnings
    - Pays **$25,000 LESS** in state/local sales tax (@ 8.25%) over course of their lifetime

- **Systemic Challenges Incentive Will Seek to Alter/Improve:**
  - H.S. transparency into post-secondary outcomes of their graduates **is not common**; remediation efforts tend to be deferred until college **(where student is financially responsible)** vs. in high school where they belong;
  - Large majority of high schools staff their overworked (and often undertrained) post secondary access counselors at **over 400:1;**
  - Texas' average community college tuition rate is **3rd lowest in the country** (<$2,000/year) and **roughly half of the average U.S. Pell grant of $3,750,** yet **only 40% of Texas' 240,000 low income 8th graders enroll in P.S. four years later**;

Enrollment Rates Typically Strongest in Urban Regions and Rio Grande Valley

2016 Postsecondary Enrollment Rates by ESC Region

Percent of HS grads (c/o 2010) who enrolled in postsecondary following graduation, per the THECB 8th Grade Cohort Study



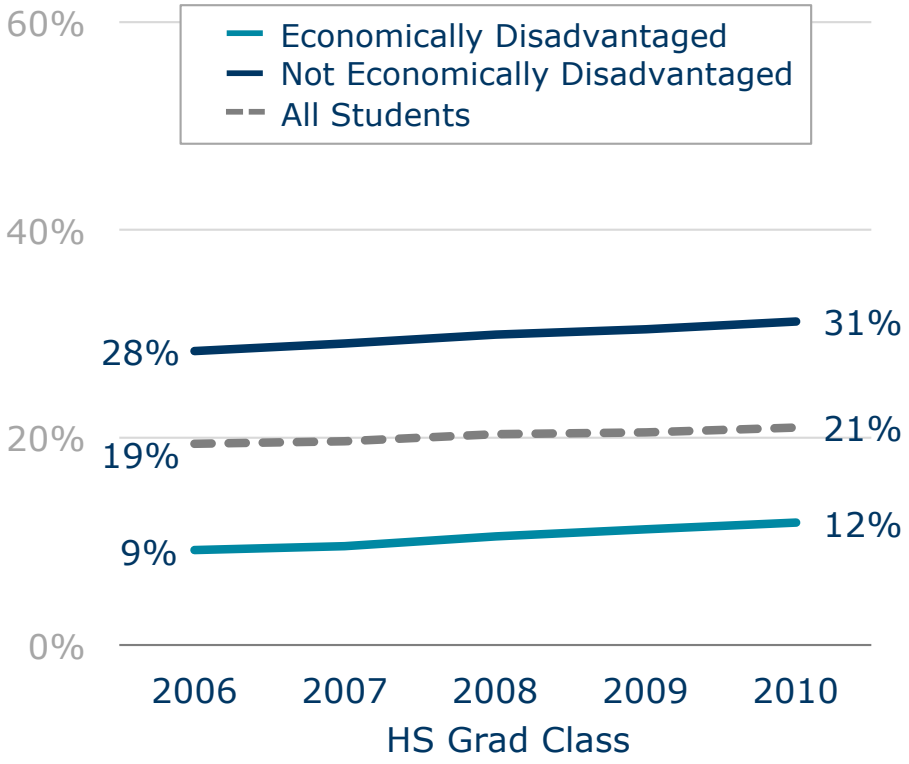
Region #	Region Name	Enrollment
1	Edinburg	75%
2	Corpus Christi	72%
3	Victoria	70%
4	Houston	75%
5	Beaumont	73%
6	Huntsville	70%
7	Kilgore	71%
8	Mt. Pleasant	72%
9	Wichita Falls	66%
10	Richardson	71%
11	Fort Worth	74%
12	Waco	79%
13	Austin	70%
14	Abilene	74%
15	San Angelo	68%
16	Amarillo	74%
17	Lubbock	66%
18	Midland	71%
19	El Paso	77%
20	San Antonio	72%
Total	**Texas**	**73%**

Source: THECB 8th Grade Cohort Study, 2016 report

Economically Disadvantaged HS Grads Complete Postsecondary Only Half as Often as Wealthier Peers

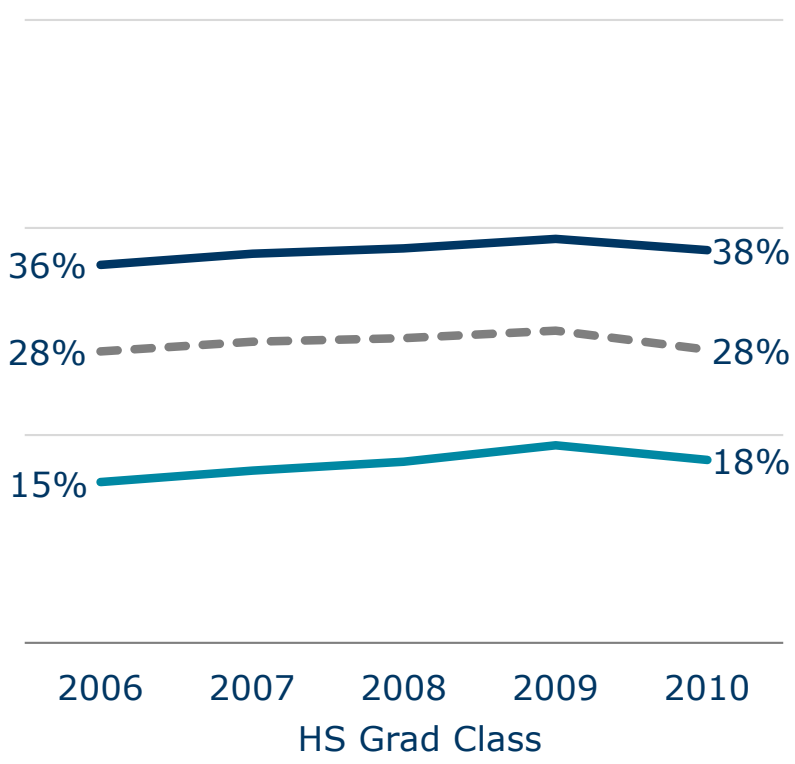
Postsecondary Completion Rates by Income

PS Completion (% of 8th grade cohort completed)



19% **EcoDis/Non-EcoDis Gap** **19%**

PS Completion (% of HS grads completed)



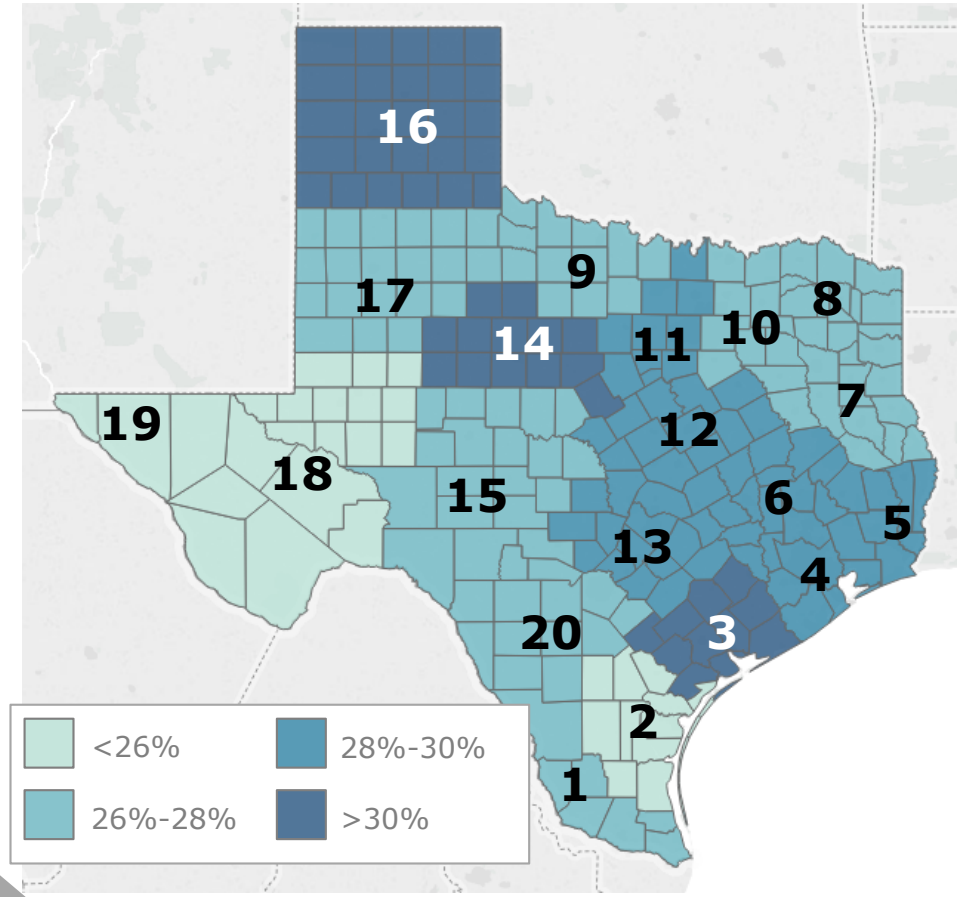
21% **EcoDis/Non-EcoDis Gap** **20%**

Source: THECB 8th Grade Cohort Study, 2016 report

Highest Performing Region Only at Half of 60% Goal for our Own Pipeline with Roughly 3 in 10 Texas HS Grads Completing Overall

2016 Postsecondary Completion Rates by ESC Region

Percent of HS graduates (c/o 2010) who completed a postsecondary degree within 6 years of HS graduation, per the THECB 8th Grade Cohort Study



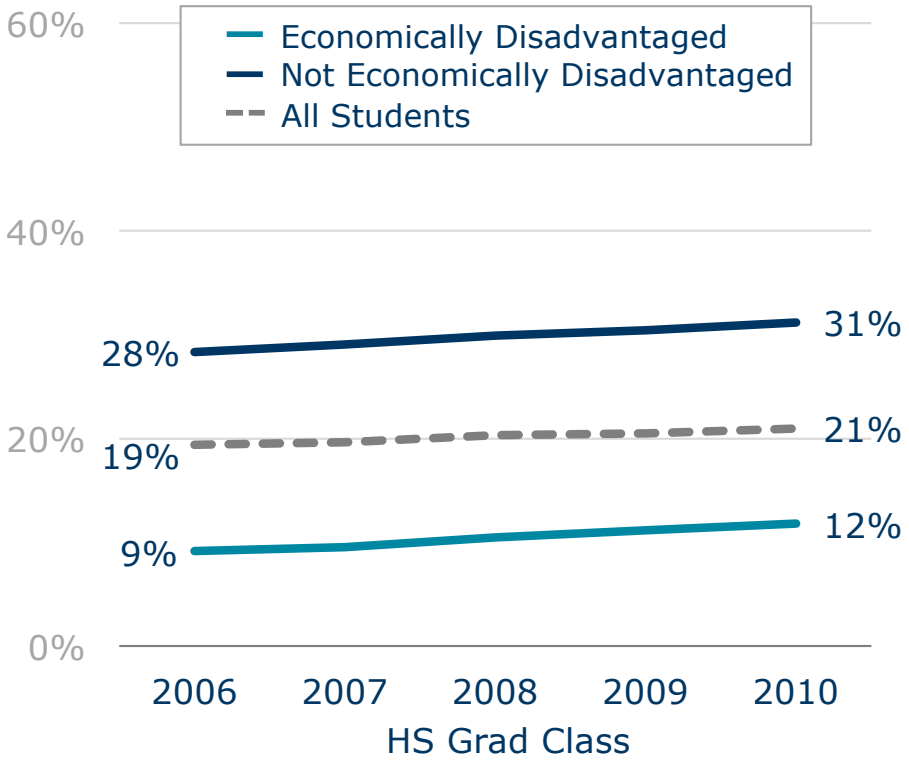
Region #	Region Name	Completion
1	Edinburg	27%
2	Corpus Christi	24%
3	Victoria	30%
4	Houston	30%
5	Beaumont	28%
6	Huntsville	28%
7	Kilgore	28%
8	Mt. Pleasant	26%
9	Wichita Falls	27%
10	Richardson	27%
11	Fort Worth	30%
12	Waco	30%
13	Austin	29%
14	Abilene	33%
15	San Angelo	27%
16	Amarillo	31%
17	Lubbock	26%
18	Midland	25%
19	El Paso	25%
20	San Antonio	27%
Total	**Texas**	**28%**

Source: Commit Partnership - THECB 8th Grade Cohort Study, 2016 report

Economically Disadvantaged HS Grads Complete Postsecondary Only Half as Often as Wealthier Peers

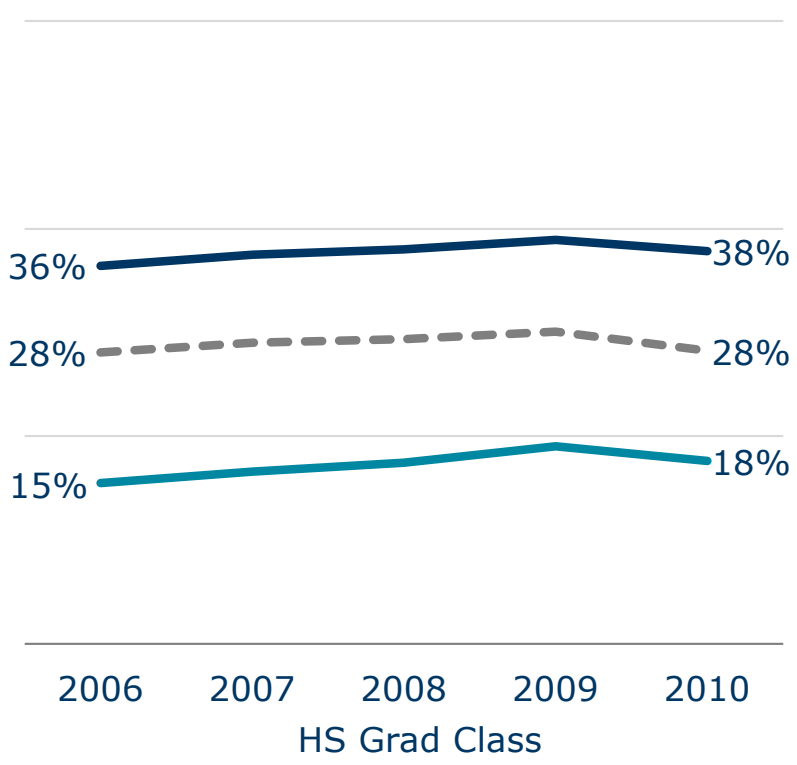
Postsecondary Completion Rates by Income

PS Completion (% of 8th grade cohort completed)



19% **EcoDis/Non-EcoDis Gap** **19%**

PS Completion (% of HS grads completed)



21% **EcoDis/Non-EcoDis Gap** **20%**

Source: THECB 8th Grade Cohort Study, 2016 report

Recommendation #1D

Incentive No. 4

*Provide **Optional** Ability for Districts to Implement Multi-Measure Evaluation System and Receive State Funding to Better Prepare, Retain and Strategically Staff Their Better Teachers*

- **Current Status –** Higher ed teacher certification **down 15% since 2012**; alt cert (many of which offer the state minimum of 15 hours of clinical residency experience) now producing 2 of 3 new teachers statewide

- **Supporting Data –** per RAND study, teachers are THE most important factor in student achievement success.

- **Systemic Challenges That Incentive Will Seek to Alter/Improve:**
  - Per McKinsey study, **only 1 in 4 new U.S. teachers come from the top third** of their college graduating class;
  - **Compensation** was the **primary differentiating factor** cited by top 1/3rd graduates who declined education career in favor of their chosen industry;
  - Per a 2017 ACT report by ACT, **only 1 in 5 intended education majors met ACT college ready benchmarks;**
  - Under seniority-based pay systems (where starting salaries not adjusted to reflect the rigor of each beginning teacher's preparation program, and subsequent raises are generally fixed lockstep increases not tied to teacher effectiveness):
    - **there is little financial incentive for prospective teachers to seek preparation through more rigorous programs;**
    - **There is little financial incentive for better teachers to work at more challenging schools where they are needed the most.**

Recommendation #1D

Incentive No. 4 (cont'd)

*Provide **Optional** Ability for Districts to Implement Multi-Measure Evaluation System and Receive State Funding to Better Prepare, Retain and Strategically Staff Their Better Teachers*

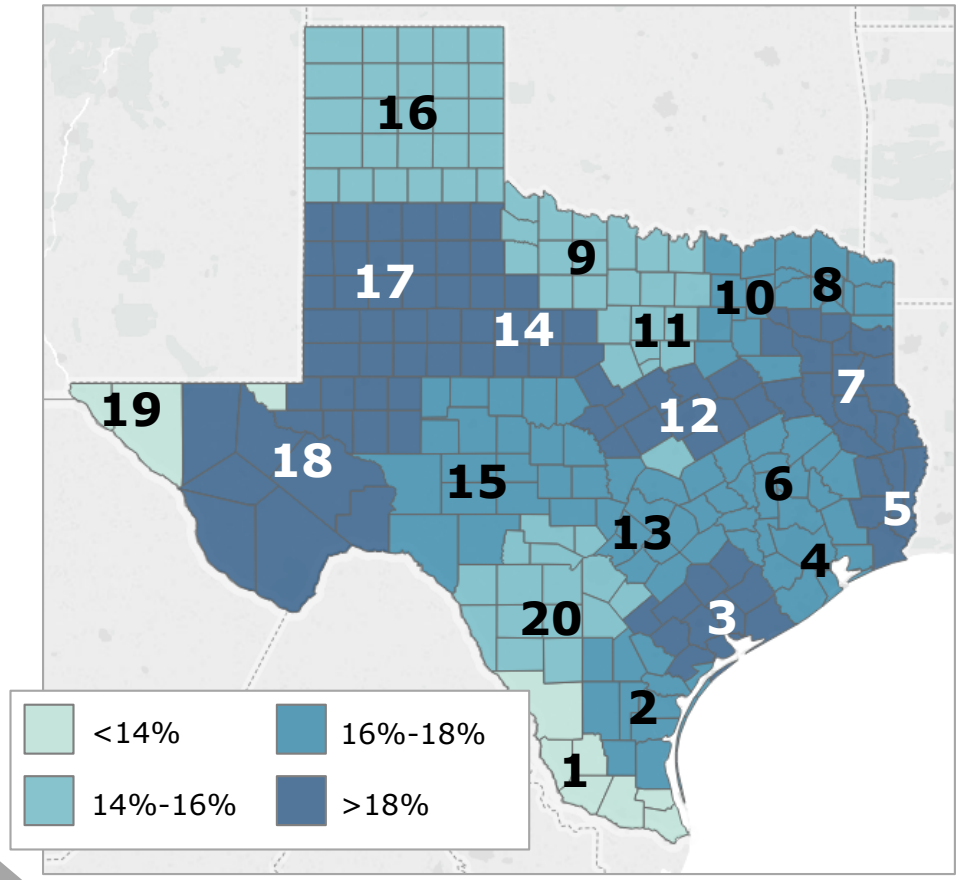
- **Development of Evaluation System**
  - Multiple measure evaluation systems would be **developed by local districts in partnership with all stakeholders including teachers**, and would include, but would not be limited to, campus leader observations, teacher peer review, student surveys, and student achievement growth.

- **Phase In Costs Over Time**
  - Due to likely overall costs, we would suggest that this incentive be **phased-in over 10 years** by approving district evaluation systems (as they are constructed and approved by local districts and approved by TEA) covering **no more than 10% of the state's teachers on a cumulative basis per year** (i.e. after three years no more than 30% of the state's teachers would be covered, after five years no more than 50% of the state's teachers would be covered, etc.).
  - Should the number of districts submitting evaluation systems exceed this cap in any one year, **preference should be given by TEA toward those districts serving greater percentages of low-income students.**

ESC Regions Range From 10% to 21% Annual Teacher Turnover with State Average of 16%

Annual Teacher Turnover (%) by ESC Region, 2017

Percent of full-time teachers in 2016 who were not employed by the district in 2017

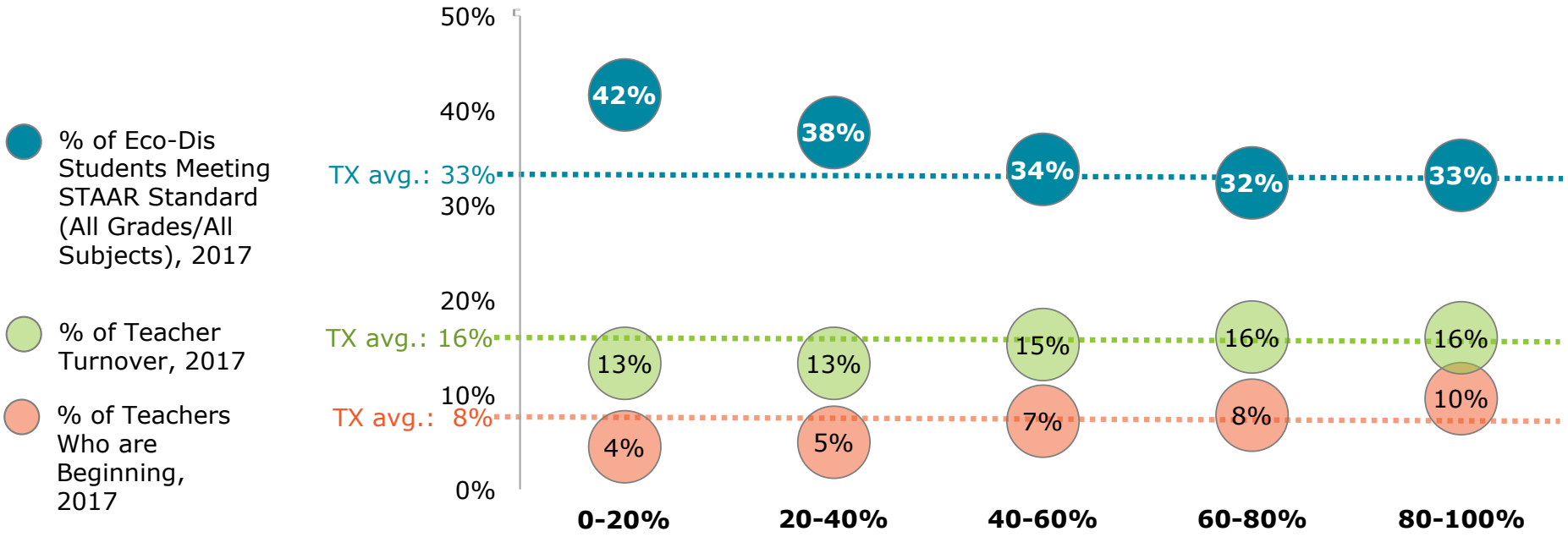


Region #	Region Name	Turnover %
1	Edinburg	10%
2	Corpus Christi	17%
3	Victoria	18%
4	Houston	17%
5	Beaumont	18%
6	Huntsville	17%
7	Kilgore	20%
8	Mt. Pleasant	17%
9	Wichita Falls	16%
10	Richardson	18%
11	Fort Worth	14%
12	Waco	21%
13	Austin	16%
14	Abilene	20%
15	San Angelo	17%
16	Amarillo	15%
17	Lubbock	19%
18	Midland	19%
19	El Paso	11%
20	San Antonio	15%
Total	**Texas**	**16%**

Source: TEA TAPR 2017 report

Lower Income ISD's Increasingly Have More Beginning Teachers and Higher Teacher Turnover, Impacting Low Income Achievement

Eco-Dis Student Achievement vs. Teacher Characteristics, by District Eco-Dis Rate (200 Largest ISDs)

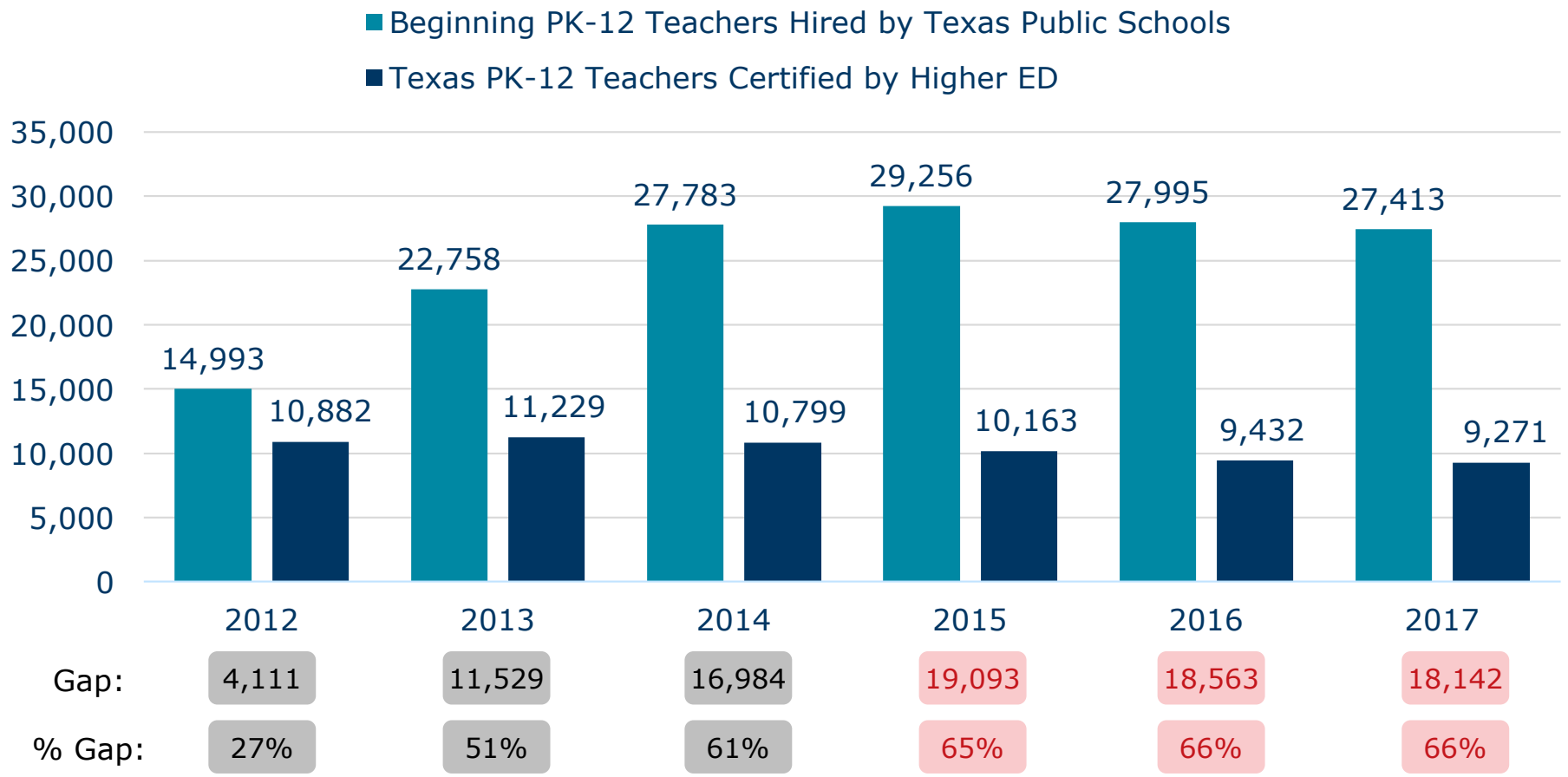


	0-20%	20-40%	40-60%	60-80%	80-100%
Teachers: Avg. Yrs. Exp.	11.2	11.4	10.8	10.6	10.2
# Districts	15	30	51	67	36
# Students	223,117	727,916	1,081,443	1,463,410	787,427
# Teachers	14,627	47,393	69,988	92,391	50,736

Source: TEA TAPR and STAAR, 2017

Teacher Supply Provided by Schools of Higher Education Continues to Decline Statewide (15% Decline since 2012)

State of Texas Teacher Supply and Demand, 2012 -2017



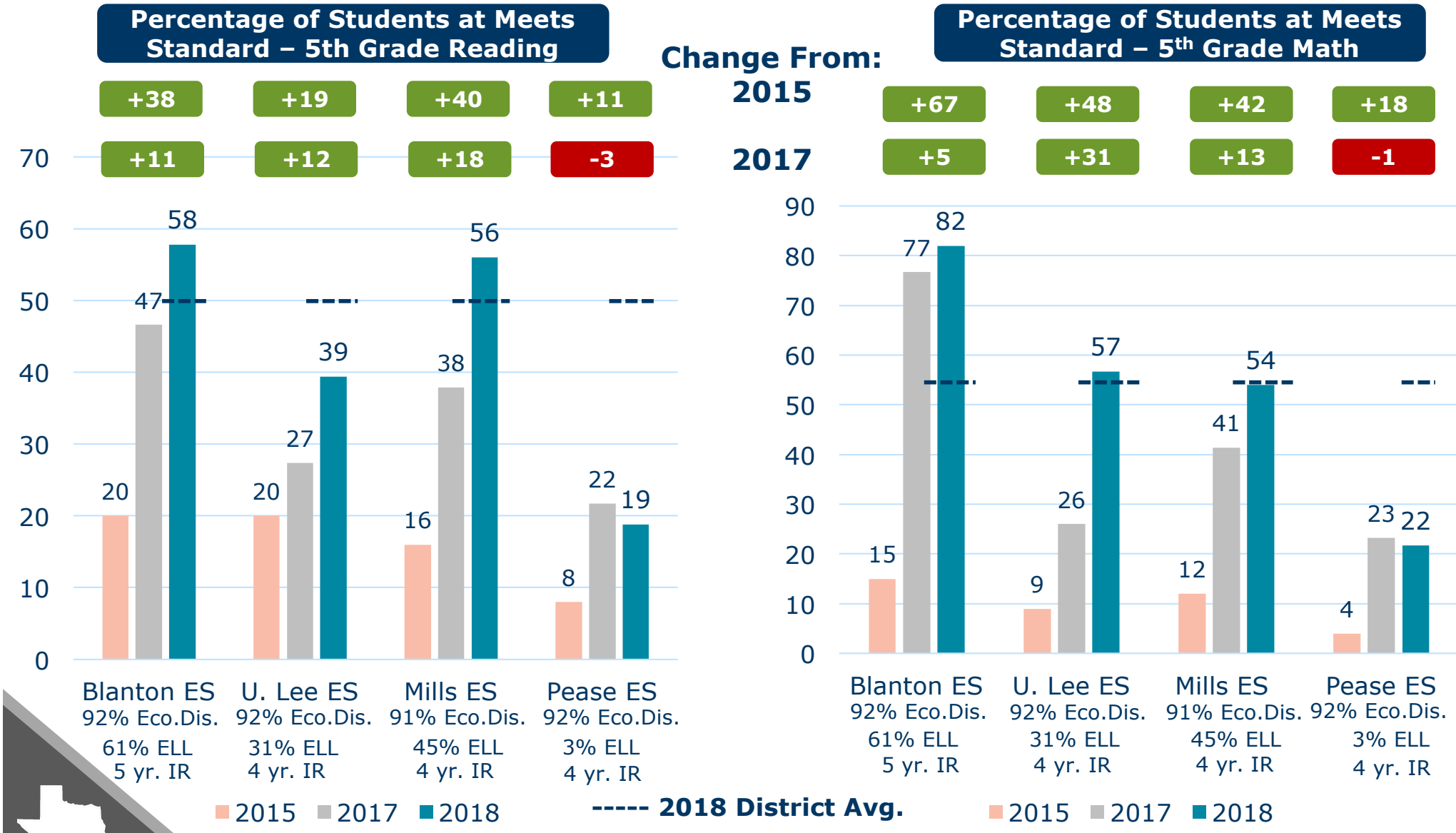
	2012	2013	2014	2015	2016	2017
Gap:	4,111	11,529	16,984	19,093	18,563	18,142
% Gap:	27%	51%	61%	65%	66%	66%

Demand: Regional Demand is measured by all beginning teachers hired in all public school districts in the State of Texas. Source: TEA TAPR District Staff data 2010-2017 via https://public.tableau.com/profile/the.commit.partnership#!/vizhome/DSTAFDataAccessTool/DistictTeacherRaceGender

Supply: Regional Higher Ed Institutions (Supply) is measured by Initial Educator Certificates (both Traditional and Post Bac) at all Texas Universities. Source: State Board Educator Certification; https://secure.sbec.state.tx.us/Reports/prodrpts/rpt_edu_tchr_prod_counts.asp?width=1366&height=768

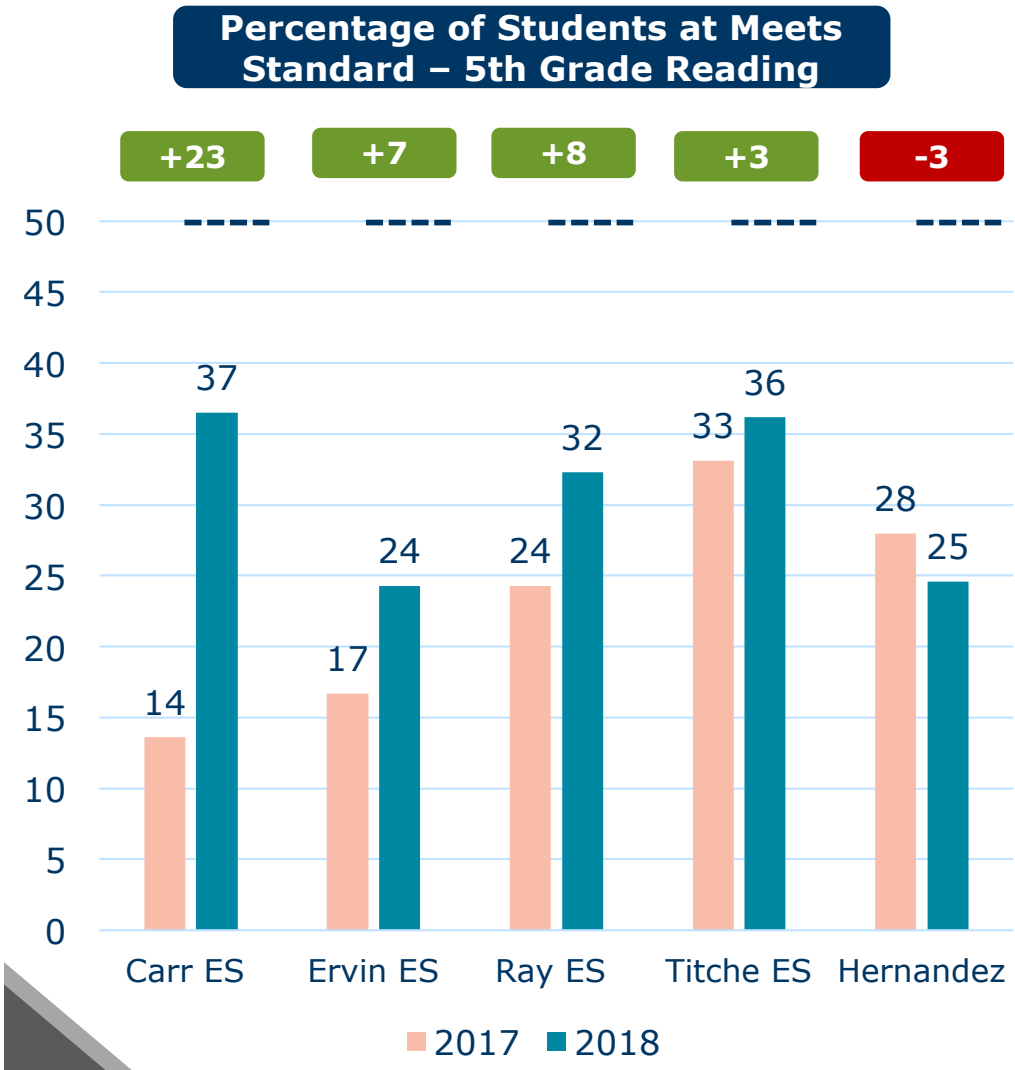
ACE

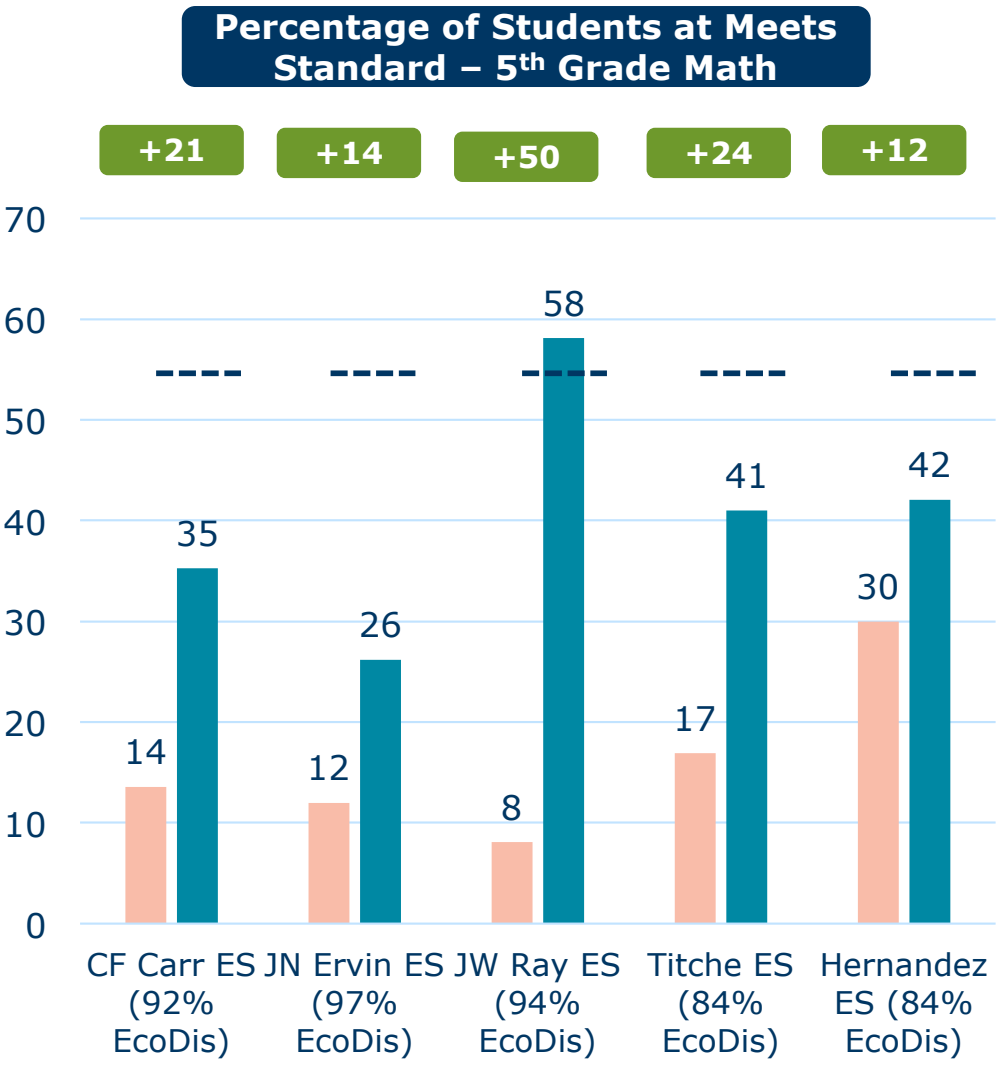
Dallas ISD ACE 1.0 Elementary Schools (Year 3) Achieved Upwards of **40 and 67 Percentage Point Gains** in 5th Grade Reading and Math Respectively



Source: Dallas ISD, TEA. Note: 2015 is pre-ACE, 2016 – Year 1, 2017 – Year 2, 2018 – Year 3

Dallas ISD ACE 2.0 Elementary Schools in Year One Achieved Upwards of **23 and 50 Percentage Point Gains** in 5th Grade Reading and Math, Respectively





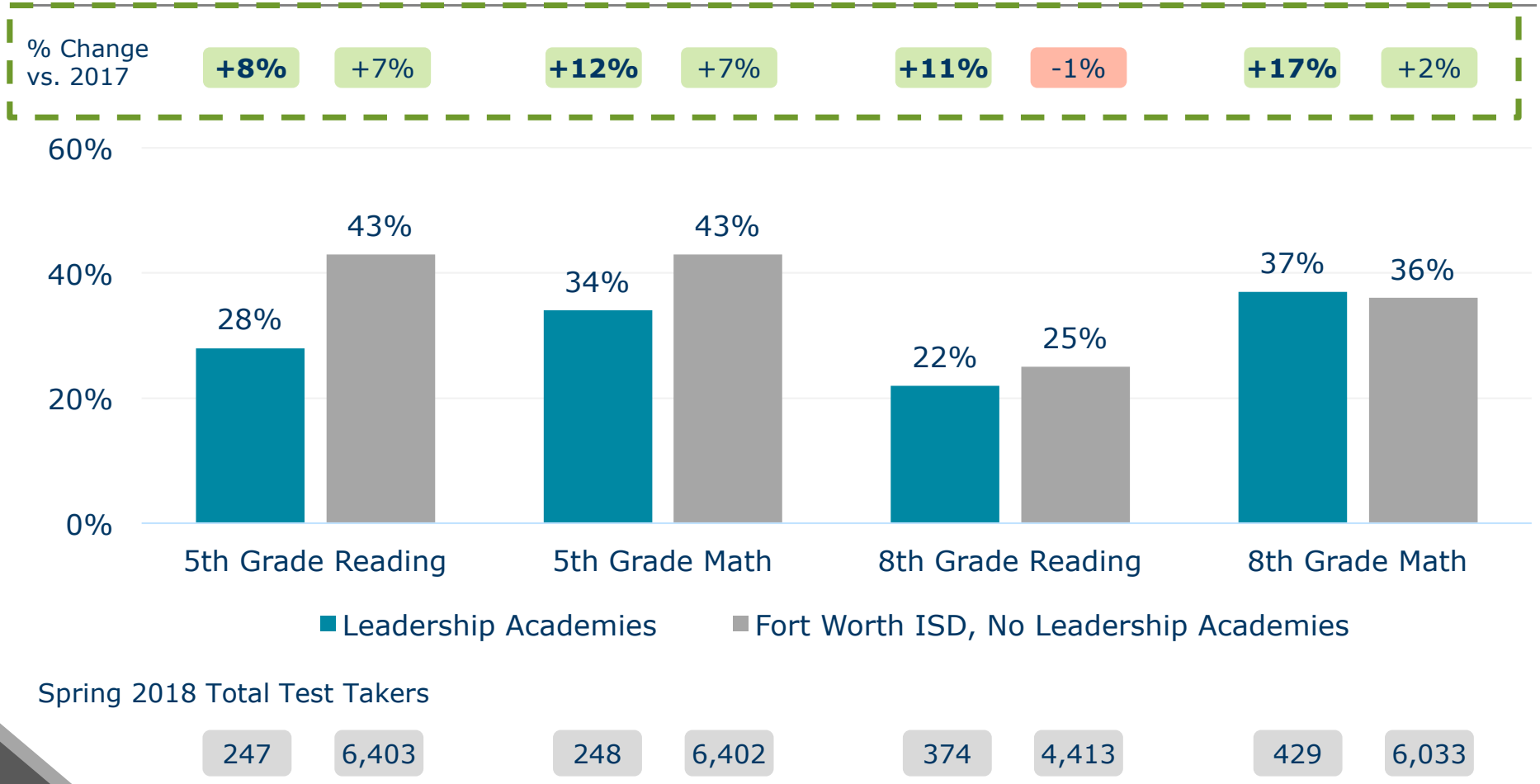
----- **2018 District Avg.**

Source: Dallas ISD, TEA Note: 2017 is pre-ACE, 2018 – Year 1,

ACE

In First Year, Ft. Worth ISD ACE Campuses Exceeded District Growth in 5th and 8th Grade Reading and Math, Effectively Closing Achievement Gap in 8th Grade

Spring 2018 STAAR 5th and 8th Grade STAAR Performance at "Meets" Standard



Spring 2018 Total Test Takers

5th Grade Reading		5th Grade Math		8th Grade Reading		8th Grade Math	
247	6,403	248	6,402	374	4,413	429	6,033

Source: Spring 2018 TEA 5th and 8th Grade STAAR Report
Note: Achievement levels represent percentage of students achieving Postsecondary Readiness at "meets" standard on 2018 STAAR exams
Leadership Academies consist of Como El., Forest Oak MS, John T. White El., Maude Logan El., and Mitchell Blvd. El.

Other Recommendations to Consider

2. **Adjust compensatory education funding (currently $3.9 billion annually) in recognition that "free and reduced lunch" percentages are a very simplistic measure**
   - Not all poverty the same
   - Mirror "risk load" weighted systems used by San Antonio ISD and Dallas ISD to allocate statewide funding based on easy-to-obtain census data capturing key factors such as (i) average median household income; (ii) parental educational attainment; (iii) single parent vs. dual parent households; and (iv) home ownership (which reduces mobility).

3. **Strongly consider eliminating the five end-of-course ("EOC") STAAR assessments** and replace with either SAT, ACT or TSI assessments that can measure growth based on assessments given in 9th grade vs. a SAT/ACT or TSI assessment given in the 11th grade.
   - As opposed to EOC's, ACT or SAT Suites measure year-over-year growth to help high schools continuously improve;
   - EOC's aren't used by industry or higher ed whereas SAT/ACT's can be critical in college acceptance and scholarship aid;
   - EOC's not aligned with post-secondary readiness (90% H.S. graduation rates vs. 36% readiness rates as measured by SAT/ACT/TSI)
   - **Gather additional testimony within Commission before deciding**

Following Year One Drop (Due to All Students Tested vs. a Much Smaller Percentage Historically), Steady Growth in Larger States Once ACT Becomes the Metric that Principals and Districts Focus Upon

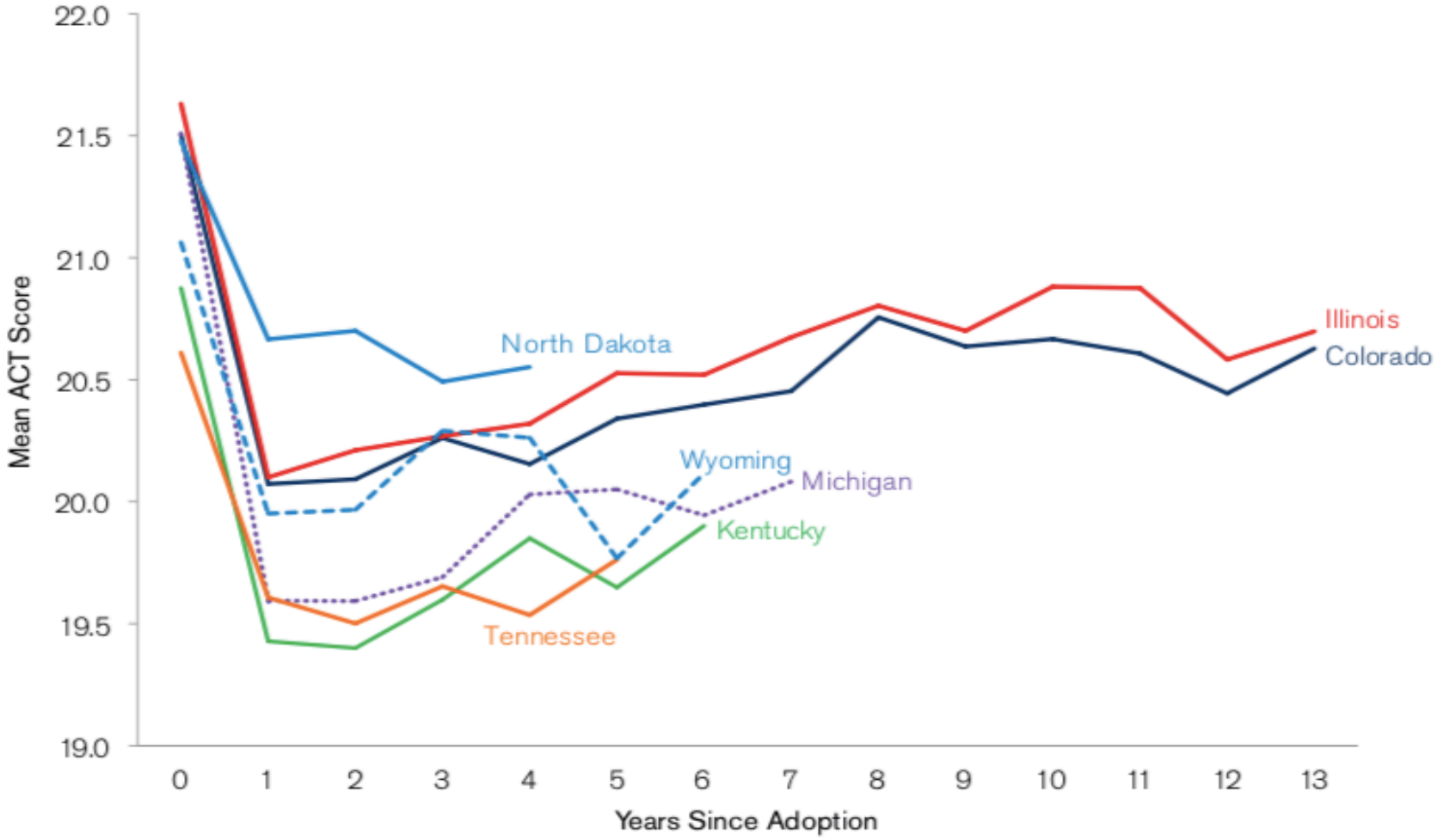


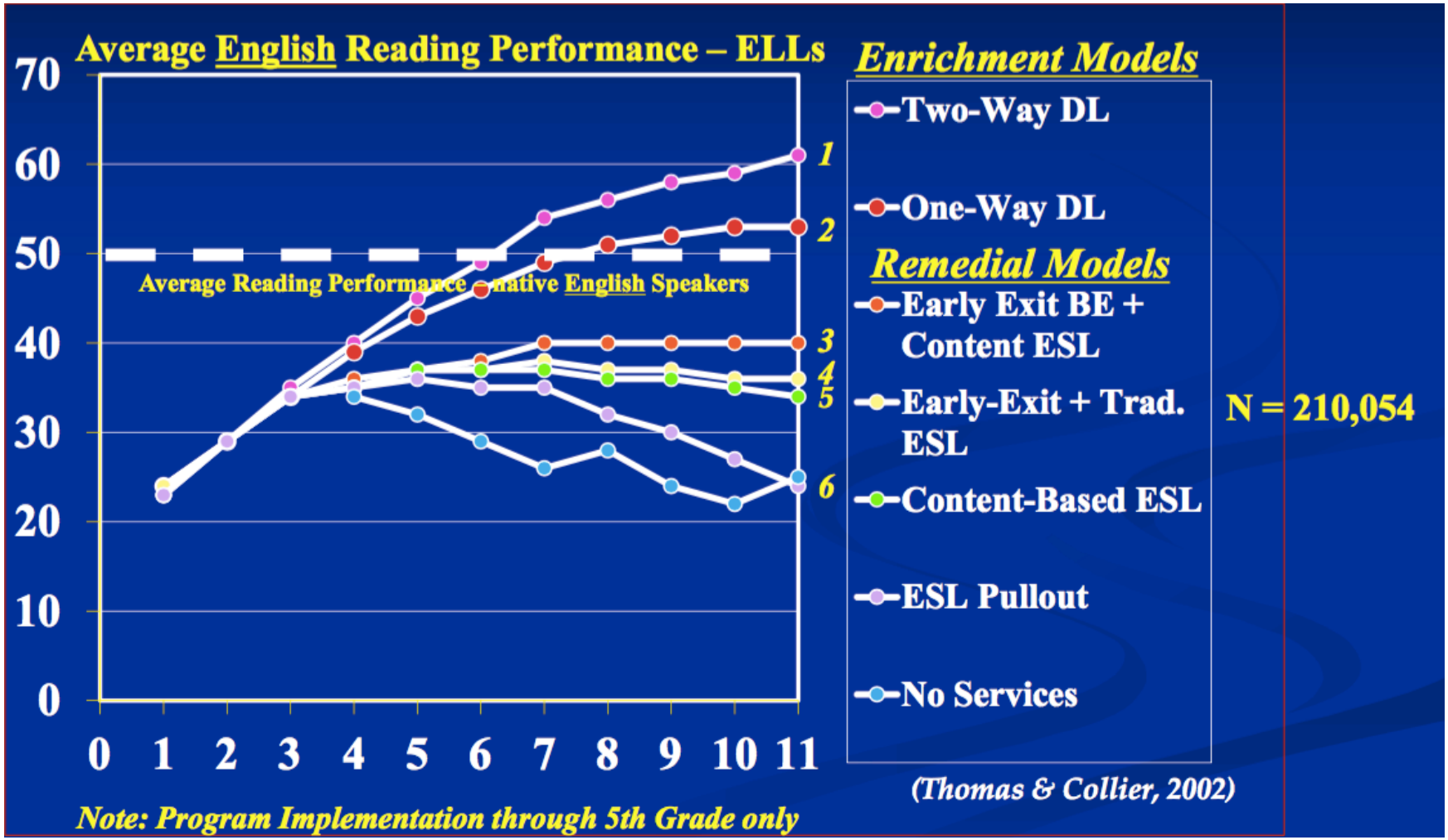
Figure 2. Mean ACT Composite scores after statewide adoption

Other Recommendations to Consider

4. **For districts choosing to implement a full day Pre-K program, consider crediting the appropriate full-day attendance for purposes of funding within the Foundation School Program**.
   - If school districts opt to provide full-day Pre-K for some or all of their students, their WADA calculation would reflect a full day allotment more reflective of their program expenditures.
   - This consideration (for participating districts) would provide a certain level of additional funding for Chapter 42 school districts while simultaneously reducing potential recapture payments for Chapter 41 school districts.

5. Given compelling data on the effectiveness of dual language and relative ineffectiveness of ELL pullout strategies**, it is our suggestion that TEA (i) financially incent the use of dual language strategies with ELL learners and (ii) disallow this as an accepted approach toward ELL instruction for larger districts exceeding 5,000 students** (this subset educates roughly 80% of all Texas students).

Ongoing National Study Has Continued to Reflect the Long Term Effectiveness of Dual Language vs. Early Exit or ESL Pullout Strategies



Other Recommendations to Consider

6. Align current CTE weight of 1.35 (equivalent to $2.2 billion annually) **toward CTE programs of study that are vigorously tied to attainment of living wage credentials aligned with current workforce need,** AND **allow CTE weights to be applied to 8th grade students taking high school CTE courses** allowing for a coherent sequence/pathway
   - Phase out programs that don't produce career-ready certificates aligned with regional workforce needs as determined by regional industry/workforce
   - Allow courses covering technical applications and computer science to qualify as CTE courses to incent students toward STEM

7. Amend legislation to **allow school reconstitution by the end of year 3 for failing ISD elementary and middle school campuses with an ACE-like school turnaround plan** (where better educators have been purposely placed at the struggling campus) with the **state providing matching funds to reduce district costs.**
   - Five years is too long for a student to be within a highly-challenged campus
   - ACE results too compelling for this strategy not to be an option earlier

Other Recommendations to Consider

8. To reduce prison recidivism and its associated costs to the state, **TEA should amend the accountability system to not penalize school districts in helping formerly incarcerated individuals receive their high school diploma or GED.**

9. **State funding should target professional development training towards schools/districts willing to launch blended learning and personalized learning pilots** that help students wishing to matriculate faster than their peers if they desire, providing net savings in the long run to the state due to paying for less seat time.

10. **Additional state funding should be awarded if a high school achieves the post-secondary readiness academic distinction.**

11. **Allow 3 and 4-year old children of Texas public school educators to be eligible for free public Pre-K funding** to (i) increase the attraction and retention of working in public education in Texas and (ii) increase the diversity of public school Pre-K classrooms, which today are principally limited to economically disadvantaged and English language learner students.

Other Factors to Consider in Evaluating Recommendations, Particularly with Respect to High Stakes Testing

- Total incentive payments equate to **1% to 2% of total annual M&O funding** – large enough to cause schools to care, but not large enough to incent bad behavior
    - Further buffered by recommended incentives being based on **trailing multi-year average, negating the impact of any one year/test**
    - Recommendations include strong consideration of **eliminating five high stakes EOC's (22% of all STAAR assessments)**

TEXAS COMMISSION ON
PUBLIC SCHOOL FINANCE

Concluding Remarks and Providing a Perspective on Potential Benefits and Costs of Recommendations

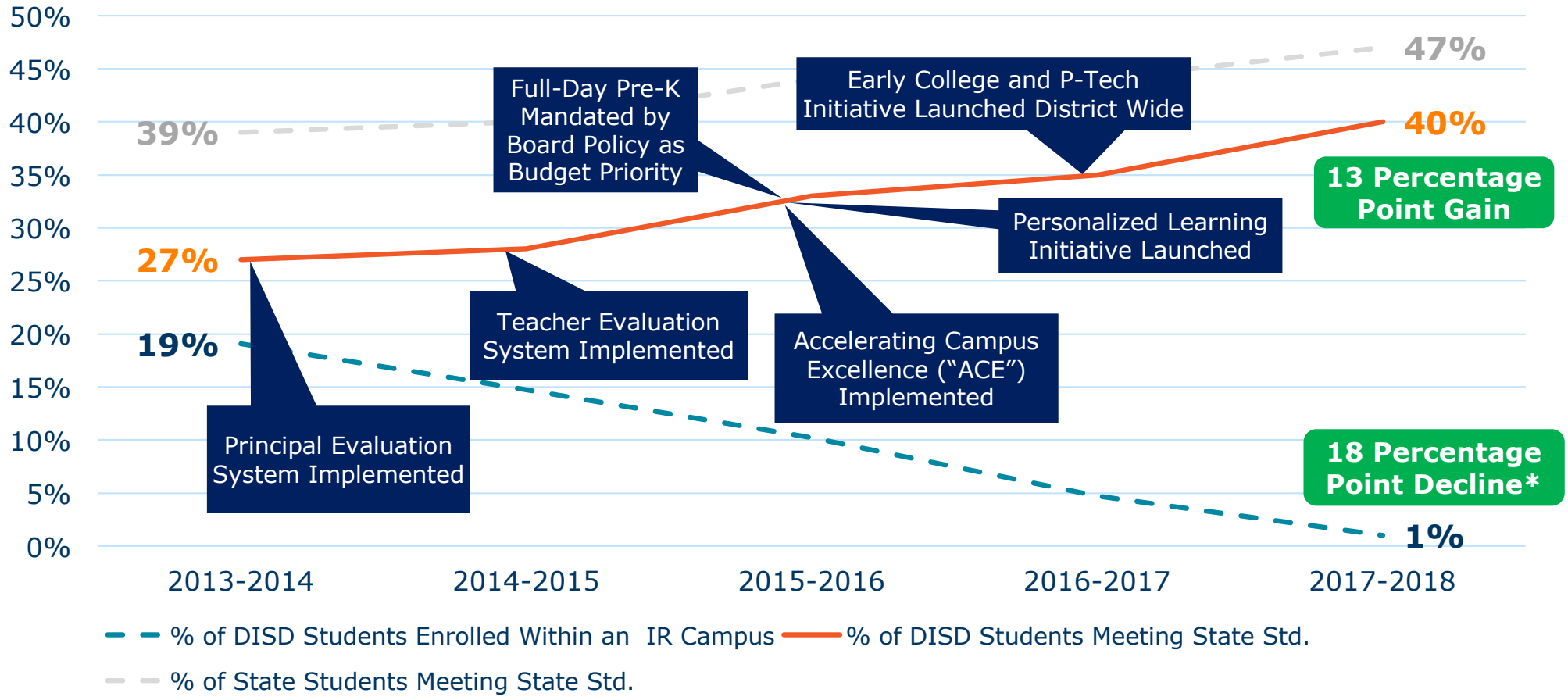
The Value of Setting a Goal and Continuously Improving

- Each session our legislature **should evaluate progress against our 60% goal along key steps along our own PK-12/higher ed pipeline**…where are we moving the needle, where do challenges remain, how do we adjust our funding to provide the resources to help educators continuously improve

- **Testimony has highlighted great progress driven by effective practices occuring all around the state**
  - Dual language in SAISD
  - Personalized learning in Pasadena
  - Performance pay in Lubbock
  - Early learning in Brownsville, Humble and Bryan
  - Post-secondary attainment in Pharr-San Juan Alamo
  - College going culture at IDEA
  - …and many, more more

- Just one example where numerous recommended strategies have been implemented with apparent effectiveness is Dallas ISD

Dallas ISD Has Made Significant Academic Progress by Implementing a Number of Key Initiatives Focused on Early Childhood, Educator Pay/Strategic Staffing, Personalized Learning and Early College/P-Tech

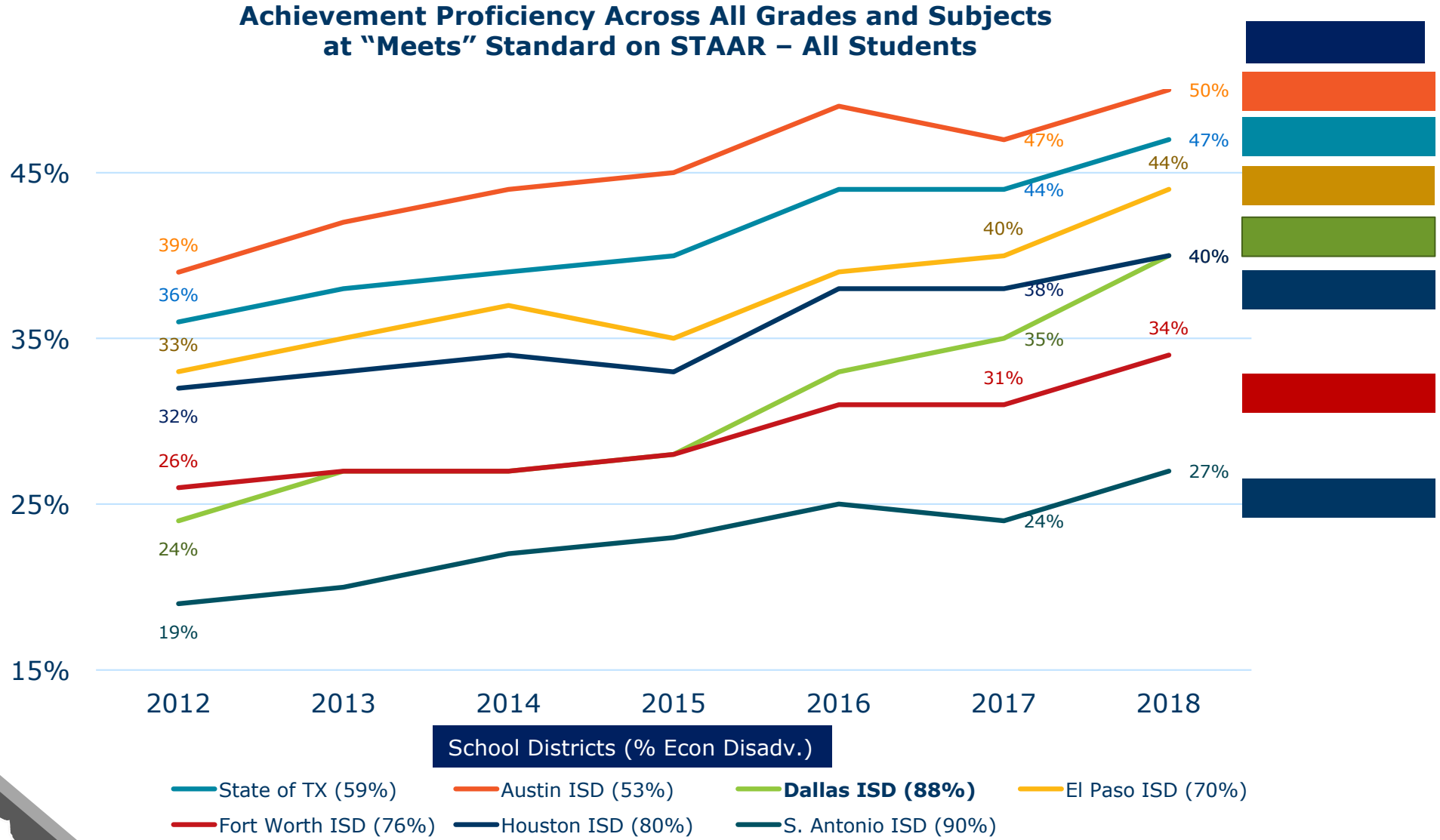


	43	37	22	13	3*

Source: * Preliminary results pending final determination. TEA STAAR Aggregate report (https://tea.texas.gov/student.assessment/staar/aggregate/). First administration, **all test takers, grades 3-8 and EOCs combined**. Improvement Required (IR) is the lowest accountability rating for a campus as determined by the Texas Education Agency

Achievement Growth Across Major TX Urban ISD's (2012 Thru 2018)

Dallas ISD's 16% Proficiency Increase Has Exceeded All Peers and State



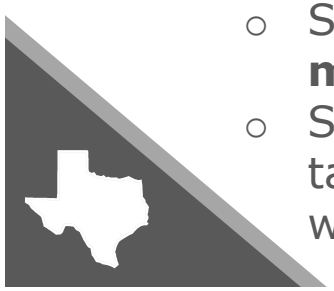
Source: TEA STAAR Aggregate report (https://tea.texas.gov/student.assessment/staar/aggregate/). First administration, all test takers, grades 3-8

The Value of Setting a Goal and Resourcing a Continuous Improvement Process to Support Our Kids and Our Economy

- **An initial $1.0 billion annual increase = ~$200 per Texas**
  - Only a **4% increase** in our current basic allotment of $5,140
  - Would still place Texas/student funding **below 2008 levels** inflation adjusted

- **An ultimate $2.5 billion annual increase would equate to ~$450 per Texas student and would only be incurred if:**
  - All stretch goals are achieved, producing **60%+ achievement at major gates** (378,000+ more students proficient)
  - All school districts across Texas have opted into multi-measure evaluation systems that **pay more dollars sooner to our better educators** to help **retain them** in the classroom and and strategically staff them in front of our children who **need them the most**
  - **9% increase** in basic allotment, still placing state within **bottom third of spending per student nationally**, albeit with MUCH higher results vs. today

- **A better educated workforce:**
  - Slows the growth in the **$12 billion we currently spend on uninsured medical and incarceration costs**
  - Substantially reduces the costs incurred by industry to recruit and relocate talent from outside Texas…per Dallas Fed, **70%** of businesses say finding workers with needed skills is the **No. 1 issue** they face in Texas today



For Every Student Who Achieves a Post-Secondary Credential vs. a H.S. Degree, Texas Realizes Over $15,000 in Additional Sales Taxes on NPV Basis

Assumptions	
Sales Tax Rate	6.25%
Percent of Income Spent on Sales Taxable Items	33%
Discount Rate (30 Year T-Note)	3.08%

Median Lifetime Earnings of:	**Projected Initial Annual Salary**	**Initial Salary Per Hour**	**Annual Merit Increase Due to Experience**
HS Diploma	$22,000	$10.58	1.0%
Associates Degree	$33,000	$15.87	2.0%
Bachelors Degree	$47,000	$22.60	3.0%

Number of Years Worked	40
Annual Inflation	2.0%
Annual Likelihood of Outbound Migration	1.50%
Projected Pct. of P.S. Degrees that are B.A.'s	35%

Questions