

Table of Contents

Table of Contents.....	1
About this appendix	6
Academic accountability.....	7
For students	7
For school districts and campuses.....	8
Formerly incarcerated students	8
Recommendations.....	8
For more information	9
Accelerating Campus Excellence (ACE), Dallas Independent School District	10
Recommendations.....	10
For more information	10
Average daily attendance (ADA).....	11
For more information	11
Basic allotment (BA)	12
Recommendations.....	12
For more information	13
Bilingual education.....	14
Dual language	14
Bilingual education allotment.....	15
Recommendations.....	16
For more information	16
Blended learning programs.....	17
Cisco Independent School District	17
Pasadena Independent School District.....	17
Recommendations.....	18
For more information	18
Career and technology education (CTE) allotment.....	19

Recommendations.....19
For more information19
Chapter 4120
Equalized wealth levels20
Procedures for Chapter 41 school districts21
Recommendations.....21
For more information21
College, career, or military readiness (CCM-R).....22
Recommendations.....23
For more information23
Compensatory education allotment24
Defining poverty24
Recommendations.....25
For more information25
Copper and golden pennies26
Recommendations.....26
For more information26
Cost of Education Index (CEI).....27
Recommendations.....27
For more information27
Direct spending requirements for special allotments28
For more information28
Dyslexia29
Recommendations.....29
For more information29
Early agreement credit (Chapter 41)30
Early college high school (ECHS)31
Pharr-San Juan-Alamo Independent School District31
Dallas Promise Network32

Recommendations.....32
For more information33

Early learning programs and prekindergarten34
Recommendations.....35
For more information36

Extended school year37

Foundation School Program (FSP)38
Tier I.....38
Tier II.....39
For more information39

Gifted and talented (GT) student allotment.....40
Recommendations.....40
For more information40

High school allotment.....41
Recommendations.....41
For more information41

Hold harmless (Chapter 41)42

Local share of Foundation School Program43
Recommendations.....43
For more information43

National Assessment of Educational Progress (NAEP)44
For more information44

New Instructional Facility Allotment (NIFA)45
Recommendations.....46
For more information46

Pathways in Technology Early College High School (P-TECH).....47
For more information48

Prekindergarten (PreK)49

Recapture50

Early agreement credit (Chapter 41).....	50
Hold harmless (Chapter 41).....	51
Recommendations.....	51
For more information	51
60x30TX	52
Recommendations.....	52
For more information	52
Small and mid-sized districts.....	53
Recommendations.....	53
For more information	53
Special education.....	54
For more information	54
State of Texas Assessments of Academic Readiness (STAAR).....	55
Summer learning programs.....	56
Recommendations.....	56
For more information	56
Teacher quality	57
Dallas Independent School District.....	57
Lubbock Independent School District	59
Other district initiatives	60
Recommendations.....	60
For more information	60
Texas Essential Knowledge and Skills (TEKS)	61
Transportation allotment	62
Recommendations.....	63
For more information	63
Weighted average daily attendance (WADA)	64
For more information	64
Weighted student funding	65

For more information65

DRAFT

About this appendix

This appendix is an administrative document of the Texas Education Agency and provides background information about key issues and concepts considered by the Texas Commission on Public School Finance at Commission meetings and working group meetings throughout 2018. Because the appendix provides background information only, its contents were not officially adopted by the Commission.

Presentations made to the Commission, if provided by the presenter, are available on the Commission's web site at tea.texas.gov/schoolfinancecommission/. Additional information about the Texas school finance system is available on the Texas Education Agency website at tea.texas.gov/finance/statefunding/.

DRAFT

Academic accountability

For students

Texas uses a comprehensive and transparent set of standard expectations for all public school students called the Texas Essential Knowledge and Skills (TEKS). The TEKS are developed with input from educators, parents, business and industry representatives, and employers, and approved by the State Board of Education. The standards describe what students should know and be able to do, by grade level, in the foundation curriculum (English language arts, mathematics, science, and social studies) and the enrichment curriculum (career and technical education, fine arts, health education, languages other than English, physical education, and technology applications), and are vertically aligned so that each successive grade level, when applicable, builds upon the previous one.

The Texas Education Agency (TEA) uses State of Texas Assessments of Academic Readiness (STAAR), which are designed to measure the extent to which students have learned and are able to apply the knowledge and skills defined in the TEKS. Every STAAR question is directly aligned to the TEKS currently implemented for the grade/subject or course being assessed. The following are the STAAR performance levels, which provide comprehensive assessments of each student's academic attainment, including the likelihood of passing freshman-level college courses:

Masters grade level. Performance in this category indicates that students are expected to succeed in the next grade or course with little or no academic intervention. Students in this category demonstrate the ability to think critically and apply the assessed knowledge and skills in varied contexts, both familiar and unfamiliar.

For students at the end of high school, this is associated with a 75-percent chance of passing freshman-level college courses.

Meets grade level. Performance in this category indicates that students have a high likelihood of success in the next grade or course but may still need some short-term, targeted academic intervention. Students in this category generally demonstrate the ability to think critically and apply the assessed knowledge and skills in familiar contexts.

For students at the end of high school, this is associated with a 60-percent chance of passing freshman-level college courses.

Approaches grade level. Performance in this category indicates that students are likely to succeed in the next grade or course with targeted academic intervention. Students in this category generally demonstrate the ability to apply the assessed knowledge and skills in familiar contexts.

This is the passing standard applied by the state to students who take the end-of-course tests (EOCs), and for students in the fifth and eighth grade in reading and mathematics STAAR.

Does not meet grade level. Performance in this category indicates that students are unlikely to succeed in the next grade or course without significant, ongoing academic intervention. Students in this category do not demonstrate a sufficient understanding of the assessed knowledge and skills.

For school districts and campuses

In 2015, the Texas Legislature passed House Bill (HB) 2804, which required TEA to make changes to the state public school accountability system and to issue school districts and campuses a rating of A, B, C, D, or F for performance in each of five domains and for overall performance.

In 2017, the Texas Legislature passed HB 22, which changed the number of domains for measuring the academic performance of school districts and campuses from five to three: student achievement, school progress, and closing the gaps. TEA collaborated with multiple advisory boards consisting of educators, school board members, business and community representatives, professional organizations, and legislative representatives from across the state to develop the details of the new A–F system. The three domains are measured as follows:

Student achievement domain. TEA evaluates performance across all subjects for all students, on both general and alternate assessments; college, career, and military readiness (CCM-R) indicators; and graduation rates.

School progress domain. TEA measures school district and campus outcomes in two areas: (1) the number of students that grew at least one year academically (or are on track to do so) as measured by STAAR results, and (2) the achievement of all students relative to school districts or campuses that have similar percentages of economically disadvantaged students.

Closing the gaps domain. TEA uses disaggregated data to demonstrate differentials among racial and ethnic groups, socioeconomic backgrounds, and other factors. The indicators included in this domain, as well as the domain's construction, align the state accountability system with the Every Student Succeeds Act (ESSA).

In August of 2018, TEA issued ratings for school districts for overall performance, as well as for performance in each domain. Beginning in August of 2019, individual campuses will also receive A–F ratings.

Formerly incarcerated students

Students who have been incarcerated may return to school well behind their grade level and school districts may dedicate extra resources and support in order to help them achieve academic success. As Commission members noted, however, the lower academic performance of these students may have a negative effect upon the accountability ratings of the districts that serve them.

Recommendations

In keeping in alignment with the state's ultimate *60x30TX* goal, the Commission recommends establishing a prekindergarten through twelfth-grade goal of at least 60-percent proficiency at TEA's "Meets grade level" standard at two key "checkpoints" along the state's public prekindergarten through twelfth-grade educational continuum:

- Sixty percent of all students meeting the state’s “Meets grade level” standard at third-grade reading.
- Sixty percent of all high school seniors graduating without the need for remediation and achieving (1) an industry-accepted certificate aligned with a living wage job; or (2) enrolling in the military; or (3) enrollment in post-secondary education.

Commission recommendation #1

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

Commission recommendation #27

For more information

Presentations to the Commission and Other Resources
Mike Morath, Texas Education Agency, “Texas Public Education Outcomes,” January 23, 2018
Penny Schwinn, Texas Education Agency, “Texas Student Performance: Outcomes Working Group,” May 2, 2018

Accelerating Campus Excellence (ACE), Dallas Independent School District

Implemented in 2015, Dallas Independent School District's Accelerating Campus Excellence (ACE) initiative focuses on improving chronically underperforming campuses by changing the campus leadership and culture. The district assigns the campus a new principal and then implements an entirely new staffing plan. Rather than simply moving a few high-performing teachers to the campus, as other programs have done, the ACE program involves hiring a large number of quality teachers. Because of the district's [Teacher Excellence Initiative \(TEI\)](#) evaluation process, high-performing teachers in the district can be easily identified and are recruited to the campus with significant salary increases.

The initiative uses strategies that include increased exposure to mathematics and reading through an extended school day, social and emotional learning and development programs, parent engagement, specialized professional development for teachers, and a culture of high expectations to guide students toward graduation and college readiness.

Since its inception, the initiative has been extended to 17 campuses and has significantly improved student achievement on those campuses, demonstrated by higher scores on State of Texas Assessments of Academic Readiness (STAAR) tests. District superintendent Michael Hinojosa testified before the Commission that the ACE program has also improved the attendance rate at participating schools, and noted that the sharp decline in the number of discipline referrals on ACE campuses can be attributed to effective teachers, who have the ability to keep students engaged.

Recommendations

The Commission recommends providing optional funding via weights in the school finance formula to provide districts with the substantial and necessary funds to pay meaningfully higher salaries to their most effective teachers should they elect to implement a multiple-measure evaluation system to determine who those effective educators are.

Commission recommendation #5

Amend legislation to allow school reconstitution for public school elementary and middle school campuses receiving an "F" for two consecutive years with a school turnaround program comparable to the Accelerating Campus Excellence program (ACE) in Dallas Independent School District (where better educators have been purposely placed at the struggling campus) with the state providing matching funds to reduce district costs.

Commission recommendation #26

For more information

Presentations to the Commission and Other Resources
Michael Hinojosa, Dallas Independent School District, February 22, 2018, " Achieving Improved Student Outcomes "
Accelerating Campus Excellence web site

Average daily attendance (ADA)

Average daily attendance, or ADA, is a term used in the state’s school finance system and is a factor in the formula used to calculate each school district’s funding entitlement under the [Foundation School Program](#). It is defined in statute as the number of actual students in attendance on the average school day, or the sum of attendance for each day of the minimum number of days of instruction divided by the minimum number of days of instruction:

$$\text{ADA} = \text{sum of attendance counts} \div \text{days of instruction}$$

ADA is different from [WADA](#) (number of students in weighted average daily attendance), which is also used in the school finance system. Please see the definition of WADA elsewhere in this appendix.

ADA is used to calculate [Tier I](#) allotments to school districts.

For school districts that operate under an optional flexible year or optional flexible school day program or have significant migrant student populations, ADA is calculated slightly differently.

For more information

Presentations to the Commission and Other Resources
Mike Morath, Texas Education Agency, “Texas Public Education Outcomes,” January 23, 2018
Texas Education Agency, “Texas Public School Finance Overview,” April 2018
Texas Education Code §42.005
Texas Education Code §25.081(a)
Texas Education Code §29.0821
Texas Education Code §29.0822
Title 19 Texas Administrative Code, Part 2 §129.1021

Basic allotment (BA)

The basic allotment (BA) is the apportionment of funds that is given to each school district each school year to provide a basic level of education for the district's students. The allotments are paid primarily from the state's general revenue funds (primarily sales tax revenue) and local school district property taxes.

The minimum BA amount is set in statute, but the Texas Legislature can set a higher amount in the General Appropriations Act (GAA) for each biennium. For the 2018–2019 school year, the basic allotment is \$5,140 per student.

The BA is a starting point for further calculations that determine the actual amount that each school district receives (the adjusted allotment). These calculations are based upon both school district characteristics and student characteristics.

The BA is first adjusted based upon the school district's [cost of education index \(CEI\)](#), and then increased if the school district qualifies as a [small or mid-size district](#).

After these adjustments, the school district's particular student characteristics are taken into account, and additional funding is calculated according to how many students the district has in various allotment categories. Please see the entry for [weighted student funding](#) elsewhere in this appendix.

For any school year, the legislature can appropriate a greater amount for the BA than the minimum set in statute. The table below shows the BA amount set in the GAA for the past decade.

School Year	Basic Allotment
2008–2009	\$3,218
2009–2010	\$4,765
2010–2011	\$4,765
2011–2012	\$4,765
2012–2013	\$4,765
2013–2014	\$4,950
2014–2015	\$5,040
2015–2016	\$5,140
2016–2017	\$5,140
2017–2018	\$5,140
2018–2019	\$5,140

Recommendations

The Commission recommends that the state statutorily increase the basic allotment with all remaining funds freed by the streamlining of outdated formula elements.

Commission recommendation #21

Link Tier II copper penny yield to a percentile of wealth per student.

Commission recommendation #22

For more information

Presentations to the Commission and Other Resources
Texas Education Agency, "Texas Public School Finance Overview," April 2018
Texas Education Code §42.101(a)

DRAFT

Bilingual education

Texas public school students identified as English learners (ELs) are provided with language services designed to help them attain full English proficiency. School districts must choose from six program models in either English as a Second Language (ESL) or bilingual education. ESL programs provide grade-level content instruction in English language arts, with minimal support in the student's primary language, and may be appropriate on campuses that lack a concentrated population of students (fewer than 20) who share the same primary language. Bilingual education programs provide students who share the same primary language with instruction in that language and in English.

School districts commonly select a program model based upon the number of ELs enrolled who share the same primary language and other local factors, but the lack of instructional resources also influences their decision. Currently, Texas has a significant shortage of both teachers who are certified in ESL and teachers who are certified in bilingual education. Districts can request exceptions from the Texas Education Agency (TEA) if they do not have adequate instructional resources to meet the requirements to serve ELs.

Dual language

While school districts have the discretion to select a program model based upon their needs and resources, research shows that the academic outcomes for students served by the different models vary widely. Dual language programs, which serve 48.7 percent of students in bilingual programs and about 256,000 students statewide, have been shown to be by far the most effective program in terms of improving overall student achievement.

Students in dual language programs achieve much higher test scores than their counterparts in ESL programs and other bilingual programs, and their scores actually close the gap between ELs and students in regular education programs. Leo Gómez of the Dual Language Training Institute presented data to the Commission that showed that at McAllen Independent School District, students in dual language programs significantly outperformed students in regular education programs in fifth-grade reading. On 2018 fifth-grade reading tests, for example, 44 percent of dual language students received a masters grade level score, compared to only 21 percent of regular education program students. Only 11 percent of students in the traditional bilingual program received a masters grade level score.

Several presenters referred to the research of Wayne Thomas and Virginia Collier of George Mason University, who have studied the effects of dual language programs since the 1990s. Their research from 2002, which has been confirmed in continued studies involving over six million student records, shows the following:

- That ELs in effective dual language programs score higher on standardized tests than ELs in other programs.
- That these differences in performance continue to increase in the elementary and middle school grades, as the tests and curriculum grow more cognitively demanding, and are most pronounced in the high school grades.
- That ELs who are in dual language programs for six to eight years score higher than the average students who are native English speakers.

The following table provides the basic elements of dual language programs:

Dual language, one way	Program elements
<p><i>Goal: to help students achieve English proficiency and develop bilingualism and biliteracy, high levels of academic achievement in all core content areas, and sociocultural competence.</i></p>	<ul style="list-style-type: none"> • Serves ELs that share the same primary language. • Students receive instruction from a bilingual education–certified teacher in grade-level core content in the primary language as well as in English in a language immersion setting (for example, instruction exclusively in Spanish for one part of the day and instruction exclusively in English for another part of the day). • Grade-level core content is based upon Texas Essential Knowledge and Skills (TEKS) standards and is used to develop high levels of vocabulary and language skills in both the primary language and English. • Students may receive more instruction in the primary language at the beginning of the program, but over time, receive half of their instruction in their primary language and the other half in English (for example, instruction exclusively in Spanish in the morning and instruction exclusively in English in the afternoon). • Students must achieve English proficiency in six to seven years, although students receive the maximum benefit when they remain in the program for a longer amount of time.
Dual language, two way	Program elements
<p><i>Goal: to help ELs achieve English proficiency and to help all students develop bilingualism and biliteracy, high levels of academic achievement in all core content areas, and sociocultural competence.</i></p>	<ul style="list-style-type: none"> • Like the one-way dual language program, but also serves students who are proficient in English, which helps both student groups understand and navigate between two cultures.

The state’s school finance system funds dual language programs and other methods of bilingual education, such as ESL, at the same rate through the bilingual education allotment, despite research presented to the Commission that demonstrates the improved educational outcomes that result from dual language programs.

Bilingual education allotment

Per the Texas Education Code (§42.153), for each student in [average daily attendance](#) in a bilingual education or special language program, the district is entitled to an annual allotment equal to ten percent of the adjusted basic allotment. Students identified as English learners (ELs) are eligible to receive language services until they attain full English proficiency.

In fiscal year 2018, the total bilingual education allotment for the state was over \$505 million. The allotment has a minimum direct spending requirement of 52 percent. School districts are allowed to use the allotment for classroom instructional materials that are aligned to the [Texas Essential Knowledge and Skills \(TEKS\)](#), hiring bonuses and stipends for certified bilingual and English as a Second Language (ESL) teachers, classroom technology enhancements, and salaries for bilingual and ESL teacher aides and paraprofessionals. The allotment may not be used for salaries for bilingual and ESL teachers, administrators, or coordinators.

Only California has more ELs than Texas. According to Texas Education Agency (TEA) data for 2016–2017, of the 5.34 million public school students in Texas, 18.9 percent (over one million

students) are ELs. This percentage grew by three percent between 2016 and 2017, a trend that is expected to continue as the population of Texas changes.

The graduation rate for this student group is about 70 percent, lagging well behind the overall state average of 89 percent.

For nearly 90 percent of the current ELs in Texas schools, Spanish is their primary language.

Recommendations

To better incentivize and resource school districts to offer these effective programs, the Commission recommends that the state create an additional allotment at an additional 0.05 weight (for a total 0.15 weight) for dual language programs.

Commission recommendation #6

For more information

Presentations to the Commission and Other Resources
Leo Lopez and Justin Porter, Texas Education Agency, " Weighted Student Funding Trends under the Foundation School Program ," May 3, 2018
Justin Porter, Texas Education Agency, " Bilingual Education Funding under the Foundation School Program ," June 5, 2018
Leo Gómez, Dual Language Training Institute, " One-Way Dual Language Enrichment for ELLs ," June 5, 2018
Virginia P. Collier and Wayne P. Thomas, <i>Dual Language Education for a Transformed World</i> (Albuquerque, NM: Fuente Press, 2012), p 91
Zahava Stadler, EdBuild, " Texas School Funding Reform in Context ," February 8, 2018
Emily Parker, Education Commission of the States, " School Finance in Texas ," February 8, 2018

Blended learning programs

Blended learning is a type of education program that integrates traditional classroom methods with online digital instruction, assessment, and feedback. Students attend regular schools with a teacher providing face-to-face classroom instruction, but also learn content online at their own pace, following an individualized path, and receiving immediate feedback on their progress.

Cisco Independent School District

Using a grant awarded by Raise Your Hand Texas, which covered start-up costs for hardware and software, Cisco Independent School District implemented blended learning in 2016 in its elementary school and junior high school, primarily for mathematics and science instruction. The district has historically demonstrated high achievement on standardized tests, so its goal was to use blended learning to raise the academic achievement level in mathematics and science of students who did well on assessment tests, and to help identify gaps in learning for students who did not do well on assessment tests, or who could achieve higher scores. In this way, the district hoped to raise the academic achievement of all students to the highest possible level.

Students in blended learning classrooms spend some time working through online content at their own pace, and some time working in teams on projects that allow them to apply the content they've learned. Teachers provide guidance to all students throughout the day and are able to provide individualized attention and instruction to students as needed. The online content is aligned with the [Texas Essential Knowledge and Skills \(TEKS\)](#).

The district uses the MAP™ assessment system and other software to measure student growth and proficiency. The data allows teachers and administrators to determine the status of each student in terms of the content he or she needs to acquire and the areas in which he or she may require individual attention and instruction. Students use the system to see their own progress, including their strengths and weaknesses, and can set their own goals. Teachers and students update and use the system daily.

After only one year, the initiative has improved [State of Texas Assessments of Academic Readiness \(STAAR\)](#) test scores, particularly in science; has improved student attendance rates; and has decreased the number of classroom discipline issues. Amy Dodson, Director of Blended Learning at Cisco Independent School District, described to the Commission how blended learning helps high-achieving students use technology to keep learning even after they acquire the required content, and helps students who previously struggled with STAAR tests receive individual attention and instruction from teachers and use personal goal-setting to improve their scores dramatically. She also described how blended learning has helped motivate teachers and reinforce their commitment to the teaching profession.

Pasadena Independent School District

Pasadena Independent School District implemented blended learning on three campuses in 2015 and expanded the program to 34 campuses in 2018. The district had a 90-percent high school graduation rate, but only 54 percent of graduates entered college after high school and only 27 percent completed a college degree within six years. The district implemented blended learning in fourth grade through eleventh grade with the goal of increasing college readiness in their high school graduates.

Using the Connect Personalized Learning model, the district structures its blended learning program around one-on-one mentorship, collaborating on real-world projects, and individualized learning time. This structure helps students acquire content, but also helps them develop habits of success and the cognitive skills they will need after high school. Karen Hickman, Deputy Superintendent of Academic Achievement at Pasadena Independent School District, testified that the blended learning program has resulted not only in dramatically improved STAAR test scores, but in students that demonstrate confidence, presentation skills, and cognitive thinking and learning skills. The program has also helped teachers develop beyond their usual role and allows them to intervene as needed, and motivate and guide their students.

Recommendations

State technical assistance funding should include targeting professional development training towards schools/districts willing to launch blended learning and personalized learning pilots.

Commission recommendation #28

For more information

Presentations to the Commission and Other Resources

Amy Dodson, Director of Blended Learning, Cisco Independent School District and Karen Hickman, Deputy Superintendent of Academic Achievement, Pasadena Independent School District, "[Blended Learning in Texas Public Schools](#)," March 7, 2018

Career and technology education (CTE) allotment

Per the Texas Education Code (§42.154), for each full-time equivalent student in average daily attendance in an approved career and technology education (CTE) program in ninth through twelfth grades (or in CTE programs for students with disabilities in seventh through twelfth grades), a district is entitled to an annual allotment equal to the adjusted basic allotment multiplied by a weight of 1.35; and \$50 for every student enrolled in two or more advanced CTE classes for a total of three or more credits.

CTE programs must comply with certain standards. Texas has established 112 recognized programs of study developed and aligned with 16 career clusters. Texas high schools are required to offer a minimum of one CTE program of study from each of three different clusters. Each state-recognized program of study includes:

- Rigorous secondary academic courses based on the Foundation High School Program.
- Postsecondary education programs leading to associate's, bachelor's, and/or graduate degrees.
- A relevant, coherent sequence of CTE course options, including postsecondary connections for dual credit, statewide articulated courses, locally articulated courses, and advanced placement college credit opportunities.
- Opportunities for industry-recognized certifications and licensures where appropriate and available.
- Extended learning experiences, including curricular, extracurricular, work-based learning, service learning, and professional associations.

In fiscal year 2018, the total CTE allotment for the state was over \$2.2 billion. The allotment has a minimum direct spending requirement of 58 percent. School districts are allowed to use the allotment for items such as salaries and extra-duty pay for CTE teachers, paraprofessionals, and administrators; expenses related to improving or modernizing CTE equipment and supplies; the cost of renovating existing CTE facilities; and expenses for motorized vehicles and trailers used exclusively for the benefit of CTE students in the CTE program.

Commission members discussed the importance of CTE courses and their availability, both in rural settings and for earlier grades, to ensure that students have the opportunity, experience, and credentials to pursue meaningful careers after high school.

Recommendations

Expand the career and technology allotment to include courses in sixth through eighth grade.

Commission recommendation #20

For more information

Presentations to the Commission and Other Resources

Leo Lopez and Justin Porter, Texas Education Agency, "[Weighted Student Funding Trends under the Foundation School Program](#)," May 3, 2018

Chapter 41

Chapter 41 of the Texas Education Code makes provisions for certain school districts to share their local property tax revenue with other school districts. Districts must share their revenue if their relative wealth (measured in terms of the taxable value of property that lies within the school district borders) divided by the number of students in [weighted average daily attendance \(WADA\)](#) is above a certain statutory wealth threshold. The funds that are shared by these districts (designated as “Chapter 41 districts”) are “recaptured” by the state’s school finance system to help finance public education for all school districts. This system is often referred to as “Robin Hood.”

The Chapter 41 provisions provide all school districts with substantially equal access to similar revenue per student for a similar rate of property tax. This equal access is achieved through a system that both provides a guaranteed yield on each penny of maintenance and operations (M&O) tax levied by non–Chapter 41 districts and also recaptures revenue on the tax collections of Chapter 41 districts. Please see the entry for [Foundation School Program](#) elsewhere in this appendix for more details.

For the 2018 fiscal year, the total recapture amount from Chapter 41 districts was \$2.06 billion.

Equalized wealth levels

Chapter 41 establishes three wealth thresholds, called equalized wealth levels or EWLs. Each level represents the maximum property tax base that a school district is allowed to retain at various levels of property tax rates.

The first EWL as defined in the General Appropriations Act is applied to the tax effort associated with a district’s compressed tax rate (CTR). A district’s CTR is its 2005 adopted M&O tax rate multiplied by the state compression rate. For 2017–2018, the state compression rate was 66.67 percent. The first EWL is indexed to the yield provided by the [basic allotment](#).

The second EWL is determined by the funding provided to school districts for their tax effort that exceeds the CTR. If the state’s equalization program for school districts is not funded to provide tax revenue equivalent to that raised by Austin Independent School District on the first six pennies of tax effort that exceed the CTR, then Chapter 41 school district revenue on the equivalent tax effort is recaptured.

The third EWL is set in statute and applies to any tax effort that exceeds the CTR plus six cents.

For example:

2005 M&O tax rate = \$1.50
CTR = $\$1.50 \times 66.67\% = \1.00
2017 M&O tax rate = \$1.17

	Tax Effort	2017–2018 Wealth per WADA
First EWL	\$1.00	\$514,000
Second EWL	\$0.06	Unlimited
Third EWL	\$0.11	\$319,500
Total tax effort	\$1.17	

A school district with property wealth per WADA that exceeds the lowest of the equalized wealth levels (the third EWL) is subject to the provisions of Chapter 41. However, the final determination of whether the district will be required to make recapture payments is based on the district's actual tax effort and the extent to which it exceeds the EWL, and whether the district charges tuition to transfer students.

Procedures for Chapter 41 school districts

School districts that are designated by the Texas Education Agency (TEA) as Chapter 41 districts (which usually occurs in mid-July) must select one of the following five options for reducing their property wealth per WADA by mid-January of the following year.

1. Consolidation with another district.
2. Detachment of property for annexation to another district.
3. Purchase of attendance credits from the state (requires voter approval).
4. Education of nonresident students from a partner district (requires voter approval).
5. Tax base consolidation with another district.

If a district fails to exercise any of these options, the Commissioner of Education is required to achieve wealth equalization through detachment and annexation of the district's property (Option 2).

For the last several years, nearly every Chapter 41 district has selected Option 3, which is to reduce the district's WADA by purchasing attendance credits from the state. This process is referred to as [recapture](#).

Chapter 41 districts pay their recapture amount in seven equal installments to TEA from February through August. Funds received by TEA from recapture are appropriated in the General Appropriations Act as a method of finance to help pay for the FSP.

Chapter 41 districts that fail to meet the requirements and provisions of Chapter 41 are not allowed to adopt a tax rate until they have achieved wealth equalization, and are subject to actions by TEA to equalize wealth (Option 2 from the list above).

Recommendations

Reallocate Chapter 41 hold harmless recapture reduction.

Commission recommendation #10

Reallocate Chapter 41 early agreement credit funds.

Commission recommendation #11

Slow property tax and recapture growth.

Commission recommendation #__

For more information

Presentations to the Commission and Other Resources
Texas Education Agency, "Texas Public School Finance Overview," April 2018
Texas Education Agency, Manual for Districts Subject to Wealth Equalization, 2017–2018 School Year

College, career, or military readiness (CCM-R)

The Texas Education Code states that “The mission of the public education system of this state is to ensure that all Texas children have access to a quality education that enables them to achieve their potential and fully participate now and in the future in the social, economic, and educational opportunities of our state and nation.” To measure its success in fulfilling this mission, the Texas Education Agency (TEA) relies on a variety of “proxies” for subjective concepts such as “achieving potential.” These proxies include the high school graduation rate and the college, career, or military readiness (CCM-R) of high school graduates.

In 2017, the Texas Legislature passed House Bill (HB) 22, which provides specific measures that should be used to determine a high school graduate’s college, career, or military readiness, as shown in the chart below.

CCM-R Readiness Measures	
College ready	Meet criteria on Advanced Placement and International Baccalaureate exams.
	Meet Texas Success Initiative criteria in reading and mathematics (on ACT, SAT, TSIA, or college prep course).
	Complete a college prep course offered by a partnership between a school district and an institution of higher education as required by HB 5.
	Complete a course for dual credit.
	Complete a course in the OnRamps dual-enrollment program.
	Earn an associate’s degree while in high school.
	Meet standards on a composite of indicators indicating college readiness.
Career ready	Earn industry certification.
	Be admitted to post-secondary industry certification program.
Military ready	Enlist in the United States Armed Forces.

Mike Morath, the Commissioner of Education, stated to the Commission that these are valid measures of CCM-R because there is a relationship between the performance of students on these measures and what the students ultimately achieve in the longer term, including employment and college completion. Specifically, the college readiness benchmarks on the SAT test (1,110 or higher on the reading and mathematics sections) and the ACT test (24 or higher composite score) have been shown to correlate with roughly a 75-percent chance of passing freshman-level college courses.

TEA measures long-term achievement by using college completion rates for both two-year and four-year degrees, and well as employment and earning figures. For all of the proxies mentioned above, the agency can gather and analyze quantitative data that, used together, provides an accurate picture of overall student achievement.

Joe May of the Dallas County Community College District and Eric Ban of Dallas County Promise testified that Texas high schools lack accountability in terms of ensuring that their graduates are prepared for post-secondary opportunities. They recommended that high schools begin using the ACT, SAT, or TSIA (Texas Success Initiative assessment) tests to evaluate the post-secondary readiness of their students. SAT and ACT tests can be used each year to

assess the post-secondary readiness of eighth- through eleventh-grade students, creating clear longitudinal data. In addition, parents can easily understand these scores, allowing them to make informed decisions about their children’s continued education. Several other states have successfully made the transition from end-of-course exams to standardized tests.

Pedro Martinez, superintendent of San Antonio Independent School District, also recommended to the Commission that school districts be allowed to focus more on preparing students for the TSIA or SAT tests and less on preparing students for end-of-course exams.

Recommendations

Proposed college, career, and military readiness (CCM-R) outcomes funding (\$400 million).

Commission recommendation #4

Following evaluation of testimony in the 2019 legislative session from current Texas high school principals and from other states that have pursued this route, strongly consider eliminating the five end-of-course (“EOC”) STAAR assessments and replacing with either SAT, ACT, or TSI assessments.

Commission recommendation #24

For more information

Presentations to the Commission and Other Resources
Mike Morath, Texas Education Agency, “Texas Public Education Outcomes,” January 23, 2018 Texas Education Code §4.001(a)
Joe May, Dallas County Community College District and Eric Ban, Dallas County Promise, “The Dallas Promise Network,” March 7, 2018
Pedro Martinez, San Antonio Independent School District, “Innovative Approaches to Public School Options and Poverty,” March 7, 2018

Compensatory education allotment

The state's 20-percent compensatory education funding weight supports programs and services that are designed to supplement the regular education program for students identified as at risk of dropping out of school. The goal of these programs and services is to reduce any disparity in performance on assessments or in rates of high school completion between students at risk of dropping out of school and all other district students.

Per the Texas Education Code (§42.152[c]), for each student who is educationally disadvantaged or who is a student who does not have a disability and resides in a residential placement facility in a district in which the student's parent or legal guardian does not reside, a district is entitled to an annual allotment equal to the adjusted [basic allotment](#) multiplied by 0.2, and by 2.41 for each full-time equivalent student who is in a remedial and support program because the student is pregnant.

In fiscal year 2018, the total compensatory education allotment for the state was over \$4 billion. The allotment has a minimum direct spending requirement of 52 percent. School districts are allowed to use the allotment for items that *supplement* regular program costs *and* are designed for student at risk of dropping out of school. These items include supplementary equipment and other supplies required for quality instruction, staff that can help reduce class size or provide individualized instruction for at risk students, and stipends and extra-duty pay. School districts may not use the allotment for items that replace or *supplant* items purchased with regular program allotments.

Defining poverty

Texas statute (Texas Education Code §29.081[d]) provides 13 different definitions of a student who is at risk of dropping out of school and should receive compensatory education services. To identify those students for purposes of the funding weight, Texas uses a student's economic status as a proxy for "at risk" and calculates each district's allotment based upon the average number of students in the district that enrolls in the National School Lunch Program (NSLP) for free or reduced-price lunches, the School Breakfast Program (SBP), and the Community Eligibility Provision (CEP) meal service option for the prior federal fiscal year.

Researchers and states have traditionally counted economically disadvantaged students by using the number of students that receive a free or reduced-price lunch through the NSLP, but that factor has become increasingly less reliable as the federal program expands eligibility to more and more students.

Experts testified to the Commission that the way Texas identifies economically disadvantaged students should be reevaluated. Zahava Stadler of EdBuild recommended that Texas use the federal NSLP data, but also develop its own method to ensure that the appropriate students are actually being counted.

Pedro Martinez, superintendent of San Antonio Independent School District, testified that using the free or reduced-price lunch data to measure poverty is an outdated method, and that his district has developed a more reliable and nuanced method to identify the socioeconomic status of its students. The district uses four types of census data (median household income, whether the household owns the home, single-parent households, and adult education level in the household) to categorize each student address into one of four blocks. This method allows the district to identify the student demographics for each individual campus, gives the district the

ability to “reserve” seats in high-demand campuses for students who need them the most, and allows the district to implement other improvement strategies as well.

Superintendent Martinez recommended that the state use this type of method to identify the socioeconomic status of all Texas students and allow for a more accurate analysis of a student’s socioeconomic status and the additional academic support that he or she may need.

Recommendations

Increase compensatory education funding weights and allocate on a campus-specific spectrum.

Commission recommendation #15

For more information

Presentations to the Commission and Other Resources
Texas Education Code §42.152(c)
Texas Education Code §29.081(d)
Texas Education Code §42.152(b)
Zahava Stadler, EdBuild, “Texas School Funding Reform in Context,” February 8, 2018
Pedro Martinez, San Antonio Independent School District, “Innovative Approaches to Public School Options and Poverty,” March 7, 2018

Copper and golden pennies

Within the school finance system, a school district's compressed maintenance and operations tax rate (generally \$1.00) is the basis for calculations that determine the most significant portion of funding (called [Tier I](#) funding) that a school district is entitled to each school year. Please see the entry for [Foundation School Program](#) elsewhere in this appendix.

School districts can choose to adopt a tax rate that is above \$1.00, up to a maximum allowable tax rate of \$1.17 per each \$100 of property value.

The state provides additional funds to school districts that choose a tax rate above \$1.00 through [Tier II](#), a supplement to Tier I funding. Through Tier II, school districts receive a guaranteed amount of funding for each penny of tax levied between \$1.00 and \$1.17 for each student in their [weighted average daily attendance \(WADA\)](#). The guaranteed amount is called the guaranteed yield.

The first six pennies levied above the Tier I level are called golden pennies. For its golden pennies, a district is guaranteed the same yield per penny per WADA as Austin Independent School District (\$106.28 in fiscal year 2019). If a district's yield exceeds the Austin Independent School District yield, no recapture is paid for the golden pennies. The additional pennies levied above the first six are called *copper pennies*. For each copper penny, a district is guaranteed a fixed yield of \$31.95 per WADA. Any yield above \$31.95 is recaptured.

Recommendations

Link Tier II copper penny yield to a percentile of wealth per student.

Commission recommendation #22

Link Tier II golden penny yield to a set percentile of wealth per student.

Commission recommendation #23

For more information

Presentations to the Commission and Other Resources
Texas Education Code §42.302
Texas Education Code §42.302

Cost of Education Index (CEI)

The state's Cost of Education Index (CEI) is a unique value assigned to each district to adjust for the cost of educating students in the district's particular region of the state. Annual state funding allotments are therefore not based solely upon the number of students in each district, but also account for the varied costs of education throughout the state. Each district's CEI is applied to the annual calculations of both the district's [basic allotment](#) and its [weighted average daily attendance \(WADA\)](#).

Adopted in 1991, the CEI has not been updated since that time and is currently based upon the size of the district, the teacher salaries of neighboring districts, and the percentage of low-income students in the district in the 1989–1990 school year.

The average value of the CEI across all school districts is 1.12, and ranges from a low of 1.02 to a high of 1.20. School districts receive an average funding increase based upon the CEI calculation of \$620 for each student in [average daily attendance](#) in their district. The total formula amount produced for all school districts by the CEI is estimated to be \$2.7 billion for fiscal year 2018.

Zahava Stadler of EdBuild recommended to the Commission that the state eliminate the CEI because the underlying data used is so outdated that the CEI no longer accurately reflects the actual cost of education throughout the state.

Recommendations

Reallocate funds associated with the Cost of Education Index (CEI).

Commission recommendation #9

For more information

Presentations to the Commission and Other Resources
Texas Education Code §42.102
Zahava Stadler, EdBuild, " Texas School Funding Reform in Context ," February 8, 2018
Zahava Stadler, EdBuild, " EdBuild Presentation to the Expenditures Working Group ," June 6, 2018

Direct spending requirements for special allotments

In their authorizing statutes, several special allotments have direct spending requirements. These requirements establish minimum percentages of the allotment received that a school district must spend on items directly related to the programmatic goals of the allotment. The requirements also prohibit school districts from spending the allotment funds on certain items. The following table shows the minimum spending percentage of each special allotment

Special Allotment	Percentage
Bilingual education allotment	52%
Compensatory education allotment	52%
Career and technology education allotment	58%
Gifted and talented student allotment	55%
High school allotment	100%
Special education	52%

For more information

Presentations to the Commission and Other Resources
Texas Education Code §§42.152(c), 42.153, 42.154, 42.156, and 42.160
Title 19 Texas Administrative Code, Part 2 §§61, 89, 109, 127, 128, and 130

Dyslexia

The Texas Education Code provides the following definitions:

“Dyslexia” means a disorder of constitutional origin manifested by a difficulty in learning to read, write, or spell, despite conventional instruction, adequate intelligence, and sociocultural opportunity.

“Related disorders” include disorders similar to or related to dyslexia, such as developmental auditory imperception, dysphasia, specific developmental dyslexia, developmental dysgraphia, and developmental spelling disability.

The Texas Education Code also mandates that students be screened or tested for dyslexia, and that students determined to have dyslexia or related disorders be provided with treatment by their school districts in accordance with a program approved by the State Board of Education (SBOE). Besides SBOE rules, a variety of state and federal laws describe the specific requirements that school districts must meet in providing services to students with dyslexia, including assessment and evaluation standards and procedures.

In 2017, the Texas Legislature passed House Bill 1886, which requires that all kindergarten and first-grade students be included in screening for dyslexia and related disorders, and that *all* students be screened or tested as appropriate after the first grade. These new requirements are likely to result in an increase in the number of students identified as having dyslexia or related disorders. According to the Texas Education Agency, in the 2017–2018 school year, 169,043 students were identified as dyslexic out of the total student population of 5.4 million.

School districts use [Foundation School Program \(FSP\)](#) funds, compensatory education allotments, and federal and local funds to cover the cost of providing dyslexia services. Districts may also use a portion of their special education funds for students whose disability warrants special education services. Federal special education funds, however, can only be used as supplemental funds and should not be used to supplant local, state, or other federal program dollars.

Recommendations

Create a new dyslexia allotment with a weight of 0.10.

Commission recommendation #7

For more information

Presentations to the Commission and Other Resources
Penny Schwinn, Texas Education Agency, “Texas Student Performance: Outcomes Working Group,” May 2, 2018
Texas Education Agency, The Dyslexia Handbook—2018 Update: Procedures Concerning Dyslexia and Related Disorders , November 2018
Texas Education Code §38.003
Texas Education Code §7.028(b)
Texas Education Code §28.006
Title 19 Texas Administrative Code, Part 2 §74.28
Individuals with Disabilities Education Act of 2004
Rehabilitation Act of 1973, Section 504

Early agreement credit (Chapter 41)

See [Recapture](#).

DRAFT

Early college high school (ECHS)

In 2003, the legislature authorized the Texas Education Agency (TEA) to establish an early college high school program. Early college high schools (ECHS) target students at risk of dropping out of school and those who wish to accelerate their instruction. The program provides those students with an opportunity to earn a high school diploma and an associate's degree or 60 college credit hours. Early college high schools must do all of the following:

- Provide dual credit courses at no cost to students.
- Offer rigorous instruction and accelerated courses.
- Provide academic and social support services to help students succeed.
- Increase college readiness.
- Reduce barriers to college access.

ECHS were originally established through grant programs. Beginning with the 2010–2011 school year, TEA established a designation process for campuses interested in implementing an ECHS. The TEA designation process ensures that districts and colleges operating ECHS maintain the integrity of the ECHS model.

The ECHS program is part of the state's College and Career Readiness School Models (CCRSM) network of programs that blend high school and college coursework to help historically underserved, at-risk students, and those who wish to accelerate their learning, develop technical skills, earn dual credit, and pursue in-demand career paths. The other programs in the network are [Pathways in Technology Early College High School \(P-TECH\)](#), Industry Cluster Innovative Academies, and Texas Science, Technology, Engineering, and Mathematics Academies.

Pharr-San Juan-Alamo Independent School District

Pharr-San Juan-Alamo Independent School District (PSJA ISD) implemented a district-wide ECHS program in 2008. The district's partners in the program are South Texas College and the University of Texas Rio Grande Valley. Both institutions waive tuition and share costs with the district for instructors, facilities, and equipment.

Daniel King, superintendent of PSJA ISD, testified about the success of the program, which improved the district's high school graduation rate from 62 percent in 2007 to 91 percent in 2016, a rate that exceeds the state average. In addition, thousands of district students have completed college credit hours in high-demand fields while still in high school. In the graduating class of 2017, half of the student body had completed at least 12 college credit hours and 30 percent had completed at least 30 college credit hours.

The district's goal is for 60 percent of its students to earn post-secondary certificates or degrees by 2025, which their graduates will likely achieve at age 18. This goal exceeds the goal of the state's [60x30TX](#) plan to increase the number of 25- to 34-year-olds with post-secondary certificates or degrees by 2030.

Superintendent King estimated that the annual cost for the program is \$2.7 million, with textbooks costing about \$0.5 million and instructors costing \$1 million.

Dallas Promise Network

The Dallas Promise Network was created by the Dallas County Community College District Foundation and a nonprofit organization called Commit. The initiative is made up of programs that provide financial and other assistance to high school students in the Dallas area.

The initiative's overall goal mirrors the state's *60x30TX* goal to ensure that 60 percent of 25- to 34-year-olds hold either a certificate or degree by 2030 and focuses on filling the high demand for a skilled, educated workforce that currently exists throughout the state and the country. In Dallas County, while 65 percent of living-wage jobs require an education beyond high school, only 37 percent of adults hold two- or four-year degrees. This gap is reflected in the steady decline in household income in the county over the last fifteen years, which has increased the number of people living in poverty by 42 percent.

The initiative's efforts focus on the untapped resource of low-income students in Dallas County, who graduate from high school, enroll in secondary education, and earn college degrees in very small numbers. For example, only ten percent of eighth-grade low-income students earn two- or four-year degrees within six years following their high school graduation. By directing resources to low-income students at key transition points in their education (between the eighth and ninth grade, between high school and college, and at college completion), the initiative seeks to reach its goal of increasing the number of new college degrees and industry credentials completed to 55,000 by 2030.

The initiative relies upon partnerships with the University of North Texas at Dallas and Southern Methodist University, as well as dozens of industry partners.

The primary component of the initiative is the Dallas County Promise program, which provides every high school senior at 31 participating Dallas-area high schools the opportunity to receive scholarships that cover the entire cost of tuition at any Dallas County Community College for up to three years or until he or she completes an associate's degree. Another program under the Dallas Promise Network seeks to increase the number of high school students who successfully complete the Free Application for Federal Student Aid (FAFSA) and Texas Application for State Financial Aid (TASFA). Completion of these applications is a significant factor that determines whether or not a student goes to college, so the program supports campus staff in getting as many students as possible to participate in the application process.

While the initiative has only been in place for one year, enrollment in the partner institutions has increased significantly, particularly among the low-income students the initiative most wanted to reach. The number of students who complete FAFSA and TASFA forms has increased by 67 percent.

The costs of the initiative are shared by the participating school districts, monetary and in-kind contributions by the higher education and industry partners, and philanthropic donations.

Recommendations

Following evaluation of testimony in the 2019 legislative session from current Texas high school principals and from other states that have pursued this route, strongly consider eliminating the five end-of-course ("EOC") STAAR assessments and replacing with either SAT, ACT, or TSI assessments.

Commission recommendation #24

For more information

Presentations to the Commission and Other Resources
Texas Education Code §29.908(b)
Title 19 Texas Administrative Code, Part 2, §102.1091
Daniel P. King, Pharr-San Juan-Alamo Independent School District, " Scaling Early College High School ," March 7, 2018
Joe May, Dallas County Community College District and Eric Ban, Dallas County Promise, " The Dallas Promise Network ," March 7, 2018
Dallas County Promise website, 2018

DRAFT

Early learning programs and prekindergarten

Research in early learning shows that by the age of five, 90 percent of a child's brain has already developed. More than one million new neural connections get created every second in the first few years of a child's life. These connections form the child's brain architecture, which serves as the foundation for all subsequent learning and development.

Prekindergarten (preK) programs capitalize upon this window of brain development in young children and can help children be ready for kindergarten and achieve higher academic outcomes in later grades as well.

PreK programs in Texas are funded by the state's [Foundation School Program \(FSP\)](#). Free, half-day preK programs are open to eligible three- and four-year-old children. Per the Texas Education Code §29.153(b), an eligible child must be one of the following:

- At least three years old.
- Unable to speak and comprehend the English language.
- Educationally disadvantaged.
- Homeless.
- The child of a member of the armed forces of the United States who was injured or killed while serving on active duty.
- Currently or at one time in foster care.
- The child of a person eligible for the Star of Texas Award.

House Bill (HB) 4, passed by the 84th Texas Legislature in 2015, provided additional funding through grant programs to districts and open-enrollment charter schools. The purpose of the funding was for grant recipients to implement specific high-quality standards in their preK programs. The bill also allows school districts to enter into contracts with eligible private child development entities to provide services for high-quality preK programs. The 85th Texas Legislature did not appropriate funds to continue the grant, but for the 2018–2019 biennium, added Rider 78 in the Texas Education Agency's section of the General Appropriations Act. Rider 78 is intended to ensure that districts and open-enrollment charter schools that receive FSP funds for preK programs use at least 15 percent of those funds to implement HB 4's high-quality standards.

Currently, only 67 percent of the state's eligible four-year-olds are enrolled in preK programs, and only nine percent of eligible three-year-olds. Many parents and even school districts are not aware that three-year-old children are eligible for preK programs.

Research shows that children who attend high-quality preK programs are more likely to be kindergarten ready, to earn higher scores on third-grade reading and mathematics assessment tests, and ultimately, to graduate from high school on time and enroll in college.

Jacque Porter of the Texas Education Agency (TEA) testified that preK programs meaningfully increase kindergarten readiness, particularly among eligible children. Among eligible children who attend public preK programs, 58 percent are kindergarten ready, while only 42 percent of eligible children who do not attend preK are kindergarten ready.

In turn, kindergarten readiness is the strongest predictor of a student's subsequent performance on [State of Texas Assessments of Academic Readiness \(STAAR\)](#) assessments in both reading and mathematics. Information presented to the Commission indicated that kindergarten

readiness increased the odds of students meeting or exceeding grade-level standards on STAAR assessments in later grades.

Attending a high-quality preK program also benefits students in the much longer term. Research from TEA shows that the effects of high-quality preK programs continue to benefit students as they get older, reducing their likelihood of dropping out of school by two percent, and increasing their likelihood of graduating from high school on time (by six percent), enrolling in college (by seven percent), and attending a second year of college (by six percent).

The positive effects of attending preK programs are not all purely academic in nature. Children in preK programs also learn basic life skills, such as critical thinking, problem solving, regulating their behavior, engaging in conversations, waiting their turn, and being persistent and resilient. In addition, preK programs can benefit the school district and community at large. PreK students are more likely to have better attendance and are less likely to repeat grades.

The TEA research combines the results of attendance in both half-day and full-day preK programs. However, full-day programs provide students with more time to focus on tasks and address a practical concern for parents whose children can only attend full-day preK programs because of limited half-day child care options. In the 2016–2017 school year, only 452 school districts in Texas provided a full-day preK program, and an additional 303 school districts provided a combination of full- and half-day preK.

TEA estimates that expanding the current preK program from half-day to full-day could cost over \$800 million each year.

Recommendations

The Commission recommends that districts receive an additional 0.1 weight for every kindergarten through third-grade student who is low-income or an English language learner (a student who is both would effectively receive a combined 0.2 weight), producing total estimated funding of \$780 million annually starting in 2019–2020.

Commission recommendation #2

Given the critical nature of being able to “read to learn” across all subjects after third grade, the Commission recommends that each district or charter network annually receive incremental funding above the basic allotment (proposal of a 0.4 weight) for every third-grader achieving reading proficiency at the state’s “Meets grade level” standard. P

Commission recommendation #3

For districts providing a full-day preK program, consider crediting the appropriate full-day attendance for purposes of funding within the Foundation School Program.

Commission recommendation #25

Allow three- and four-year old children of Texas public school educators to be eligible for free public full-day preK funding.

Commission recommendation #29

For more information

Presentations to the Commission and Other Resources
Center on the Developing Child, Harvard University, "Five Numbers to Remember About Early Childhood Development." Brief, 2009
Texas Education Code §29.153(b)
Jacque Porter, Texas Education Agency, " Prekindergarten in Texas ," February 22, 2018
Susan Dawson, E ³ Alliance, " Child Outcomes ," May 3, 2018

DRAFT

Extended school year

See [Summer learning programs.](#)

DRAFT

Foundation School Program (FSP)

The state’s Foundation School Program (FSP) establishes the amount of funding that each school district is entitled to receive each year (the entitlement) and is the primary source of state funding for Texas school districts.

Funding amounts are calculated using a series of formulas that are set in statute (Texas Education Code Chapters 41, 42, and 46). The formulas consider both student and school district characteristics, including the number and type of students enrolled, district size and geographic factors, and local taxable property values and tax rates.

Generally, once a school district’s entitlement is established using the formulas, a calculation is used to determine how much the district is expected to generate locally through property taxes, which is called the local share. The difference between the entitlement and the local share is then made up with state funds, called the state share.

Because the amount of local share is based upon local property values, which can fluctuate, the amount of state share also fluctuates each biennium. In recent years, Texas property values have been increasing steadily, which means that overall, the percentage of local share has been increasing and the percentage of state share has been decreasing.

The FSP consists of two funding tiers called Tier I and Tier II. The two tiers combined support each school district’s ongoing maintenance and operations (M&O) costs. Both state share and local share contribute to each tier amount. Each school district’s tier amounts are calculated based upon the following factors:

Factors Used in Calculation	
Tier I	<ul style="list-style-type: none"> • District characteristics. • Student characteristics. • Number of students in average daily attendance (ADA). • Basic allotment per student in ADA, which is set in the General Appropriations Act (\$5,140 in fiscal years 2018 and 2019). • School district tax rate (generally \$1.00 per \$100 of local school district property value).
Tier II	<ul style="list-style-type: none"> • Number of students in weighted average daily attendance (WADA). • Number of pennies of tax levied above the district’s compressed tax rate (generally \$1.00 per \$100 of local school district property value). • Guaranteed amounts, called the guaranteed yield, for each penny of tax levied above the district’s compressed tax rate. • School district tax rate (based on local decision to set a tax rate between \$1.00 and \$1.17 per \$100 of local school district property value).

Tier I

Tier I funding is determined by multiplying the basic allotment amount by the number of students in average daily attendance (ADA) and making adjustments based upon student and district characteristics. The resulting Tier I entitlement amount is then compared to the district’s local

share. If the Tier I entitlement is larger than the local share, the district receives a state share amount to make up the difference.

However, if a district's Tier I entitlement is the same amount or less than its local share amount, the district does not receive a state share amount and is also subject to [recapture](#) under Chapter 41 of the Texas Education Code.

Tier II

Tier II is intended to supplement Tier I by providing additional funds to school districts that have decided to adopt a tax rate above their compressed tax rate (generally \$1.00 per each \$100 of property value) used to calculate Tier I funding. Through Tier II, school districts that have adopted higher tax rates receive a guaranteed amount of funding for each penny of tax levied between their compressed tax rate (generally \$1.00) and \$1.17 (the maximum tax rate) for each student in their [weighted average daily attendance \(WADA\)](#). The guaranteed amount is called the guaranteed yield.

For the first six pennies levied above the Tier I level (called golden pennies), a district is guaranteed the same yield per penny per WADA as Austin Independent School District (\$106.28 in fiscal year 2019). For each additional penny levied above the first six (called copper pennies) a district is guaranteed a yield of \$31.95 per WADA.

Districts that are able to raise tax revenue that is more than \$31.95 per copper penny per WADA are subject to [recapture](#) on the funds collected for the copper pennies.

For more information

Presentations to the Commission and Other Resources

Texas Education Code Chapters 41, 42, and 46

Gifted and talented (GT) student allotment

Per the Texas Education Code (§42.156), for each identified student a school district serves in a program for gifted and talented students, a district is entitled to an annual allotment equal to the district's adjusted [basic allotment](#) multiplied by a weight of 0.12 or a greater amount provided by appropriation.

School districts must use the GT student allotment to provide programs for gifted and talented students, including programs sanctioned by International Baccalaureate and Advanced Placement (AP), or in developing programs for gifted and talented students. Not more than five percent of a district's students in [average daily attendance](#) are eligible for the GT student allotment funding.

In fiscal year 2018, the total gifted and talented allotment for the state was over \$160 million. The allotment has a minimum direct spending requirement of 55 percent. School districts are allowed to use the allotment for items such as textbooks and other instructional materials that are designed to meet the needs of students in gifted and talented programs, advanced placement courses designated as part of the GT program, salaries for administrators that only work in GT programs and services, and stipends for teachers that provide services only to students in the GT program outside of their regular teaching duties.

The allotment may not pay a teacher's salary when the teacher serves a mix of GT and regular education students during a class period, as part of his or her regular duties, unless the class is an AP course designated as part of the GT program, nor may it cover costs related to teacher certifications.

The Commission heard testimony that a majority of districts receive GT funding that is capped at five percent of their students.

Recommendations

Reallocate the gifted and talented allotment funds.

Commission recommendation #12

For more information

Presentations to the Commission and Other Resources
Texas Education Code §42.156

High school allotment

Per the Texas Education Code (§42.160), a school district is entitled to an annual allotment of \$275 for each student in [average daily attendance](#) in ninth through twelfth grades in the district.

The high school allotment was created by the Texas Legislature in 2006 to:

- Prepare underachieving students to enter institutions of higher education.
- Encourage students to pursue advanced academic opportunities.
- Provide opportunities for students to take academically rigorous courses.
- Align secondary and postsecondary curriculum and expectations.
- Support other promising high school completion and success initiatives in sixth through twelfth grades approved by the Commissioner of Education.

In fiscal year 2018, the total high school allotment for the state was over \$390 million. The allotment has a minimum direct spending requirement of 100 percent. School districts are allowed to use the allotment for items such as professional development for teachers providing instruction in advanced academic courses, hiring of additional highly qualified teachers to reduce class sizes in core content areas, textbooks and other instructional materials, tuition and fees for students taking dual credit classes and ACT and SAT tests, transportation, equipment, activities that support college readiness and awareness, and expenses related to providing student with information about and access to college financial aid. The allotment may not be used for indirect or administrative costs or athletic programs.

Recommendations

Reallocate high school allotment funds.

Commission recommendation #13

For more information

Presentations to the Commission and Other Resources
Texas Education Code §42.160

Hold harmless (Chapter 41)

See [Recapture](#).

DRAFT

Local share of Foundation School Program

The [Foundation School Program \(FSP\)](#) formulas given in Chapters 41, 42, and 46 of the Texas Education Code mandate the use of a school district's *prior-year* property values to calculate both the district's local share of the FSP and its wealth per student in the current school year. For Chapter 41 districts, the wealth per student is used to calculate the district's recapture amount. Using prior-year property values in these crucial calculations can result in funding amounts that do not accurately reflect the amount of tax revenue that is actually collected by the district when the calculations are made. This discrepancy is often referred to as the "funding lag."

When local property values rise, districts collect more local property tax in the current year, but their "local share" calculation is artificially low because it is calculated using lower property values from the prior year. The result is that the district has an artificially high amount of overall revenue that is never adjusted to reflect the actual entitlement they should receive according to statute. This means that the artificially low "local share" calculation results in a district either receiving more state funding, or reduced payments, in amounts that exceed what the formulas determine an equitable allocation to be.

Conversely, when local property values decline, districts collect less local property tax but receive a local share amount that is artificially high because it is calculated using higher property values. The result is a funding gap in the district's overall revenue. Both of these situations cause a discrepancy between what districts are entitled to receive under statute and what they actually receive.

Recommendations

Move from prior-year district property values to current-year property values.

Commission recommendation #14

For more information

Presentations to the Commission and Other Resources

Texas Education Code Chapters 41, 42, and 46

National Assessment of Educational Progress (NAEP)

The National Assessment of Educational Progress (NAEP) is an assessment that measures academic achievement in various subjects across the country. NAEP is a congressionally mandated project administered by the National Center for Education Statistics within the US Department of Education and the Institute of Education Sciences.

Texas fourth-graders performed well in mathematics on the 2017 NAEP assessment, scoring higher than the national average. Eighth-graders performed at about the national average. When assessment results are separated by the demographic subgroups of white, African-American, and Hispanic, however, Texas students in each of these groups outperformed their peers, ranking in the top ten in the nation.

In reading, Texas students scored lower than the national average in both fourth and eighth grades, which is similar to the results on the previous NAEP assessment in 2015. The national average in reading also remained the same between 2015 and 2017.

For more information

Presentations to the Commission and Other Resources

[National Assessment of Educational Progress](#) website

New Instructional Facility Allotment (NIFA)

The New Instructional Facility Allotment (NIFA) is a reimbursement program for start-up costs, such as outfitting classrooms with furniture and equipment, for new campuses. The reimbursement is available to all school districts and charter schools that construct, repurpose, or lease new campuses. The NIFA provides up to \$1,000 per student in [average daily attendance \(ADA\)](#) in the first year of operation of the new campus and up to \$1,000 for each additional student in ADA at the campus in the second year of operation. These amounts are subject to legislative appropriations.

To be eligible for the NIFA:

- The facility for which funds are requested must be used for teaching the curriculum required by Chapter 28 of the Texas Education Code and must be one of the following:
 - A newly constructed instructional facility.
 - A repurposed instructional facility.
 - A leased facility operating for the first time as an instructional facility with a minimum lease term of not less than ten years.
- The new instructional facility must have its own campus identification number as designated by the Texas Education Agency (TEA).
- The new instructional facility must have its own principal or be eligible to receive an accountability rating through standard analysis as described in the most current TEA accountability manual.
- The new instructional facility must have its own assigned instructional staff and instructional program distinct from those for other facilities.
- The new instructional facility must have its own record of expenditures that is not a subset of another campus budget and its own attendance data that can be reported for those students assigned to the campus.
- The new instructional facility must be physically separate from other existing campus structures. However, a covered walkway may connect the new facility to another building.

The facility for which funds are requested cannot be:

- For a program for students enrolled in another public school (such as summer school or evening school).
- An expansion of existing facilities.
- A portable or temporary structure.

The NIFA reimbursements are subject to legislative appropriations. The 85th Texas Legislature passed House Bill 1081, which increased the NIFA amount from \$250 to \$1,000 per student in ADA, but the statewide appropriation was not increased. Such a large number of eligible districts applied for the NIFA reimbursement that the reimbursement amount was prorated to \$235 per student in ADA.

Recommendations

Increase New Instructional Facility Allotment appropriation to \$100 million per year.

Commission recommendation #19

For more information

Presentations to the Commission and Other Resources
Texas Education Code §42.158

DRAFT

Pathways in Technology Early College High School (P-TECH)

Pathways in Technology Early College High School (P-TECH) is a program created by the Texas Legislature in 2017 to provide students with work-based education. The P-TECH program is part of the state's College and Career Readiness School Models (CCRSM) network of programs that blend high school and college coursework to help historically underserved, at-risk students, and those who wish to accelerate their learning, develop technical skills, earn dual college credit, and pursue in-demand career paths. The other programs in the network are [Early College High Schools \(ECHS\)](#), Industry Cluster Innovative Academies, and Texas Science, Technology, Engineering, and Mathematics Academies.

P-TECH schools must

- Provide students in ninth through twelfth grades the opportunity to complete a course of study that combines high school and post-secondary courses.
- Within six years, enable students to earn a high school diploma, an associate's degree, a two-year post-secondary certificate or industry certification, and complete work-based training.
- Allow students to gain work experience through an internship, apprenticeship, or other work-based education program.
- Enter into partnerships with Texas institutions of higher education (IHEs) and regional businesses and industries to give students access to post-secondary education and workforce training opportunities.

The Texas Education Agency (TEA) has a designation process for the P-TECH program to ensure that school districts with P-TECH high schools maintain the integrity of the P-TECH model. Districts must apply to have a high school designated as a P-TECH campus, and ensure that their program

- Is provided at no cost to students.
- Has open enrollment.
- Includes articulation agreements with IHEs in Texas.
- Provides participating students flexibility in class scheduling and academic mentoring.
- Ensures that agreements with business and industry partners emphasize that P-TECH students who complete the program will have priority in interviewing with the applicable employer.
- Follows all requirements given in Texas Education Code §29.556.

Dallas Independent School District currently has 18 high schools designated as P-TECH schools. Students apply in eighth grade for a free ninth- through twelfth-grade program (lasting four to six years). Students select a pathway and courses that provide the academic, technical, and workplace skills for their career; and also receive student support services, mentoring, job shadowing, internships, pre-apprenticeships, and other workplace educational experiences. In Dallas, there are 60 businesses in a network of more than 400 large and small companies working with schools to provide career training and mentorships in fast-growing industries.

For more information

Presentations to the Commission and Other Resources
Texas Education Code §§29.551–29.557
Title 19 Texas Administrative Code, Part 2 §102.1095
General Appropriations Act, Article III, Rider 67, 85th Texas Legislature, 2017

DRAFT

Prekindergarten (PreK)

See [Early learning programs and prekindergarten.](#)

DRAFT

Recapture

[Chapter 41](#) of the Texas Education Code (TEC) makes provisions for certain school districts to share their wealth with other school districts.

A school district's wealth is calculated based upon the taxable value of the property that lies within its borders, divided by the number of students in its [weighted average daily attendance \(WADA\)](#). If the result is above one of the two equalized wealth thresholds set in statute of \$319,500 or the higher of the [basic allotment](#) set in statute (\$476,500) or set in the General Appropriations Act (\$514,000), and depending upon its adopted maintenance and operations (M&O) tax rate, the excess revenue generated by the districts is "recaptured" by the state's school finance system to help finance public education for all school districts. This system is often referred to as "Robin Hood."

Districts that meet the requirements to share their local tax revenue are called Chapter 41 districts. Their recapture amounts are estimated in the summer before each school year based on estimated WADA and final prior-year property values. These districts must select a method to reduce their wealth from five available options.

Nearly all Chapter 41 districts select Option 3, which is to reduce their wealth by purchasing attendance credits. This option is referred to as recapture.

The cost of recapture for a Chapter 41 district is based upon the cost of an attendance credit, which is established in TEC §41.09(a) as an amount equal to the greater of (1) the amount of the district's maintenance and operations tax revenue per student in WADA for the school year for which the district must pay recapture; or (2) the amount of the statewide district average of maintenance and operations tax revenue per student in WADA for the school year preceding the school year for which the district must pay recapture.

Chapter 41 districts pay their recapture amounts in seven equal monthly installments beginning February 15 and ending August 15 of the relevant school year. While the amounts paid by districts can be significant, the state's recapture collections make up a fairly small portion of the total public school funding amount each year, with the percentage of that total rising above four percent only once in the last ten years (fiscal year 2010). The usual percentage is between three and four percent.

It is possible for a district to be above the \$319,500 wealth level and not have any funding recaptured because it does not have a tax rate that is more than six pennies above its compressed M&O tax rate (generally \$1.00).

Early agreement credit (Chapter 41)

School districts that are required to make recapture payments to the state can reduce the amount of those payments under a provision in TEC §41.098 called an early agreement credit. This credit is available to Chapter 41 districts that select Option 3, the purchase of attendance credits from the state, to reduce their property wealth.

To qualify for the credit, the district must submit a fully executed Option 3 agreement (a form called "Agreement for the Purchase of Attendance Credits") on or before the due date for early agreement credits (usually September 1).

The credit amount is equal to the lesser of (1) four percent of the total calculated recapture cost calculated; or (2) \$80 per attendance credit purchased.

The total annual amount of the early agreement credit is approximately \$50 million.

Hold harmless (Chapter 41)

Chapter 41 of the TEC contains a hold harmless provision that allows a school district to retain more wealth than it would otherwise keep at the [equalized wealth level \(EWL\)](#). A district is eligible for this provision if the revenue per weighted average daily attendance (WADA) generated by applying a \$1.17 rate to the tax base at the EWL is less than what the district's revenue per WADA was in 1992–1993. This provision allows a district to keep a higher tax base, referred to as the hold harmless tax base, so that its 1992–1993 revenue per WADA is maintained.

For fiscal year 2018, 40 school districts received the benefit of the hold harmless provision. The total annual amount of the hold harmless provision is approximately \$30 million.

Recommendations

Reallocate Chapter 41 hold harmless recapture reduction.

Commission recommendation #10

Reallocate Chapter 41 early agreement credit funds.

Commission recommendation #11

Slow property tax and recapture growth.

Commission recommendation #__

For more information

Presentations to the Commission and Other Resources
Texas Education Agency, "Texas Public School Finance Overview," April 2018
Texas Education Code Chapter 41
Texas Education Code §41.093(a)
Texas Education Code §41.002(e)
Texas Education Agency, Manual for Districts Subject to Wealth Equalization, 2017–2018 School Year

60x30TX

The state's higher education plan, *60x30TX*, was implemented in 2015 by the Texas Higher Education Coordinating Board. The main goal of the plan is for 60 percent of the 25- to 34-year-olds in Texas (about 550,000 people) to hold a career certificate, a two-year degree, or a four-year degree by 2030.

The plan was developed to respond to research that shows that by 2020, 60 percent of Texans will need a certificate or degree for the state to be competitive in the labor market. In 2006, only 20 percent of Texas eighth-grade students graduated from college by 2017, which is far below the number that will be needed to fill the jobs that will be available in the future.

In addition, research has shown that over a lifetime, those with bachelor's degrees can earn nearly double the wages of those that hold only a high school diploma, and higher wages can stimulate the state economy. The goals of *60x30TX* focus on building a highly educated and skilled workforce not just for the benefit of Texas students, but for the benefit of the state as a whole.

The Commission heard testimony about *60x30TX* that clarified how the state's public education system can contribute to the ultimate success of the plan. The Commission's outcomes working group therefore designed its recommendations based upon strategies that can improve the educational outcomes of the entire system and substantially increase the number of Texas public school students that complete post-secondary education.

Recommendations

In keeping in alignment with the state's ultimate *60x30TX* goal, the Commission recommends establishing a prekindergarten through twelfth-grade goal of at least 60 percent proficiency at TEA's "Meets grade level" standard at two key "checkpoints" along the state's public prekindergarten through twelfth-grade educational continuum:

- Sixty percent of all students meeting the state's "Meets grade level" standard at third-grade reading.
- Sixty percent of all high school seniors graduating without the need for remediation and achieving (1) an industry-accepted certificate aligned with a living wage job; or (2) enrolling in the military; or (3) enrolling in post-secondary education.

Commission recommendation #1

For more information

Presentations to the Commission and Other Resources
Raymund A. Paredes, Texas Higher Education Coordinating Board, " K-12 Efforts Support 60x30TX Success. " January 23, 2018
Eric Ban, Dallas County Promise and Joe May, Dallas County Community College District, " The Dallas Promise Network. " March 7, 2018
David Gardner, Texas Higher Education Coordinating Board, " Overview of 60x30TX Goals and Targets. " April 4, 2018
Raymund A. Paredes, Texas Higher Education Coordinating Board, " 60x30TX Progress. " July 10, 2018

Small and mid-sized districts

Small school districts in Texas are defined as those with fewer than 1,600 students in average [daily attendance \(ADA\)](#). Mid-size districts are defined as those with fewer than 5,000 students in ADA.

School districts that meet one of these definitions receive increases to their adjusted [basic allotment](#) to compensate for diseconomies of scale (the cost of educating a single student increases as the number of students in a district decreases). Districts cannot receive both the small and the mid-size district adjustment.

The basic allotment is first adjusted based upon the school district's [cost of education index \(CEI\)](#), and then increased if the school district qualifies as a small or mid-size district.

After these adjustments, the school district's particular student characteristics are taken into account, and additional funding is calculated according to how many students the district has in various allotment categories ([weighted student funding](#)).

Zahava Stadler of EdBuild testified that besides Texas, only Alaska and Arizona make these adjustments in this order, and that the Texas method magnifies the effect of the district-level adjustments, minimizes the effect of the student characteristics, and can result in overall per-pupil funding that is not equitable. For example, all districts receive additional funding based upon their population of educationally disadvantaged students ([compensatory education allotment](#)). However, the funding in this example is calculated as a percentage (20 percent) of each district's adjusted basic allotment, which will vary because of the district-level characteristics. In other words, districts will receive more or less funding for each of their educationally disadvantaged students because of their district's characteristics and not their students' actual needs.

Recommendations

Recreate small and mid-size district adjustments as a stand-alone allotment.

Commission recommendation #18

For more information

Presentations to the Commission and Other Resources

Zahava Stadler, EdBuild, "[Texas School Funding Reform in Context](#)," February 8, 2018

Special education

Public school students who have disabilities as defined by federal law are eligible to receive special education services.

Most of the funding for special education services comes from the state. In fiscal year 2018, special education funding made up \$3 billion of the \$37.1 billion in the state's total [Tier I](#) funding amount.

The state's funding portion is based upon the amount of time each student with disabilities is served in his or her instructional arrangement or in the mainstream instructional arrangement. The instructional arrangement or setting is assigned by the student's school district depending upon the type of services he or she requires.

For each district's special education student population, the state also calculates the [average daily attendance \(ADA\)](#), contact hours (eligible days present multiplied by a certain amount according to the instructional arrangement), and student full-time equivalents or FTEs (30 contact hours per week between a student and applicable program personnel). All of these factors and a funding weight determined by each student's instructional arrangement are used to calculate the district's special education allotment. The funding weights are shown below:

Instructional Arrangement	Funding Weight
Homebound	5.0
Hospital class	3.0
Speech therapy	5.0
Resource room	3.0
Self-contained, mild and moderate	3.0
Self-contained, severe	3.0
Off home campus	2.7
Nonpublic day school	1.7
Vocational adjustment class	2.3
Residential care and treatment	4.0
State schools	2.8
Mainstream (ADA, not FTE basis)	1.1 (effectively 2.1 because allotment not reduced by FTE weight)

Special education services are also partially funded by federal formula grants awarded to school districts under Part B of the Individuals with Disabilities Education Act of 2004 (IDEA-B).

For more information

Presentations to the Commission and Other Resources
Leo Lopez, Texas Education Agency, " Special Education Funding Weights ," May 4, 2018
Texas Education Code §42.151(f)

State of Texas Assessments of Academic Readiness (STAAR)

See [Academic accountability](#).

DRAFT

Summer learning programs

Research shows that during the summer, many students forget some of the knowledge and skills that they have acquired during the school year. Measuring academic performance at the end of the summer shows that students lose an average of one month of the academic gains they made during the previous school year.

Research also shows that summer learning loss has a disproportionately large effect on economically disadvantaged students. All students lose some mathematics skills over the summer, but economically disadvantaged students tend to lose reading skills as well. For economically disadvantaged students, the learning loss has a cumulative effect, contributing to the achievement gap between students of different income levels over time.

Summer learning programs, in which school districts provide high-quality instruction to students during the summer months, have been shown to be effective in helping students to reverse summer learning loss, to make gains in learning, and for economically disadvantaged students, to learn content they did not learn during the previous school year.

Summer learning programs generally add instructional days to a school district's calendar, thereby extending the school year. The most effective summer learning programs are offered for five to six weeks for at least three to four hours each day.

Recommendations

Create an extended-year incentive program (\$50 million).

Commission recommendation #8

For more information

Presentations to the Commission and Other Resources
Jennifer Sloan McCombs, Catherine H. Augustine, Heather L. Schwartz, et al; <i>Making Summer Count: How Summer Programs Can Boost Children's Learning</i> (RAND Corporation, 2011)
Catherine H. Augustine, Jennifer Sloan McCombs, Heather L. Schwartz, Laura Zakaras; <i>Getting to Work on Summer Learning: Recommended Practices for Success</i> (RAND Corporation, 2018)

Teacher quality

Research shows that teacher quality is the single most important school factor influencing student academic achievement. Further, according to TNTP's research, effective teachers can not only dramatically improve assessment results in their students, but can also help students learn two to three additional months' worth of mathematics and reading compared to an average teacher, and five to six additional months more compared to low-performing teachers. In addition, students with effective teachers are more likely to go to college and earn higher salaries as adults and are less likely to become teenage parents.

Another education expert, Eric Hanushek, presented research to the Commission that quantifies the effect of teacher quality on a student's lifetime earnings, showing that students with effective teachers earn more than students with average teachers, and that students with ineffective teachers earn less than students with average teachers.

While the benefits of having high-quality teachers in the classroom are obvious, there may be many systemic barriers that keep the number of high-quality teachers as low as 20 percent of all teachers nationwide, as estimated by TNTP. Expert testimony revealed the following:

- Effective teachers are often not placed where they are needed most. Within school districts, the best teachers are often placed in the grade levels where they can help improve test scores (third and eighth grades) instead of the grade levels where they can contribute most significantly to learning (earlier grades). Across districts, teacher quality is usually lower in low-performing campuses and campuses with large numbers of economically disadvantaged and minority students.
- Most efforts to retain teachers are not targeted toward keeping the best teachers and tend to retain low-performing teachers at the same rate. Conversely, when districts have to trim their budgets, they often lay off their newest teachers instead of their lowest-performing teachers.
- Most salary schedules in Texas reward longevity and not necessarily teacher effectiveness.
- Teachers who seek higher salaries and increased responsibilities in leadership roles often have no option but to leave the classroom and become administrators.
- Teacher shortages are most significant in the areas of mathematics and science, and teacher shortages are usually felt the most strongly in low-performing campuses and campuses with large numbers of economically disadvantaged and minority students.

Dallas Independent School District

To overcome some of the systemic barriers to recruiting and retaining a workforce of high-quality teachers, some districts have implemented innovative strategies. In 2014, Dallas Independent School District implemented its Teacher Excellence Initiative (TEI), which provides both an evaluation and compensation system for all of the district's 10,000 teachers. All teachers are evaluated each year in two or three basic areas: effectiveness level (determined by classroom observations), student achievement (determined by raw test scores as well as relative improvement in test scores compared to peer groups), and student experience (determined by student surveys). The weight given to each of these components is differentiated by the subject and grade level taught.

The district uses the results of the evaluation process to assign each teacher to one of the following effectiveness levels: unsatisfactory, progressing (I and II), proficient (I, II, and III),

exemplary (I and II), and master. The district provides ongoing support and professional development opportunities to help teachers achieve their highest potential and remain focused on continuous improvement.

Since the district implemented TEI, it has experienced significant increases in both teacher effectiveness and the retention of the district's highly effective teachers. The number of teachers in the unsatisfactory level has dropped from 129 to 88, while the number of proficient II teachers has grown from 735 to 1,113. The district had no teachers at the exemplary II level in 2014–2015 but now has 74.

TEI's compensation system is based upon a teacher's effectiveness level and provides significant salary increases for teachers that perform at the highest levels. These increases allow the best teachers to earn salaries significantly above the state average within only a few years. The following chart shows the average salary increases across the district over the last three years for each effectiveness level:

Average Salary Increase by Effectiveness Level			
Effectiveness Level	Average Salary Increase		
	2015–2016	2016–2017	2017–2018
Unsatisfactory	\$0	\$0	\$0
Progressing I	\$2,627	\$718	\$621
Progressing II	\$2,732	\$1,088	\$1,117
Proficient I	\$2,484	\$1,383	\$1,224
Proficient II	\$3,703	\$3,120	\$2,160
Proficient III	\$4,439	\$4,242	\$4,367
Exemplary I	\$4,792	\$4,739	\$11,993
Exemplary II	\$1,993	\$5,000	\$17,555
Overall average	\$2,739	\$1,553	\$1,652

The initiative has greatly improved teacher retention in the district, resulting in fewer vacancies to fill with new teachers every year. Most significantly, however, the teachers that perform at the highest levels are choosing to remain in district classrooms, which benefits student outcomes and is key to improving student outcomes throughout the state. The following chart shows the distribution of teachers who remain with the district and those who have left:

Teacher Retention by Effectiveness Level						
Effectiveness Level	Still Teaching in District			Left District		
	2015–2016	2016–2017	2017–2018	2015–2016	2016–2017	2017–2018
Unsatisfactory	54 (42%)	48 (59%)	45 (51%)	74 (57%)	33 (40%)	43 (49%)
No level	239 (67%)	165 (77%)	156 (77%)	111 (31%)	49 (23%)	47 (23%)
Progressing I	1,603 (77%)	1,484 (79%)	1,187 (77%)	474 (23%)	398 (21%)	351 (23%)
Progressing II	2,113 (80%)	2,071 (83%)	1,924 (81%)	513 (19%)	413 (17%)	432 (18%)
Proficient I	3,219 (86%)	3,386 (87%)	3,583 (87%)	439 (12%)	433 (12%)	468 (11%)
Proficient II	671 (91%)	985 (92%)	2,022 (91%)	35 (5%)	69 (6%)	80 (7%)
Proficient III	298 (90%)	362 (95%)	522 (94%)	17 (5%)	12 (3%)	22 (4%)
Exemplary I	94 (89%)	79 (98%)	97 (95%)	8 (8%)	1 (1%)	5 (5%)
Exemplary II	n/a	55 (98%)	71 (96%)	n/a	0 (0%)	1 (1%)
Overall average	8,291 (82%)	8,635 (85%)	8,596 (85%)	1,668 (16%)	1,408 (4%)	1,449 (14%)

Lubbock Independent School District

Lubbock Independent School District has implemented two initiatives focused on improving teacher quality. Developed with Battelle for Kids, a national nonprofit organization, the e3 Educator Performance Awards Program rewards district instructional, support, and leadership staff for their contributions to student progress and achievement, and is available on all district campuses. The program uses a tiered structure of monetary awards in four “strands”: campus progress, content area progress, campus achievement, and individual progress. Staff are assigned an effectiveness level (one through five), and the effectiveness level and other factors, such as grade level, content area, student performance, and Texas Education Agency accountability ratings, are used to determine the amount of the monetary award in each strand. For teachers, the district uses the SAS® TXVAAS® teacher evaluation tool to measure the effect a teacher has on student academic progress.

The following chart shows the distribution of awards over the last six years:

	Award Payout across Years						
	2010–2011	2011–2012	2012–2013	2013–2014	2014–2015	2015–2016	2016–2017
Total payout	\$946,593	\$1,108,344	\$1,193,674	\$1,245,173	\$1,223,591	\$1,177,952	\$1,259,464
Number of employees receiving an award	1,418	1,461	1,744	1,967	1,935	2,211	2,207
Highest award received	\$2,700	\$2,900	\$4,050	\$3,150	\$3,289.50	\$3,600.50	\$3,550
Average award	\$668	\$758	\$672	\$633	\$628	\$533	\$570
Number of awards \$1,000+	373	449	415	473	426	439	473
Number of campuses receiving an award	36	39	45	43	40	40	43

The district’s r3 Award Program is an enhancement of the e3 program, and provides additional monetary awards to instructional staff on the four campuses designated as “turnaround schools” by the district superintendent. The program uses the same strands and tiers as the e3 program and provides additional matching awards for strands I and II, an additional \$10,000 for strand III, and an additional \$2,000 for strand IV.

Both of these programs have resulted in improved student performance and teacher retention in the district.

Another benefit has been the development of highly effective teachers into instructional coaches that can help other teachers improve.

Other district initiatives

The following are just a few of the school districts throughout the state that have implemented strategies to address teacher compensation through teacher performance.

Austin Independent School District. The district offers incentives and support for teachers who wish to pursue the National Board Certified Teachers (NBCT) credential. The rigorous NBCT certification process covers all teaching areas and can take 12 to 24 months to complete. The district helps teachers that pursue the credential by paying for up-front costs, providing support during the certification process, and offering stipends of \$2,000 per year as long as the teacher maintains the certification, regardless of the teacher's campus placement. NBCT teachers have been shown to have a positive effect on student growth.

Longview Independent School District. The district operates an innovative three-tiered teacher performance pay model to reward the work of teachers and campuses that are closing academic achievement gaps.

Pharr-San Juan-Alamo Independent School District. The district offers a performance pay model based upon a teacher effectiveness rubric that requires both classroom observation and student growth data.

Recommendations

The Commission recommends providing optional funding via weights in the school finance formula to provide districts with the substantial and necessary funds to pay meaningfully higher salaries to their most effective teachers should they elect to implement a multiple-measure evaluation system to determine who those effective educators are.

Commission recommendation #5

For more information

Presentations to the Commission and Other Resources
TNTP, <i>The Irreplaceables: Understanding the Real Retention Crisis in America's Urban Schools</i> (New York: 2012)
National Council on Teacher Quality, <i>Making a Difference: Six Places Where Teacher Evaluation Systems Are Getting Results</i> (2018)
Leo Lopez, Texas Education Agency, " Teacher Compensation Trends ," February 22, 2018
Eric Hanushek, Hoover Institution, Stanford University, " School Finance and School Outcomes: The Role of Incentives ," February 22, 2018
Michael Hinojosa, Dallas Independent School District, " Achieving Improved Student Outcomes ," February 22, 2018
Berhl Robertson Jr., Lubbock Independent School District, " Lubbock ISD e3 Awards ," February 22, 2018
Gary G. Godsey, Executive Director, Association of Texas Professional Educators, "Testimony From Association of Texas Professional Educators," February 22, 2018
Cody Newcomb, Superintendent, Center Point, Independent School District and Brian Stroman, Superintendent, Bloomburg Independent School District, "The Rural School View," February 22, 2018
Mike Morath, Texas Education Agency, " Teacher Compensation Practices ," May 29, 2018

Texas Essential Knowledge and Skills (TEKS)

See [Academic accountability](#).

DRAFT

Transportation allotment

School districts in Texas are authorized by state law to establish and operate an economical public school transportation system, or to contract with another entity to establish and operate a transportation system. The transportation allotment provides state funds to school districts for certain transportation of eligible students.

School districts can receive transportation allotment funds for transporting two types of eligible students. The first is “special-program students,” who are students with disabilities who require specialized transportation to access their academic programs and certain other related services, and who meet other eligibility requirements given in statute. The second is “regular-program students,” who do not require specialized transportation to access their academic programs.

School districts can receive transportation allotment funds for four categories of transportation services:

- Regular route services.
- Special route services.
- Career and technical education (CTE) route services.
- Private route services.

A school district’s transportation allotment for the previous school year is calculated by multiplying the total eligible mileage for the category by the per-mile rate for the category. The per-mile rate is determined using the district’s “effective linear density” and its cost per mile for the preceding school year.

Effective linear density is calculated by dividing the total average daily ridership attributable to students who live two or more miles from campus by the total eligible mileage attributable to transporting those students to and from school. Average daily ridership is annualized for all school districts by multiplying it by 180 before dividing by annual mileage, regardless of the number of days the district’s routes actually operated. The district’s per-mile rate is the lesser of the district’s cost per mile for the previous school year and a rate assigned according to the district’s linear density, as shown in the following table established by the Texas Legislature:

Linear Density Rate per Mile of Approved Route	
2.400 or above	\$1.43
1.650–2.399	\$1.25
1.150–1.649	\$1.11
0.900–1.149	\$0.97
0.650–0.899	\$0.88
0.400–0.649	\$0.79
Up to 0.399	\$0.68

The total transportation allotment for the 2017–2018 school year was \$379 million.

Because school districts designated as [Chapter 41](#) districts have local shares that exceed their total cost of [Tier I](#) entitlement, and because transportation is excluded from the calculation of [weighted average daily attendance \(WADA\)](#), they do not receive the benefit of the transportation allotment.

Recommendations

Base transportation funding on mileage.

Commission recommendation #16

Provide transportation funding to Chapter 41 districts.

Commission recommendation #17

For more information

Presentations to the Commission and Other Resources
Texas Education Code §12.106(b) and §42.155
Texas Education Agency, School Transportation Allotment Handbook. Effective Beginning with 2017–2018 School Year

DRAFT

Weighted average daily attendance (WADA)

The term weighted average daily attendance (WADA) refers to a specialized calculation of the number of students that is used in calculations involving the [Foundation School Program \(FSP\)](#). In general, the number of WADA is calculated by summing a district's [Tier I](#) allotments, making some adjustments, and dividing that sum by the amount of the [basic allotment](#). The calculation of WADA is described in the Texas Education Code §42.302(a) as follows:

“WADA” is the number of students in weighted average daily attendance, which is calculated by dividing the sum of the school district’s allotments under Subchapters B and C, less any allotment to the district for transportation, any allotment under Section 42.158 or 42.160, and 50 percent of the adjustment under Section 42.102, by the basic allotment for the applicable year.

WADA is used to calculate [Tier II](#) and Chapter 41 [recapture](#) amounts.

For more information

Presentations to the Commission and Other Resources
Texas Education Code §42.302(a)

Weighted student funding

Like that of many other states, the Texas school finance system provides school districts with a regular per-pupil funding amount and also provides additional funds for students that have certain characteristics that may increase the cost of their education, such as bilingual students, gifted and talented students, and educationally disadvantaged students (compensatory education). This student weighting system entitles school districts to an annual allotment calculated by multiplying the district's per-pupil allotment by a funding weight established in statute. The table below shows the current funding weights:

Program	Funding Weight
Regular program (ADA)	1.00
Special education (FTE)	various weights (subtracted from regular program)
Career and technology (FTE)	1.35 (subtracted from regular program)
Advanced CTE	\$50 (per each eligible CTE course)
Gifted and talented	0.12 (capped at 5% of district average daily attendance [ADA])
Compensatory education (FTE)	0.20
Pregnancy related services (FTE)	2.41 (part of compensatory education)
Bilingual education (ADA)	0.10
Public education grant (ADA)	0.10
New Instructional Facility Allotment	up to \$1,000 (per student in ADA in the new facility)
High school allotment	\$275 (per high school student in ADA)

For more information

Presentations to the Commission and Other Resources
Texas Education Agency, "Texas Public School Finance Overview," April 2018