



Testimony of Michael Barba
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My name is Michael Barba and I am testifying on HB 21. HB 21 makes adjustments to the finance system, especially by providing a new weight for dyslexic student and folding funds into the Basic Allotment. It is a first step toward addressing a fundamental problem in the system.

The fundamental problem is that Texas collects revenue through a *local* property tax to fund a *statewide* obligation. But this was not always true: the obligation to maintain education was established in our 1876 constitution, and we supported it through statewide taxes. However, in 1968, Texas prohibited a statewide property tax,¹ so we began to rely upon a *local* property tax.² The result was widely inequitable funding. Recapture was established to remedy this problem.³

But Recapture aims at district equity, not student equity. Currently, revenue does not flow *at all* in the way intended by the state system of weights.⁴

This fact prompted families in far West Texas to file suit against their school district because some schools received over 40 percent more than others.

The Texas Supreme Court ruled against the family because they had not exhausted their administrative appeals process in the TEA. However, the completion of this process comes too late to help the children. Our state *must* place a higher priority upon ensuring that revenue allotted for certain students is used for those students.

Average Per Student Allotment in Clint ISD Schools, 2006 - 2010

School	Allotment
Clint High School	\$ 9,435
Mountain View High School	\$ 7,553
Horizon High School	\$ 6,726
Clint Middle School	\$ 7,192
East Montana Middle School	\$ 6,663
Horizon Middle School	\$ 4,958

Source: Clint ISD v Santa Herrera Marquez, et. al., Brief of Amici Curiae in Support of Appellants.

¹ [S.J.R. 32](#), 60th R.S. (1967). This became Article 8, Section 1-e.

² The problem was summarized in [Edgewood I](#), at 2, 6:

There are glaring disparities in the abilities of the various school districts to raise revenues from property taxes because taxable property wealth varies greatly from district to district. The wealthiest district has over \$14,000,000 of property wealth per student, while the poorest has approximately \$20,000; this disparity reflects a 700 to 1 ratio.... The structure of school finance [in 1876] indicates that such gross disparities were not contemplated. Apart from cities, there was no district structure for schools nor any authority to tax locally for school purposes under the Constitution of 1876. The 1876 Constitution provided a structure whereby the burdens of school taxation fell equally and uniformly across the state...

³ [S.B. 7](#), 73rd R.S.

⁴ Roza, Marguerite, [Educational Economics: Where do School Funds Go?](#), 1st ed. (Washington, D.C.: Urban Institute, 2010), 33- 60; Hill, Paul T., Marguerite Roza, and James Harvey, [Facing the Future: Financing Productive Schools](#) (Seattle, WA: The Center on Reinventing Public Education, December 2008), 9-17; Hansen, Janet S., Gina Ikemoto, Julie Marsh, and Heather Barney, [School Finance Systems and Their Responsiveness to Performance Pressure: A Case Study of Texas](#) (Seattle, WA: Center on Reinventing Public Education, March 2007), 37. Hansen and her colleagues concluded about Texas, “the state funding formulas [have] for many years been weighted by student needs. Statewide, however, it appeared to us that use of weighted formulas for distributing district funds to schools was still very much the exception rather than the rule.”

Summary Analysis of House Bill 21

Section 1

- Under HB 21, districts are allowed to charge transportation fees for students for whom they previously received funds under [TEC 42.155](#), which is repealed under HB 21.
- Previously, districts could only charge fees if:
 - the district did not receive funding under [TEC 42.155](#), and
 - the district did not participate in a county transportation system.

Section 2

- Under current law, school districts can transport Pre-K students and receive funding under [TEC 42.155](#). Under HB 21, districts providing such transportation wouldn't receive this funding because [TEC 42.155](#) is repealed.

Section 3

- Cleans up TEC Ch. 29 to remove references to the High School Allotment ([TEC 42.160](#)), which is repealed under HB 21.

Section 4

- Under current law ([TEC 42.155\(j\)](#)) the Texas School for the Deaf receives transportation funding as determined by the TEA. Under HB 21, [TEC 42.155](#) is repealed, and the School would receive transportation funding from the Foundation School Fund (FSF).

Section 5

- Under current law ([TEC 30.087\(c\)](#)), regional day schools for the deaf receive special education transportation funding ([TEC 42.155](#)). Under HB 21, [TEC 42.155](#) is repealed, and these day schools would receive an allotment paid from the FSF.

Section 6

- County transportation systems would not be able to receive direct state funding; they can contract with school districts.

Section 7

- Cleans up the accountability / assessment requirements under [TEC 39.0233](#) to remove references to tests that measure the benefit of the High School Allotment ([TEC 42.160](#)), which is repealed under HB 21.

Section 8

- Under current law ([TEC 41.002\(e\)](#)), a district's Equalized Wealth Level⁵ (EWL) could not fall below their 1992-93 EWL. HB 21 repeals 41.002(e). This section cleans up [TEC 41.099\(a\)](#) to remove references to 41.002(e).⁶

⁵ A school district's total wealth level is equal to total property wealth / number of students. For example, if a district has \$70 million in property wealth and 100 students, it has a wealth level of \$700,000 per student. With this amount of wealth, they could raise a lot of local property tax revenue. Therefore, the state established a ceiling that effectively says: 'even if you have \$700,000 of property wealth per student, you can only collect property taxes as if you had \$476,500 of property wealth per student. Everything above that, we get to keep.' This limit is the EWL.

⁶ [TEC 41.099\(a\)](#) stated that the 1992-93 limit only applied if a district met certain requirements.

Section 9

- Under current law ([TEC 41.257](#)), the transportation allotment ([TEC 42.155](#)) is maintained despite district consolidation. Under HB 21, [TEC 42.155](#) is repealed; the transportation reference is accordingly removed.

Section 10

- Under HB 21, the number of students with dyslexia-related disorders would be counted and reported to the TEA.

Section 11

- Under current law, funds for special education must be used for that program, except in the case of indirect cost allotments.⁷ Under HB 21, an additional exception is added so that funds can be used for special education transportation.

Section 12

- Under current law, funds for the Career & Technology (CT) program⁸ must be used for that program, except in the case of indirect cost allotments. Under HB 21, an additional exception is added so that funds can be used for special education transportation.

Section 13

- Under current law, the SBOE revised the indirect cost allotments to account for SB 1 and SB 2 of the 82nd Legislature in 2011. Under HB 21, the SBOE will revise these indirect cost allotments to account for increases to the Basic Allotment⁹ and this bill.

Section 14

- Under HB 21, a new student program for students with dyslexia is established and funded with a weight of 0.1. Only two other programs have this level of funding: bilingual education ([TEC 42.153](#)) and public education grants ([TEC 42.157](#)).
- Under HB 21, no more than 5 percent of a district's average daily attendance (ADA) can receive funding under the dyslexia program. Only one other program has this limit: the Gifted and Talented program ([TEC 42.156\(c\)](#)).

Section 15

- This section removes the High School Allotment ([TEC 42.160](#)) and the transportation allotment ([TEC 42.155](#)) from the WADA formula.¹⁰ Section 17 repeals these statutes.

⁷ Under current law, the state funds various student programs, but allows ISDs to use funds allotted for that program for other purposes.

⁸ The Career & Technology program is established under [TEC 29.182](#).

⁹ Under [TEC 42.007\(c\)\(1\)](#), the Basic Allotment is defined as “the cost per student of a regular education program which, combined with Tier 2 allotments, meets all mandates of law and regulation.”

¹⁰ As revised by HB 21, the WADA formula is:

Section 16

- This section establishes statutes TEC 42.451 – 42.459, which ensure that certain decreases in funding do not take effect. This hold-harmless operates under these rules:
 - TEA will administer the grant funding.
 - Districts are eligible if their revenue per WADA is less than in 2016-17.
 - Districts are given priority access if their funding is decreased because of:
 - ASATR¹¹
 - HB 21
 - Other reasons
 - The hold-harmless expires in September 2019.

Section 17

- This section repeals the following:
 - TEC 29.097(g): encourages districts to use High School Allotment for technology programs to decrease dropout rates;
 - TEC 29.098(e): encourages districts to use High School Allotment for summer programs to decrease dropout rates;
 - TEC 34.002(c): districts not meeting bus safety standards will not receive funding under [TEC 42.155](#);
 - TEC 39.233: TEA shall evaluate graduation rates to determine the effect of the High School Allotment;
 - TEC 39.234: governs the use of the High School Allotment;
 - TEC 41.002(e), (f), and (g): affect the wealth per WADA a district is allowed;
 - TEC 42.1541(c): requires the SBOE to establish “indirect cost allotments;”
 - TEC 42.155: establishes the Transportation Allotment;
 - TEC 42.160: establishes the High School Allotment;
 - TEC 42.2513: provides Additional Aid for Staff Salary Increases.

$$\frac{\left[\begin{array}{c} \text{Total} \\ \text{Tier 1} \\ \text{Allotment} \end{array} - \begin{array}{c} \text{Transportation} \\ \text{Allotment} \\ \text{(removed)} \end{array} - \begin{array}{c} \text{New} \\ \text{Instructional} \\ \text{Facilities} \\ \text{Allotment} \end{array} - \begin{array}{c} \text{High} \\ \text{School} \\ \text{Allotment} \\ \text{(removed)} \end{array} + \begin{array}{c} \text{Pre-School} \\ \text{Allotment} \end{array} \right] \left[1 - \frac{\left(\begin{array}{c} \text{Adjusted} \\ \text{Basic} \\ \text{Allotment} \end{array} - \begin{array}{c} \text{Basic} \\ \text{Allotment} \end{array} \right)}{\begin{array}{c} \text{Adjusted} \\ \text{Basic} \\ \text{Allotment} \end{array}} \right]}{\text{Basic Allotment}} = \text{WADA}$$

¹¹ Additional State Aid for Tax Relief (ASATR) is the largest hold-harmless provision in the school finance system. It was established when the 79th Legislature significantly decreased property taxes; to ensure no subsequent decrease in funding, ASATR guaranteed that districts would receive the same revenue per student as they did before the cut.