

Texas Association of School Administrators
Summary of Senate Substitute for HB 1
May 12, 2006

HB 1 passed the Senate on May 10, 2006, by a vote of 31-0. The House concurred with the changes added by the Senate today by a vote of 136-8. Below is a summary of the major provisions of this legislation that will be sent to the Governor. This is a preliminary interpretation of HB 1. HB 1 is subject to the interpretation of the Texas Education Agency.

Taxes & School Finance

- Reduces M&O tax rate by 17 cents (for those at the \$1.50 cap) or to 88.67% of current tax rate in 2007 and by an additional 33 cents (for those at the \$1.50 cap) or to 66.67% of current tax rate in 2008.
- The levels of the basic allotment, guaranteed yield and equalized wealth level would be set at the 88th percentile for Tier I (currently 73rd percentile). The basic allotment would be increased to \$2,748, the yield would increase to \$31.95, and the equalized wealth level would increase to \$319,500.
- *Districts at the \$1.50 cap* would be permitted to access 4 pennies of enrichment without voter approval in 2006-07 and 2007-08. These pennies would not be subject to recapture and would be equalized to the level of Austin ISD (currently 94.5th percentile). The next two pennies would require voter approval but would not be subject to recapture. These two pennies would also be equalized to Austin ISD's yield.
- *Districts below the \$1.50 cap* are authorized to access four pennies of enrichment without voter approval in 2006-07 and 2007-08. These districts could access two additional pennies in 2008-09 without voter approval. These pennies would not be subject to recapture and would be equalized to Austin ISD's yield.
- *For all districts* - The pennies available after 6 cents would require voter approval and would be subject to recapture and equalization at the 88th percentile.
- Districts would be required to separate their M&O and I&S tax rates on tax notices.
- Sets a one-time uniform election date of September 30, 2006. Districts must order a rollback election by August 31.
- \$275 High School Allotment (ADA) in grades 9-12 to implement college readiness programs, encourage students to pursue advanced academic opportunities, among other things. Provides for waivers on spending to allow expenditures on any instructional program in grades 6-12 excluding athletics for districts with exceptional performance.

Employees

- Provides for a \$2,500 salary increase for full time teachers, nurses, counselors, and librarians. The \$500 supplement that employees currently receive is included in this amount. This money will flow through the formulas. The bill eliminates the health care supplement but allows employees to designate a portion of the salary increase as a health care supplement each year.
- Auxiliary staff would be provided \$500 salary increase that is replacing the health supplement that districts previously received. This will flow as a direct grant to districts. This salary increase is replacing the supplement money they have received in the past. (Language was eliminated that provided state funding for only one year.)
- Provides that districts may assign mentor teachers. Funds distributed to schools for this program can only be used for stipends, training, and time needed for mentoring.
- Creates a training program for principals that would be funded from grants, donations, etc.
- Requires districts to provide language in their employment contract that qualifying employees may receive an incentive payment.

Incentives

- Student Achievement Program – Grant based program for campuses in the top half of campuses with respect to the percentage of students who are educationally disadvantaged and are rated exemplary or recognized or are in the top quartile comparable in improvement in math or reading. A campus receiving the grant would be required to spend 75 percent for incentive payments to classroom teachers. Award amounts would be between \$3,000 and \$10,000 per teacher and could only be given to teachers who demonstrate improved student achievement.
- Educator Excellence Award Program – Sixty percent of these awards would be distributed to classroom teachers for improved student achievement and the remaining funds could provide mentor stipends, shortage area stipends, post graduate stipends, awards to principals who improve student achievement, or other campus employees.

School Districts

- Requires school districts to begin classes on the fourth Monday in August (This date would fall between August 22-28.) beginning with the 2007-08 school year. There is no end date and the waiver option for districts is eliminated.
- Requires four years of math and science in high school.
- Allows students to earn a minimum of 12 semester hours of college credit upon graduation from high school.
- Provides districts with flexibility in the number of hours in a day or number of days in a week for at risk students (Optional Flexible School Day)
- Requires all school districts to hold a joint election with a municipality in the district on the same election date in the same polling place.

- Requires TEA to develop end-of-course assessment instruments to determine the placement of students in a course with the same subject matter in institutions of higher education.
- Provides that the commissioner can create an indicator that measures administrative management through the use of cooperative shared service arrangements in FIRST beginning in 2007-08. The commissioner could require a district to enter into a shared service agreement if the district fails a FIRST rating and the commissioner believes such an agreement would improve efficiency.
- For those districts that employ an internal auditor, those auditors would have to be hired by the board and not the superintendent. In addition, the auditor would report directly to the board.
- Requires districts to post a proposed budget summary at the same time the district posts notice of the budget. The summary must include aggregate per student spending on instruction, instructional support, central administration, district operations, debt service, and other information as determined by the commissioner.
- Requires the commissioner to establish and publish spending targets for each district based on best practices of campuses and districts. Targets would be established for instruction, central administration, district operations, and other categories as determined by the commissioner. Those districts, which adopt a budget that exceeds the commissioner's targets, must publish a resolution that justifies their actions.
- Instructs the commissioner to contract with a third party to conduct a review of the accounting system and improved transparency, additional information on campus spending, among other things. Transfers control of the accounting system from the SBOE to the commissioner.

Accountability & TEA

- Requires TEA to establish a best practices clearinghouse related to instruction, resource allocation, and business practices.
- Provides that the commissioner must adopt a rule that provides a process by which districts can challenge their financial or academic rating. The commissioner must appoint a committee that will make recommendations to the commissioner. The commissioner makes a final determination, which cannot be appealed.
- Districts wishing to appeal the closure or private management of a campus or district could only make that appeal to the State Office of Administrative Hearings (SOAH). A decision by SOAH is final and cannot be appealed.
- Requires the commissioner to develop a method to determine annual improvement in student achievement from one year to the next based on state assessments. The agency is required to create expected levels of improvement for each student and report whether the student met, fell below, or exceeded that level of improvement. Results would be provided to students and parents.
- Adds an indicator measuring progress toward post secondary success. Adds another indicator measuring the progress toward English language proficiency.

- Adds three accreditation levels: accredited, accredited-warned, and accredited-probation. Accreditation would be based on the financial and academic accountability system. Districts that are not accredited would be prohibited from receiving state funding and could not operate as a public school.
- Allows the commissioner to appoint technical assistance teams or campus intervention teams at those campuses that are rated academically acceptable in the current year but would be rated academically unacceptable in a subsequent year. If rated academically unacceptable for two years, the commissioner must order the reconstitution of the campus. The team would determine which employees would be retained but a principal on a campus for those two years could not be retained. The team would remain on the campus until the campus is rated academically acceptable for two consecutive years. If a campus continues to be rated academically unacceptable for two consecutive years after the team has been appointed, the commissioner must pursue outside management by a nonprofit or order closure of the campus. Districts would incur the costs of a technical assistance team, outside management team, or other required service provider.
- Provides that the commissioner may order a district or campus to hire a professional to address a financial, assessment, data-quality, program, or governance deficiency.

Miscellaneous

- Allows students to possess and self-administer prescription anaphylaxis while at school or on school property.
- Allows children of active-duty military members and member who were killed or injured while on active duty to qualify for prekindergarten.
- Creates a summer program for high school students who are high achieving. (Texas Governor's School)
- Extends TEA sunset to 2012 from 2007.