

Preliminary Summary of School Finance Bill
HB 3646 – Hochberg
May 31, 2009

School Finance

Sets the Basic Allotment at the greater of \$4,765 or 1.65 percent of the average statewide property value for the first 100 pennies using prior year values. The Equalized Wealth level is set at \$476,500 and is tied to the Basic Allotment. Provides a minimum annual increase of approximately \$120 WADA and caps the annual increase at \$350 WADA.

The first 6 pennies above the compressed rate remain at the Austin ISD (AISD) yield and are not recaptured. The yield for pennies above the compressed rate plus the 6 AISD pennies remains at \$31.95 per penny and remain subject to recapture at an equalized wealth level of \$319,500.

Extends the mid-size adjustment to chapter 41 districts, creates a permanent roll forward of the Existing Debt Allotment, and provides funding from General Revenue to pay for compensatory set-asides.

Requires districts to spend the greater of \$60 per WADA, or an amount equivalent to \$800 for employees on the minimum salary schedule for across the board pay raises above any step increases under a district's 2008-09 salary schedule for both the 2009-10 and 2010-11 school year. This pay raise includes speech pathologists. Allows district to reduce the salary increase to pay for costs related to social security and statutory minimum payments for TRS. Provides the salary increase applies to charter schools and Windham.

Moves the Highs School Allotment to Tier I. Districts not receiving state aid would receive credit for the allotment similar to the treatment of NIFA.

Eliminates the following hold harmless provisions: homestead exemption (1997); salary schedule increase (1999); employee insurance (2001); \$110 WADA (2003); and \$2500 pay increase (2006).

Allows districts to count students attending dual credit courses for ADA purposes even if a student pays tuition, fees, or for required textbooks. Proposes an interim study on the issue.

Provides \$50 per ADA to students enrolled in two or more CTE courses or an advanced course as part of a tech-prep program.

Provides that South Texas ISD will receive \$120 per WADA. Also provides charter schools with the \$120 per WADA gain and moves charters to state-average funding formulas.

Provides districts with an additional \$650 for each student in ADA who has a parent or guardian serving on active duty in a combat zone and for each student who has transferred to a campus as a result of a military base realignment.

Incentive Pay Programs

Requires notification for teachers and principals eligible to receive the awards of the specific criteria and any formulas on which the awards will be based prior to the period for which the awards will be based. Eliminates the TEEG program and continues the DATE program. Prohibits districts current use of DATE funds to pay stipends for teachers that hold postgraduate degrees. Allows districts to use DATE funds for mentoring and teacher induction programs.

Restrictions on Expenditure of Local Funds

Requires school districts to adopt a policy governing the expenditure of local funds from vending machines, rentals, gate receipts, or other local sources over which the district has direct control. The policy must require discretionary expenditures of local funds to be related to the district's educational purpose and provide a commensurate benefit to the district or its students and must meet constitutional requirements regarding the expenditure of public funds. Applies to all such funds spent on or after September 1, 2009.

Open-enrollment charter school facilities credit enhancement program

Provides that this program may be established by commissioner rule. The purpose is to assist charter holders in obtaining financing for the purchase, repair or renovation of real property, including improvements to real property, for facilities. The rules may limit participation to charters that meet standards for financial stability, compliance with applicable state and federal program requirements, and student academic performance and impose minimum requirements for debt service reserve. One percent of the total amount appropriated for the FSP may be allocated for these purposes. Requires matching private funds for this program.

Interim study on dual credit programs and courses

Requires the commissioner of education, in collaboration with the commissioner of higher education, to conduct a study focusing on the costs to the state, school districts, community colleges and students. The commissioner is required to make recommendation to the 82nd Legislature on how to provide all students with the opportunity to earn 12 semester credit hours of college credit before graduating from high school, how to ensure efficient use of state resources, and how to promote the ability of students to access quality dual credit courses.

Texas Virtual School Network

Requires TEA to evaluate whether providers of different types of electronic courses offered through the TVSN should receive varying amounts of state funding based on the type of course provided. The report is to be submitted to the legislature by January 1, 2011.

Requires TEA to investigate the feasibility of making language acquisition courses through the TVSN, by obtaining state subscriptions or pursuing other means of access. Provides that a report must be submitted to the legislature by January 1, 2011, including recommended mechanisms for ensuring progress towards language proficiency.

Directs TEA to investigate the feasibility of creating one or more series of courses to be provided through the TVSN that focus on the educational needs of students in alternative education settings, including students in DAEPs and in JJAEPs. The report is due January 1, 2011.

Texas Virtual School Network Allotments

For a student who successfully completes an electronic course satisfying a curriculum requirement for graduation, provided through the TVSN as part of a normal course load, the district or open-enrollment charter school that provided the course is entitled to a \$400 allotment; the district or open-enrollment charter school in which the student is enrolled is entitled to an \$80 allotment as reimbursement for administrative costs. A portion of appropriated funds (up to 50%) may be set aside by the commissioner to pay the costs of providing electronic courses through which students may recover academic credit for courses in which the students were previously unsuccessful; a portion of these funds may also be set aside to assist students in alternative education settings.

Select Committee on Public School Finance Weights, Allotments, and Adjustments

Recreates a 15-member Select Committee is established to conduct a comprehensive review of weights, allotments, and adjustments under the public school finance system, including all current weights, allotments, and adjustments and any others that may be recommended by the committee, consisting of four members of the Senate, four members of the House, the commissioner, three educators and three business community representatives. Requires the committee to hold an organizational meeting no later than October 1, 2009, and shall issue a report of findings and recommendations by December 1, 2010.

Seat belts on School Buses

Adds new language to the Transportation Code providing that a school district is required to comply with seat belt requirements only to the extent that TEA pays or commits to pay the district, through grants of appropriated funds, for expenses incurred in complying with that requirement