

Testimony before the
Joint Meeting of the House Appropriations and Public Education Committees
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In recent sessions, Legislators have called for a more-efficient, understandable system for funding PreK-12 public education.

A Plan for Texas

For the past year, we have been working on a response to that request, the four basic steps being:

1. Establish a set of basic principles to guide decisions
2. Identify inefficient and/or unnecessarily complex funding elements
3. Develop a simple, efficient solution that treats all districts fairly
4. Provide for a reasonable transition

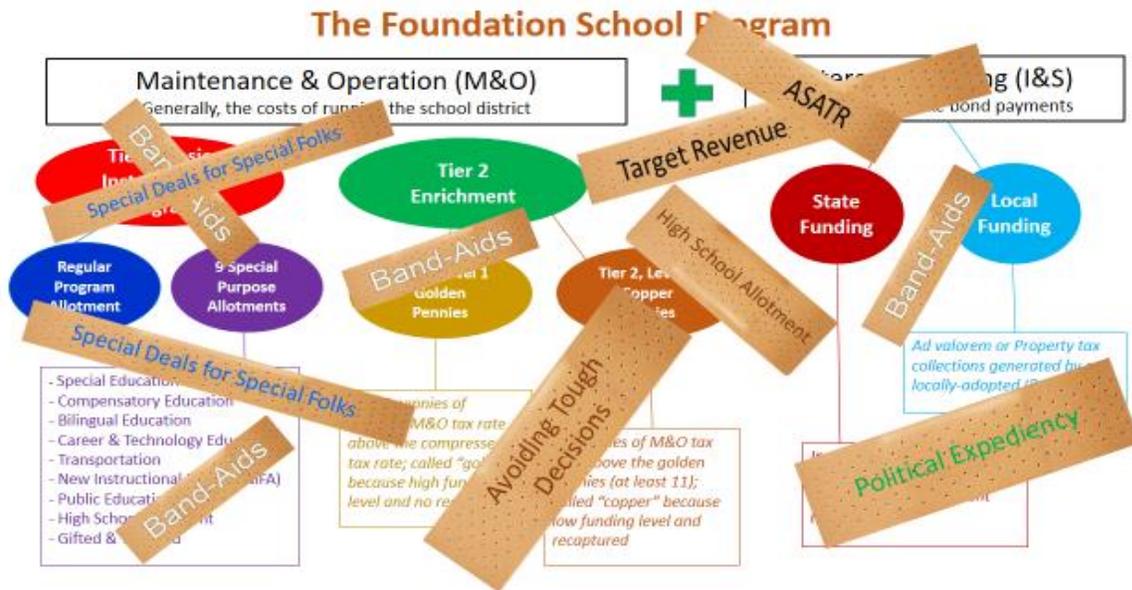
Three Principles of an Efficient School Funding System

- A world-class, free public education system must be our new standard, because we compete on a global basis. A second-rate system of public education will result in a second-class Texas.
- Children in any Texas school district must have access to educational opportunities that are appropriate to their needs and similar in quality to those provided to children in any other Texas district. An efficient school funding system does not pick winners and losers among children; all children are given an even chance.
- An efficient system is devoid of waste. Differences in funding that are not justified by differences in either tax effort or educational and operational costs that are beyond a district's control must be eliminated in order for available resources to be focused on real costs.

Eliminate Inefficient Funding Not Based on a State-Recognized Cost

- **Eliminate hold harmless provisions**—they have been around long enough and other districts are tired of paying for them
 - 1994 Wealth Hold Harmless
 - Do not recreate the repealed ASATR/Target Revenue hold harmless
- **Eliminate Early-Agreement discounts**—signing a piece of paper on September 1 instead of September 2 does not warrant special funding
- **Simplify the calculation of the local share without using prior year values**
- **Eliminate outside-the-system funding**, such as the Staff Allotment

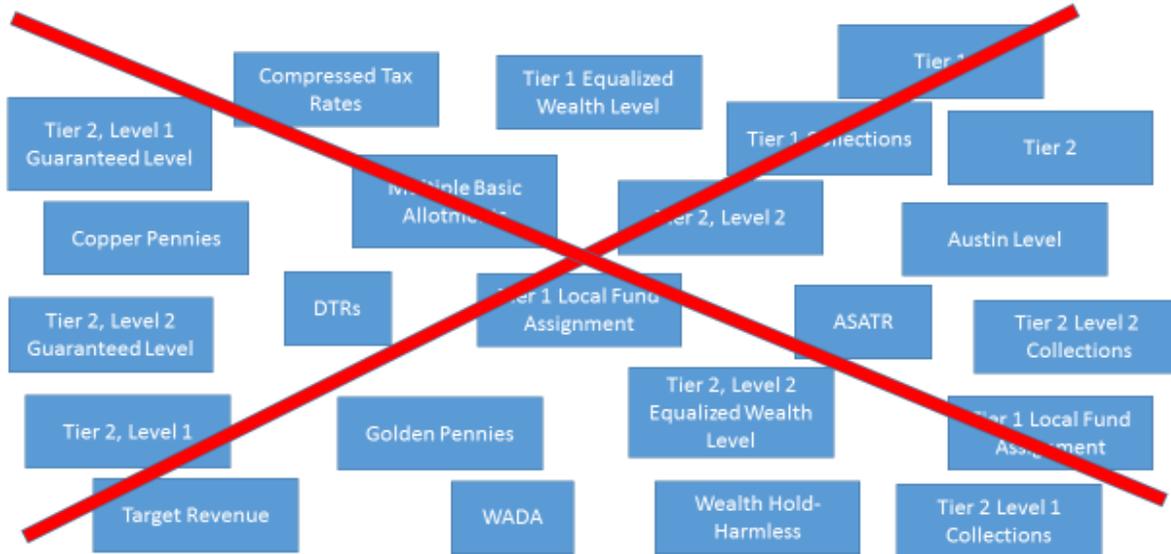
We have the basis of a good system; we just need to remove the band aids to get down to it.



Simplify! Simplify! Simplify! (And Improve! Improve! Improve!)

- Eliminate 4 of 9 Tier 1 Funding Categories/Allotments
 - **Eliminated:** High School Allotment, New Instructional Facilities Allotment, Gifted/Talented, and Public Education Grants (PEG) Allotments
 - **Retained:** Regular Program, Special Education, Bilingual, Compensatory Education, Transportation, and Career & Technology
- Fix problems with using the “less than 300 square miles” formula for small districts’ diseconomy of scale and the negative impact of using only half of the CEI for Tier 2 funding
- Eliminate the entire category of “Other Programs” (currently 14 line items)
 - Economic development funding (i.e., TIFs, TERFs, and 313 agreements) is one of the “Other Programs” items. These should be moved to a single line item for simplicity and transparency
 - Fund Texas School for the Deaf and Texas School for the Blind directly through TEA, cutting out schools as the middle man

Terms, Phrases, Categories, Formulas No Longer Needed



A Simple Plan

The Basic Funding Level: Efficient Funding for Special Needs and Costs

Base funding for all districts is the sum of the following six funding categories/allotments. This plan does not change current student and district weights for these categories. Changes to weights are determined by the Legislature, but should be based on unbiased and objective studies to reflect actual costs. Before these are done, the foundation should be fixed.

Regular Program Allotment
Special Education Allotment
Career and Technology Allotment

Compensatory Education Allotment
Transportation Allotment
Bilingual Allotment

Funding Beyond the Allotments

These six allotments are intended to provide sufficient funding for *any* district to be fully accredited and to meet other State requirements and goals. However, it is impossible to hone an edge that fine, so districts need access to additional funds in the event the sum of the categorical aid is insufficient or other special needs arise.

The plan also recognizes that communities have unique needs and expectations that require access to enrichment funding above the sum of the six allotments. Districts willing to tax higher

to have the resources to meet those needs and expectations are provided an equalized opportunity to do so in this plan.

How it all comes together

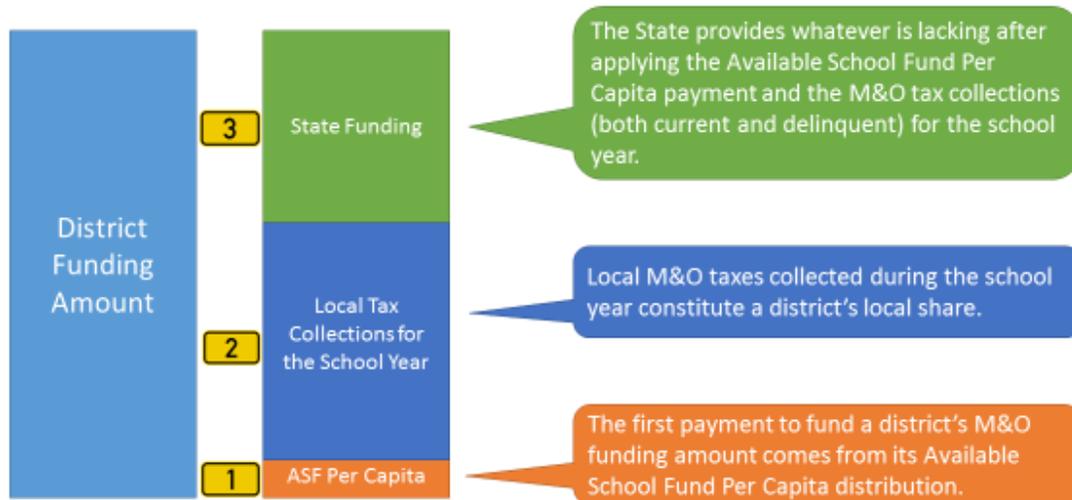
It all works together as shown in the four examples shown in the following table.

Assume a district’s Basic Funding Level (i.e., the sum of the 6 allotments) totals \$1 million (for easier math).

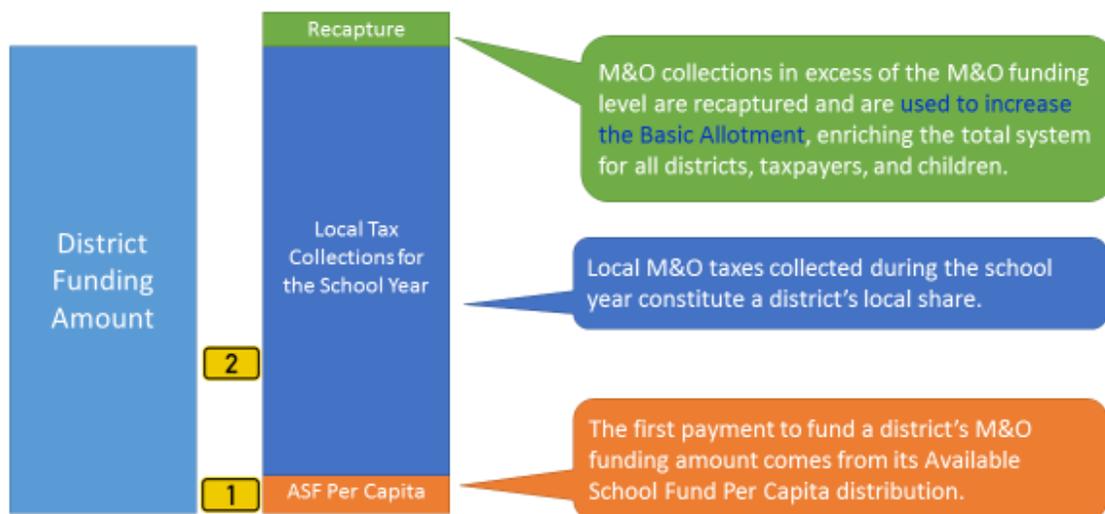
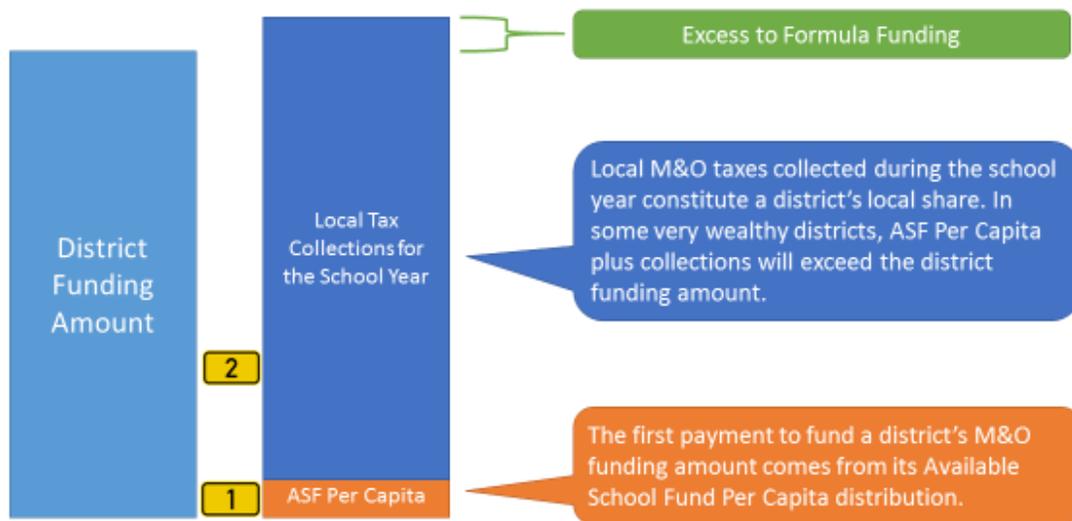
Base Funding Level	Adopted Tax Rate	Calculation	District Funding Amount
\$1,000,000	\$0.90	\$1,000,000 x 0.90	\$900,000
	\$1.00	\$1,000,000 x 1.00	\$1,000,000
	\$1.04	\$1,000,000 x 1.04	\$1,040,000
	\$1.17	\$1,000,000 x 1.17	\$1,170,000

That’s it. Nothing else is needed to determine funding. Everyone gets the allotments, plus up to 17% extra for enrichment. There are NO Tier 2 calculations; in fact, there is no Tier 2!

Where Funding Comes From...State and Local Mix



With the higher Basic Allotment (savings could allow more than \$300 to be added to the current \$5,140 BA), there are fewer districts subject to recapture, but there still will be some.



With Respect to Savings, Taxes and Recapture

- All dollars saved from removing inefficiencies are used to increase the Basic Allotment
- Any increase in recapture, as they occur year-to-year are used to increase the Basic Allotment, benefitting all districts, rich and poor
- All public education tax collections are used to fund public education