

## **BILL ANALYSIS**

C.S.H.B. 2  
By: Grusendorf  
Public Education  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Since its very first Constitution, Texas has made education of every child its primary goal. Today, Texas is facing a crisis in providing funding for the public education system. Property taxes are too high, schools do not have the flexibility to raise additional revenue to meet the rising costs of educating children, and our current system of finance is being challenged in the courts. It is necessary to overhaul the public education system by stabilizing and improving funding for public education in Texas.

Whenever the funding of our public schools is addressed it is important to keep our children's education at the forefront of the discussion. For this reason it is essential to address and encourage student achievement and progress. Introducing an incentive program and focusing on other education reforms are necessary pieces to solve the larger puzzle of school finance.

The purpose of CSHB 2 - A Roadmap to Results, is to promote educational excellence and simplify the way by which the state funds its public schools.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the Commissioner of Education in SECTION 1A.01, SECTION 2A.06, SECTION 2B.02, SECTION 2D.07, SECTION 2D.17, SECTION 2D.20, SECTION 2D.21, SECTION 2D.23, SECTION 2D.28, SECTION 2D.34, SECTION 2E.03, SECTION 2F.01, and SECTION 3.19; to the Legislative Budget Board in SECTION 1A.01; to the Commissioner of Higher Education and the Commissioner of Education in SECTION 2B.01; to the State Board for Educator Certification in SECTION 2A.01, SECTION 2A.02, and SECTION 2A.03; to the Texas Education Agency in SECTION 2D.31; to the State Board of Education in SECTION 1A.01; and rulemaking is transferred from the State Board of Education to the Commissioner of Education in SECTION 2D.27 of this bill.

### **ANALYSIS**

#### **Education Funding:**

The Foundation School Program consists of two tiers: a foundation tier and an enrichment tier.

CSHB 2 creates a number of allotments to school districts for different areas of the educational system. The core funding for school programs is in the accreditation allotment for each student in average daily attendance. In addition, there are funding allotments for special education, accelerated programs, transitional programs focusing on bilingual education and special language, career and technology and public education grants.

A maintenance of effort provision prohibits districts from spending less per student in average daily attendance than what was spent during the 2004 - 2005 school year for the following programs: special education, supplemental programs for the purpose of eliminating disparity on assessment instruments, bilingual education, career and technology, and gifted and talented programs.

Beginning in the 2006 - 2007 school year the instructional materials and technology allotment is created to allow districts to purchase approved instructional materials, including those which are online. In addition, school districts will receive an allotment for transportation. The new instructional facilities allotment, small and mid-sized district adjustment, and sparsity adjustment will be maintained.

The Enrichment Program will provide school districts the opportunity to supplement the basic program. Districts will be able to levy an enrichment tax up to \$0.10, and no more than \$0.02 per year. A school district's enrichment tax rate must be approved by voters. A district may exceed \$0.02 per year for enrichment if two-thirds of the voters approve the increase.

An updated cost of education index will be phased in over the next two years. The Legislative Budget Board will recalculate the index each biennium.

An incentive payment will be made to employees of school districts who demonstrate superior success in value-added student achievement.

Equalization:

CSHB 2 redefines equalization based on the difference between local property tax revenue and formula entitlements, subject to specific limitations in the bill.

School District Efficiency:

CSHB 2 allows a school district to enter into a cooperative agreement with another district or governmental entity in this state in order to reduce costs, operate more efficiently and improve educational quality. It also requires the Comptroller to periodically examine the effectiveness of school districts in collecting district taxes.

Educator Quality:

Educator preparation programs will be evaluated by growth in student achievement resulting from teaching by graduates of the programs. Temporary certificates can be issued for superintendents or principals. Principals must attend advanced management training courses as part of their continuing education requirements. The minimum teacher salary schedule will increase \$100 per month; every employee on the minimum salary schedule will realize this increase. CSHB 2 states that districts have the ability to compensate any teacher in an amount greater than the required amounts based on the teacher's ability to improve the academic achievement of students. Districts may assign a mentor teacher to each classroom teacher with less than two years of teaching experience.

State Governance:

CSHB2 allows the establishment of public education research centers. Each school district will participate in a statewide student enrollment, attendance and tracking system. The Texas Education Agency and regional education service centers will identify and report expenditures in an annual cost accounting report.

School District Governance:

School board trustees will serve four year terms and school board elections will be held on the uniform election date in November in even numbered years; school districts shall use the regular county polling places. The school year will begin on the first Tuesday after Labor Day and must end no later than June 7 unless the district operates a year round system.

Accountability:

CSHB 2 requires the Texas Education Agency to establish an online clearinghouse of best practices in curriculum and instruction and efficient business practices. Exemplary districts and campuses will be subject only to the restrictions of open enrollment charter schools.

CSHB 2 requires satisfactory performance on end-of-course exams for high school course credit.

Assessment instruments may include questions that test a broader range of knowledge and skills for the purpose of differentiating student achievement. Additionally, assessment instruments will be designed to be computer - adaptive and college preparation assessments will be administered to high school students at grade levels determined by the commissioner.

The Texas Education Agency will be required to generate reports of changes in student learning (value-added). These reports will be shared with parents, classroom teachers, and school administrators. In addition, the following four items will be included as academic excellence indicators: seventh through twelfth grade completion rates, measure of progress toward English

language proficiency, value-added student achievement, and a measure of the achievement gap. This bill directs the commissioner to categorize campuses into peer groups for comparison purposes.

CSHB 2 implements a state incentive program to create an incentive award system for schools with student populations of at least 50 percent educationally disadvantaged students. Awards shall be based on growth of student achievement as measured for the preceding two school years.

CSHB 2 requires that technical assistance be provided for campuses or for schools designated lowest-performing for one year. If a campus is designated lowest-performing for two consecutive years the commissioner will identify an external entity to manage the school.

CSHB 2 requires the commissioner to adopt a uniform reporting system for campus and district financial information.

#### Bilingual Education and Special Language Programs:

The commissioner of education will develop a longitudinal measure of progress toward English proficiency.

#### High Academic Achievement Programs:

CSHB 2 establishes Texas Governor's School, a summer residential program for high achieving students. High academic indicators will be considered in assigning a district an exemplary rating.

### **EFFECTIVE DATE**

Except as otherwise provided by this Act, this Act applies beginning with the 2005-2006 school year.

Except as otherwise provided by this Act, this Act takes effect September 1, 2005. This Act takes effect only if H.B. 3, Acts of the 79th Legislature, Regular Session, 2005, becomes law. If that bill does not become law, this Act has no effect.

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

The substitute replaces the original changes to the existing school finance formula with a new series of allotments and formulas.

The substitute compresses tax rates by one-third. Districts may increase their tax rate subject to certain provisions.

The substitute broadens educator excellence incentive programs. School districts are encouraged to compensate teachers greater than the minimum requirement based on the teacher's ability to improve the academic achievement of students. In addition, the substitute expands qualifications for mentor teachers.

The substitute creates education research centers for the benefit of education in this state. Greater financial accounting is to be prepared annually and made available to the public. The substitute sets forth a new time frame student information must be furnished to a requesting district and new requirements for school districts holding elections.

The substitute makes additional changes to end-of-course assessment instruments and provides an optional flexible school day program for students at risk of dropping out of high school. The substitute sets forth requirements for an alternative nationally recognized norm referenced assessment instrument for use with out-of-state transfer students and modifies the college preparation assessment provision. The substitute adds a state incentive program for campuses achieving growth in student achievement with large populations of educationally disadvantaged students and implements greater sanctions for the lowest-performing campuses. The substitute modifies the financial accountability reporting system for school districts.

The substitute makes numerous other technical and conforming changes.

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