

By: Bettencourt

S.B. No. 1887

A BILL TO BE ENTITLED

AN ACT

relating to performance-based supplemental funding for school districts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 42, Education Code, is amended by adding Subchapter K to read as follows:

SUBCHAPTER K. PERFORMANCE-BASED SUPPLEMENTAL FUNDING

Sec. 42.551. DEFINITION. In this subchapter, "weighted average daily attendance" has the meaning assigned by Section 42.302.

Sec. 42.552. USE OF PRECEDING YEAR PERFORMANCE. The eligibility of a school district for supplemental funding under this subchapter during a school year is based on the district's performance, as described by the applicable provision of this subchapter, during the preceding school year.

Sec. 42.553. DETERMINATION BY COMMISSIONER. A determination by the commissioner of the amount of supplemental funding to be provided to a school district under this subchapter is final and may not be appealed.

Sec. 42.554. USE OF SUPPLEMENTAL FUNDING. A school district may use supplemental funding received under this subchapter for any purpose authorized under Section 45.105(c).

Sec. 42.555. RULES. The commissioner may adopt rules to implement this subchapter.

1       Sec. 42.556. SUPPLEMENTAL FUNDING BASED ON COMPARATIVE  
2 ACADEMIC AND FINANCIAL PERFORMANCE. (a) The commissioner shall  
3 evaluate each school district using a system that:

4           (1) integrates district academic achievement  
5 information and financial performance information available  
6 through the Public Education Information Management System  
7 (PEIMS); and

8           (2) using matrices, quadrants, or quartiles, rates or  
9 ranks school districts according to academic return on financial  
10 investment.

11       (b) For each student in weighted average daily attendance, a  
12 school district with a rating or ranking above a minimum level  
13 specified by the commissioner may receive supplemental funding  
14 according to a graduated scale provided by appropriation under  
15 which the amount per student increases in correlation with a  
16 district's higher rating or ranking.

17       Sec. 42.557. SUPPLEMENTAL FUNDING BASED ON STAR RATING  
18 SYSTEM. (a) In this section, "star rating system" means a system  
19 administered by a state agency using state funds that:

20           (1) evaluates a school district's academic progress  
21 and fiscal performance; and

22           (2) awards a rating that ranges from one to five stars,  
23 with ratings provided in half-star increments.

24       (b) The commissioner shall select a star rating system to be  
25 used for purposes of this section. The system selected by the  
26 commissioner must:

27           (1) evaluate a school district's academic progress

1 using regression analysis to predict student performance in  
2 mathematics and reading, with consideration given to student  
3 demographic characteristics, including sex, race, socioeconomic  
4 status, limited English proficiency, special education status, and  
5 grade level; and

6 (2) evaluate a school district's fiscal performance in  
7 comparison to other school districts that operate in similar labor  
8 markets, are of similar size, and serve students with similar  
9 demographic characteristics.

10 (c) For each student in weighted average daily attendance, a  
11 school district with a rating of at least three stars may receive  
12 supplemental funding according to a graduated scale provided by  
13 appropriation under which the amount per student increases in  
14 correlation with a greater number of stars in a district's rating.

15 Sec. 42.558. SUPPLEMENTAL FUNDING BASED ON ADMINISTRATIVE  
16 COST RATIO. (a) In this section, a school district's  
17 administrative cost ratio is determined by dividing the sum of the  
18 district's expenditures for instructional leadership and general  
19 administration by the sum of the district's expenditures for  
20 instruction, instructional resources and media services,  
21 curriculum and instructional staff development, and guidance,  
22 counseling, and evaluation services.

23 (b) For each student in weighted average daily attendance, a  
24 school district may receive supplemental funding in an amount  
25 specified by appropriation if:

26 (1) for a district with an average daily attendance of  
27 10,000 or more, the district has an administrative cost ratio of

1 less than 8.55 percent;

2 (2) for a district with an average daily attendance of  
3 at least 5,000 but less than 10,000, the district has an  
4 administrative cost ratio of less than 10 percent;

5 (3) for a district with an average daily attendance of  
6 at least 1,000 but less than 5,000, the district has an  
7 administrative cost ratio of less than 11.51 percent;

8 (4) for a district with an average daily attendance of  
9 at least 500 but less than 1,000, the district has an administrative  
10 cost ratio of less than 13.11 percent; and

11 (5) for a district with an average daily attendance of  
12 less than 500, the district has an administrative cost ratio of less  
13 than 24.04 percent.

14 Sec. 42.559. SUPPLEMENTAL FUNDING BASED ON DEBT PER  
15 STUDENT. For each student in weighted average daily attendance, a  
16 school district may receive supplemental funding in an amount  
17 specified by appropriation if:

18 (1) the district does not receive state assistance  
19 under Subchapter B, Chapter 46;

20 (2) the district's enrollment growth for the preceding  
21 10-year period is at least 25 percent; and

22 (3) the district's general obligation principal debt  
23 per student did not exceed \$25,000 in any of the 10 preceding fiscal  
24 years.

25 SECTION 2. Section 42.251(a), Education Code, is amended to  
26 read as follows:

27 (a) The sum of the basic allotment under Subchapter B and

1 the special allotments under Subchapter C, computed in accordance  
2 with this chapter, constitute the tier one allotments. The sum of  
3 the tier one allotments, ~~and~~ the guaranteed yield allotments  
4 under Subchapter F, computed in accordance with this chapter, and  
5 amounts provided under Subchapter K constitute the total cost of  
6 the Foundation School Program.

7 SECTION 3. Sections 42.253(a) and (c), Education Code, are  
8 amended to read as follows:

9 (a) For each school year the commissioner shall determine:

10 (1) the amount of money to which a school district is  
11 entitled under Subchapters B and C;

12 (2) the amount of money to which a school district is  
13 entitled under Subchapter F;

14 (3) the amount of money to be provided to a school  
15 district, if any, under Subchapter K;

16 (4) the amount of money allocated to the district from  
17 the available school fund;

18 (5) ~~(4)~~ the amount of each district's tier one local  
19 share under Section 42.252; and

20 (6) ~~(5)~~ the amount of each district's tier two local  
21 share under Section 42.302.

22 (c) Each school district is entitled to an amount equal to  
23 the difference for that district between the sum of Subsections  
24 (a)(1), ~~and~~ (a)(2), and (a)(3) and the sum of Subsections  
25 ~~(a)(3),~~ (a)(4), ~~and~~ (a)(5), and (a)(6).

26 SECTION 4. This Act takes effect September 1, 2017.