

Overview of Final Report
Texas Commission on School Finance
February 6, 2019

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Texas Commission on Public School Finance

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Executive Overview of Commission
Findings and Major Recommendations

2018 Bi-partisan Texas Commission on Public School Finance

Twelve Months, 90 Hours of Testimony, Unanimous Recommendations

Commission Chair: Justice Scott Brister

Outcomes Working Group	Expenditures Working Group	Revenues Working Group
Todd Williams (Chair) <i>CEO, Commit Partnership</i>	Rep. Dan Huberty (Chair) <i>Chair, House Pub Ed</i>	Sen. Paul Bettencourt (Chair) <i>Vice Chair, Intergovernmental Relations</i>
Rep. Diego Bernal <i>Vice Chair, Pub Ed</i>	Sen. Royce West <i>Vice Chair, Sen. Higher Ed</i>	Rep. Ken King <i>Chair, Educator Quality</i>
Dr. Doug Killian <i>Superintendent, Pflugerville ISD</i>	Dr. Keven Ellis <i>District 9 SBOE Rep</i>	Nicole Conley-Johnson <i>CFO, Austin ISD</i>
	Sen. Larry Taylor <i>Chair, Sen. Pub Ed</i>	Elvira Reyna <i>Fmr State Representative</i>
Melissa Martin <i>Teacher</i>	Justice Scott Brister <i>Commission Chair</i>	

**Bolded names represent Working Group Chairs*

Compared to the U.S., Texas' large student population **reflects much higher proportions** of economically-disadvantaged and ELL students

5.4 Million Students

(10% of Nationwide K-12 Enrollment and 2nd largest in nation)



59% Economically Disadvantaged

(9th Highest State in the U.S.; TX educates 1 out of every 8 Econ. Disadvantaged Students in U.S.)



19% English-Language-Learners

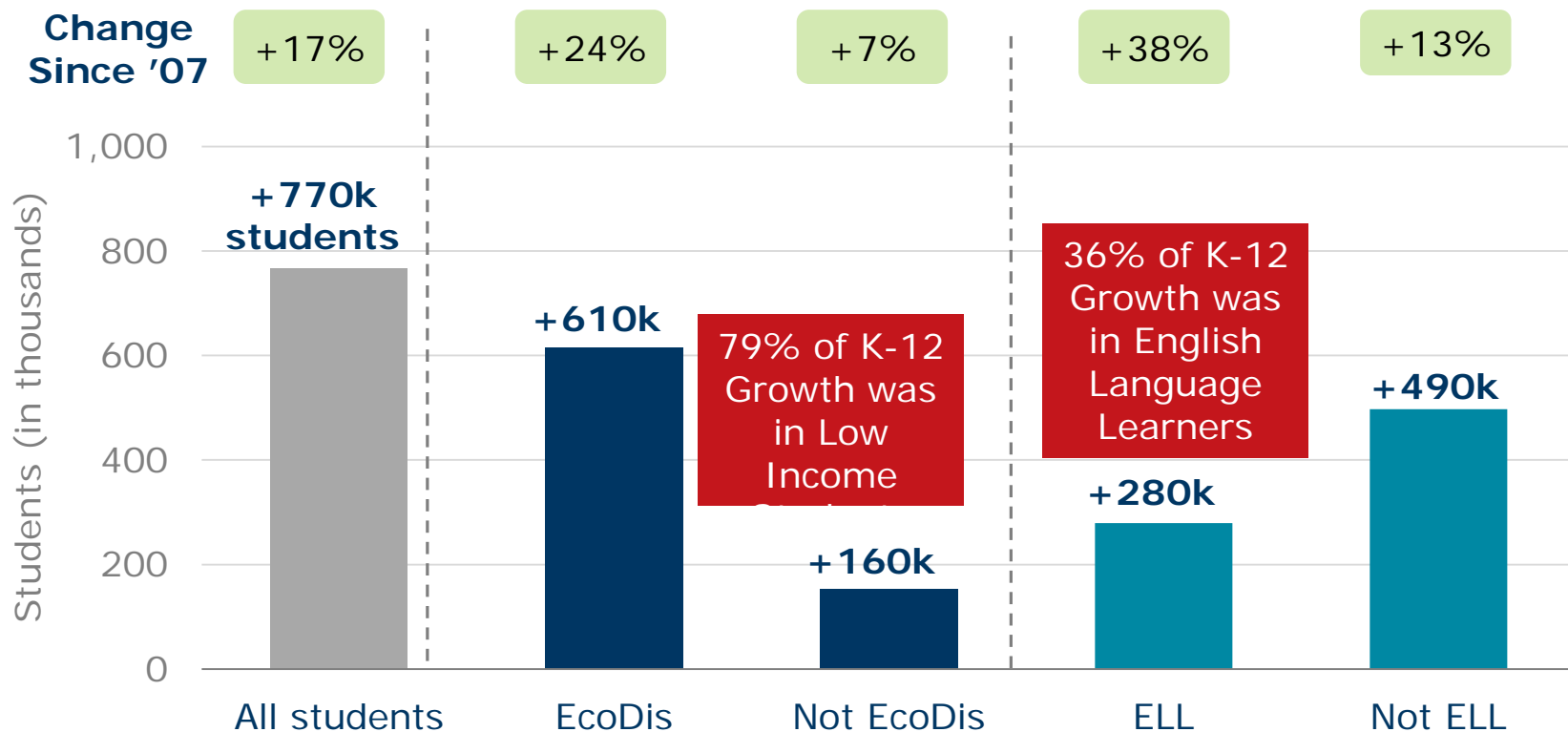
(2nd Highest State in the Nation)



 = 1 million students

State Can't Sustain Texas' Economic Prosperity Without Altering School Finance to More Equitably Invest in its Fastest Growing Populations

Change in Texas Public PK-12 Student Enrollment, From 2007 to 2017

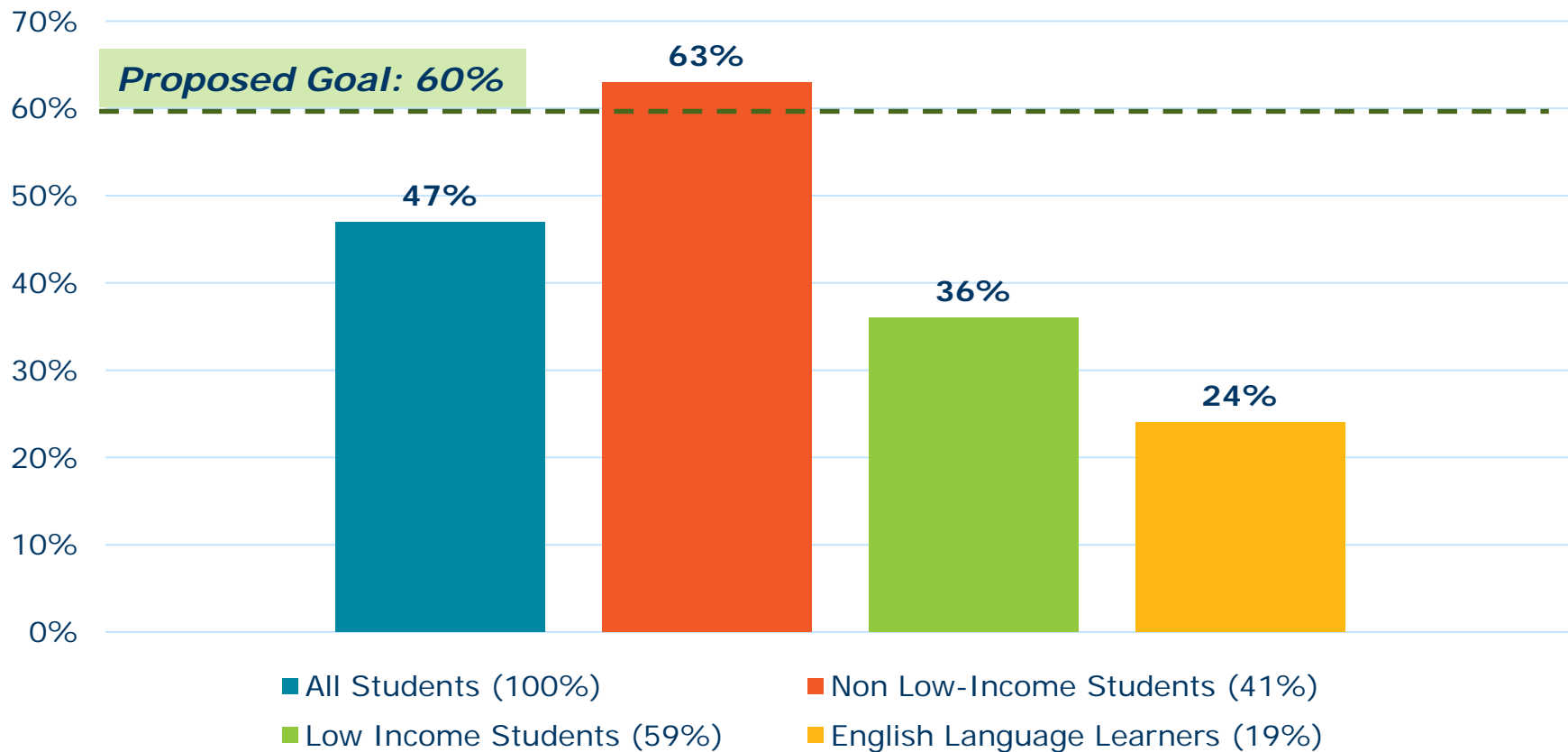


% of HS Grads Earning a Postsecondary Degree Within Six Years¹



Data Indicates New Investments Should Disproportionately Invest in Low Income and ELL Students...Both are Well Below a Proposed State PK-12 Goal of 60% Proficiency

2018 STAAR Proficiency at "Meets" Standard Across All Grades and Subjects

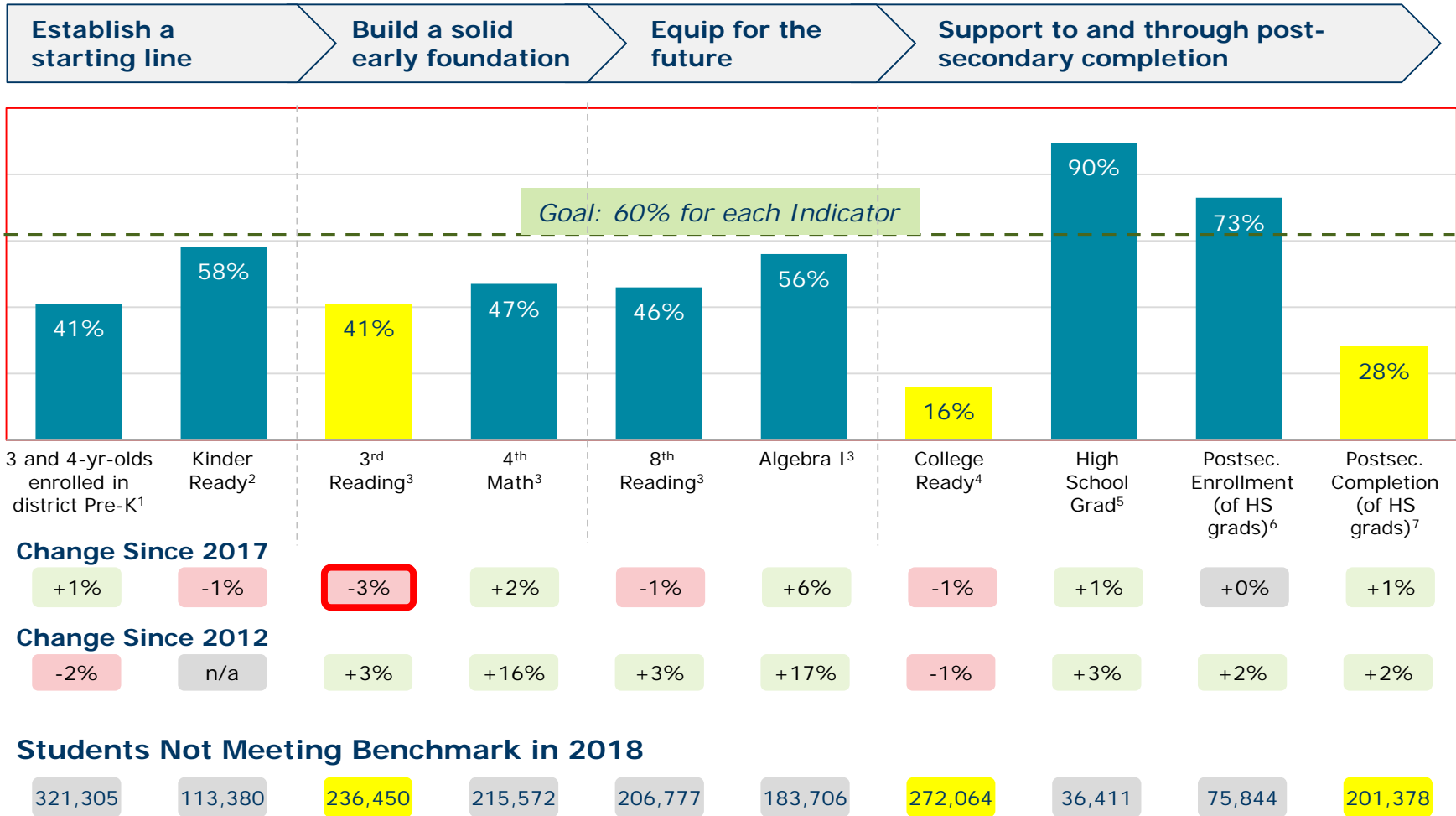


Source: STAAR, 2018 Aggregate Data at Meets Standard



Where We Stand Today: Texas' Education/Workforce Pipeline

Highest Areas of Academic "Melt" Occur by 3rd Grade and within Post-Secondary Readiness, Access and Completion – This is Where to Focus



Source: Commit Partnership 3/19/18 testimony to Outcomes working group (1) Pre-K Enrollment: Percent of 3- and 4-year-olds enrolled in district Pre-K programs. Texas Education Agency (TEA) – Texas Public Education Information Report (TPEIR) – Texas Pre-Kindergarten Report; (2) Kindergarten Readiness: The percent of students deemed Kindergarten Ready based on assessments given by districts at the beginning of the year to Kindergarteners; (3) STAAR indicators: Achievement levels represent percentage of students achieving "meets grade level" standard on 2018 STAAR exams. (4) College ready: The percent of HS grads who took the SAT or ACT and scored at least a 24 on the ACT or 1110 on the SAT (reading and math) – TEA TAPR 2017. (5) Graduation rate: the percent of the 9th grade cohort from 2012 – 2013 school year that graduated four years later in 2016. Texas Education Agency: – 2016-2017 Accountability System – 4 year Federal Graduation Rate; (6) College enrollment: The percent of 2010 HS graduates who enrolled in a TX postsecondary institution; THECB 8th Grade Cohort 2016 report; (7) College completion: The percent of 2010 HS grads who earned a PS degree/certification within 6 years of HS graduation; THECB 8th Grade Cohort Study, 2016 report

Troubling Outcomes Resulting from Relationship of our Spending Relative to our Growing Student Challenges, Particularly in Literacy



Texas: 43rd out of 50 states

In Per Pupil Public Education Spending

2017 "Nation's Report Card"



46 out of 50 in 4th Grade Reading

41 out of 50 in 8th Grade Reading

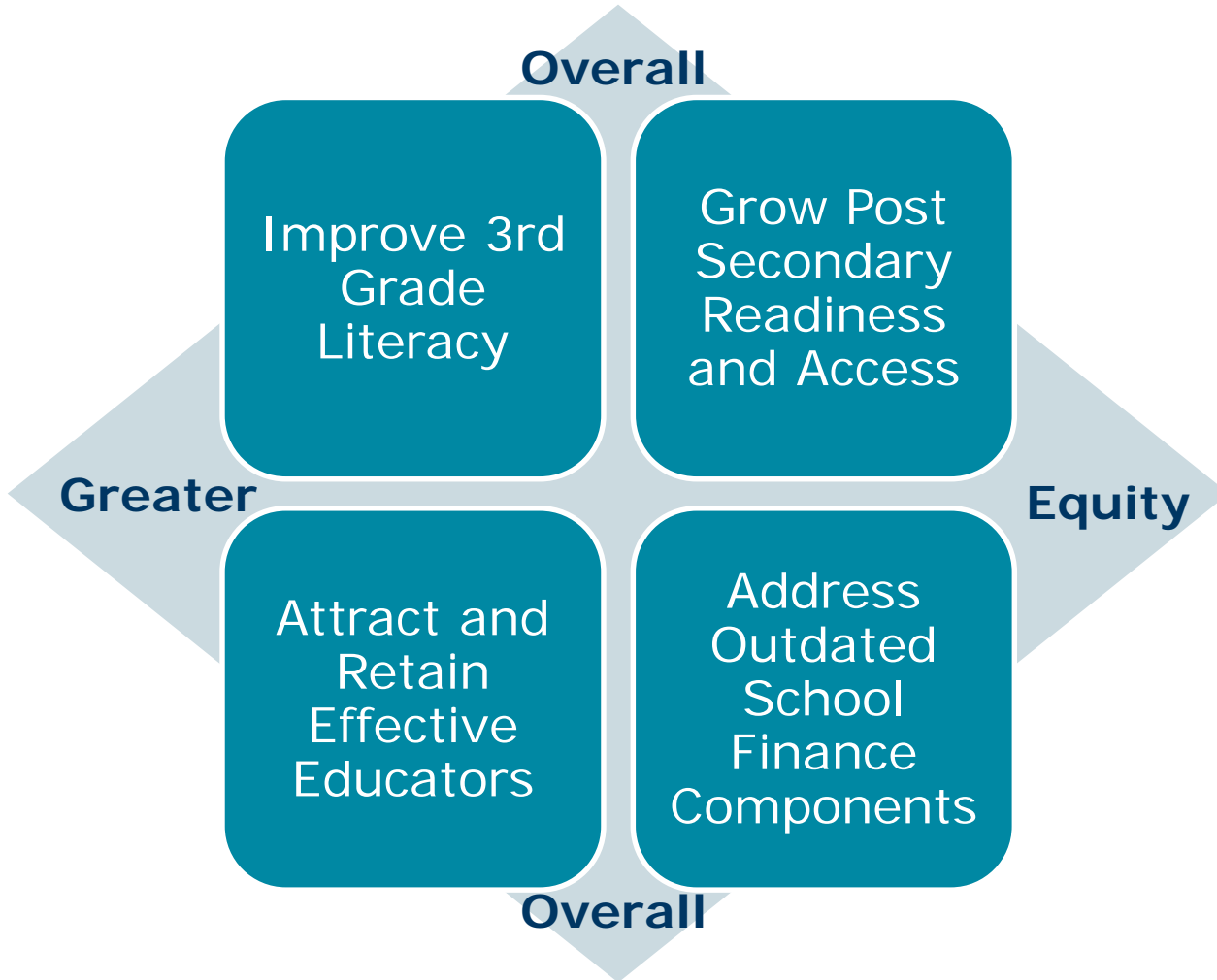


19 out of 50 in 4th Grade Math

24 out of 50 in 8th Grade Math

Overview of Major Recommendations – Four Pillars

Substantial Focus on Improving Key Outcomes via Greater Resources



Overview of Major Recommendations

Substantial Focus on Improving Key Outcomes via Greater Resources

Improve Early Literacy (\$1.4bn)



\$780mm 3rd Grade Reading Allotment for Eco. Dis./ELL students

\$400mm in outcomes-based funding distributed equitably; can double in size w/ reading at 60%

Option to extend elem. school yr. by 30 days
(\$50mm)

\$100mm for dyslexia

\$50mm for dual language

Increase Post Secondary Readiness/Access (\$420mm)



\$400mm in initial outcomes-based funding distributed equitably w/ ability to double in size via wise investment

Alter graduation requirement to include **either FAFSA/TASFA completion (or a parental opt out)**

Expand funding for CTE classes to middle school students **(\$20mm/yr)**

Attract/Retain Effective Educators (\$150mm)



\$100mm (growing to **\$1bn over time**) for schools wishing to implement multi-measure evaluation system and pay their more effective educators more and sooner in career

Children of Texas public school educators **eligible for free PreK (~\$50mm)**

Aligned State and School Board Goals



Set statewide goal of 60% proficiency by 2030 in **3rd grade reading and 12th grade graduation without need for remediation and access of post-secondary, military or industry certificate**

School boards to **set 3 and 5 year goals** for those same metrics

Other Major Recommendations (cont'd)

Update, Simplify, More Flexibility, Slow Recapture, New \$

Address Outdated School Finance Components



Increase comp ed. by ~30% (**\$1.1 bn**) and disproportionately allocate to higher poverty

Collapse CEI, G&T and H.S. allotments into Basic Allotment

Eliminate “hold harmless” provisions

Move to current yr. values, and implement fast growth and increase Instr. Facility Allotment

Local District Enrichment



Tie Tier II yields to Basic Allotment vs. equalized wealth levels in future

Increase yield on “copper pennies” and automatically compress to provide districts subsequent taxing flexibility (**\$267 million**)

Recapture



Provide transportation funding for recapture districts

Provide full-day credit for districts providing full-day PreK in wealth per WADA calculations

Evaluate mechanisms to cause state to assume larger share of school finance and slow recapture growth

Additional Revenues



Ensure new revenues are less volatile and diversified

Look first to increases in general revenue due to sales taxes and consider reallocation of growing severance taxes

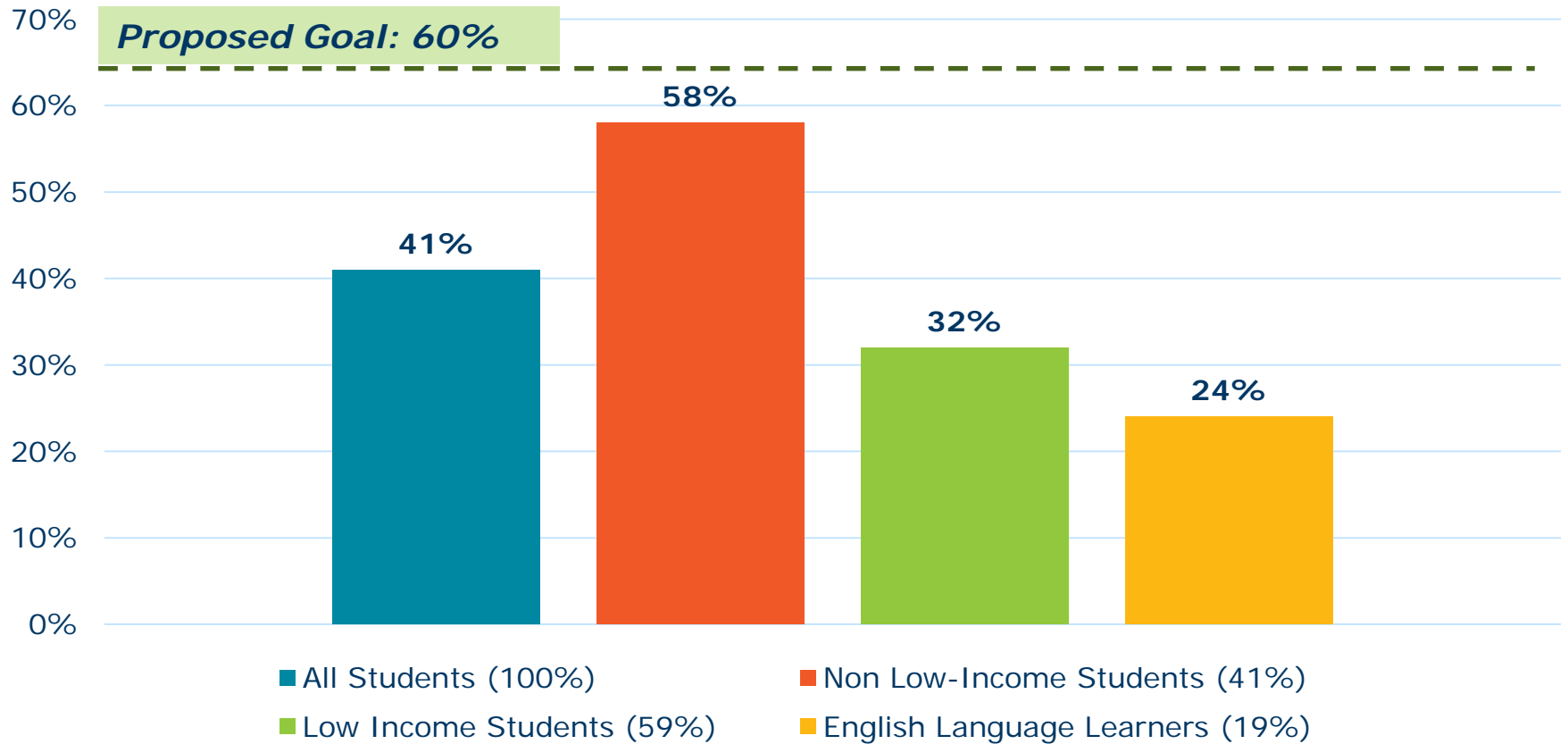
Sales tax on online purchases

Numerous other ideas submitted

Our 1st Statewide Challenge: Early Literacy
Current Outcomes and Targeted Funding

3rd Grade Reading Data Indicates New Investments Should Target Low Income and ELL Students...Both are Well Below a Proposed State PK-12 Goal of 60% Proficiency

2018 STAAR Proficiency at "Meets" Standard Across All Grades and Subjects



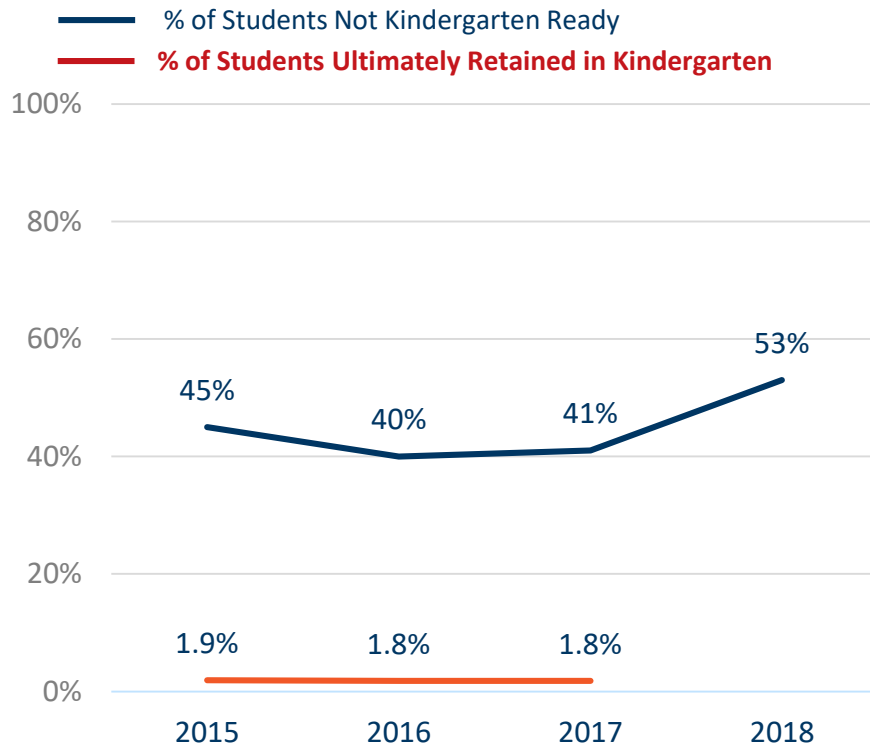
Source: STAAR, 2018 Aggregate Data at Meets Standard



Substantial Number of Texas Students Socially Promoted Annually

~40%-50% Aren't K-Ready, and ~60% of 3rd Graders Do Not Meet the State's Reading Standard...Yet Only ~2% of Students Are Retained

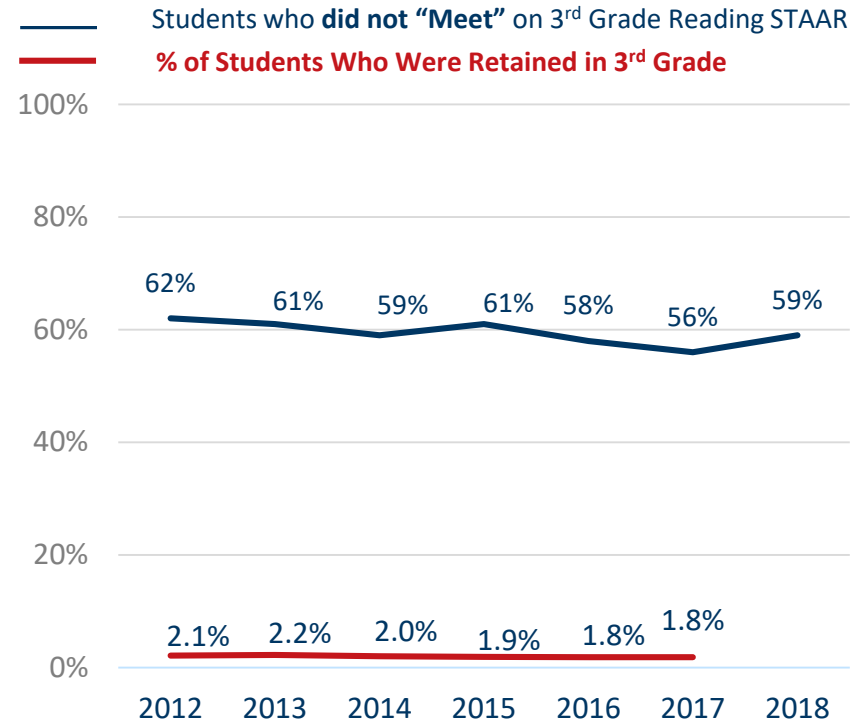
Percent of Students Not Kindergarten Ready vs Kindergarten Retention Rates



Number of Students **NOT** Kindergarten Ready



Percent of Students Not "Meeting" 3rd Grade Reading Standard vs 3rd Grade Retention Rates

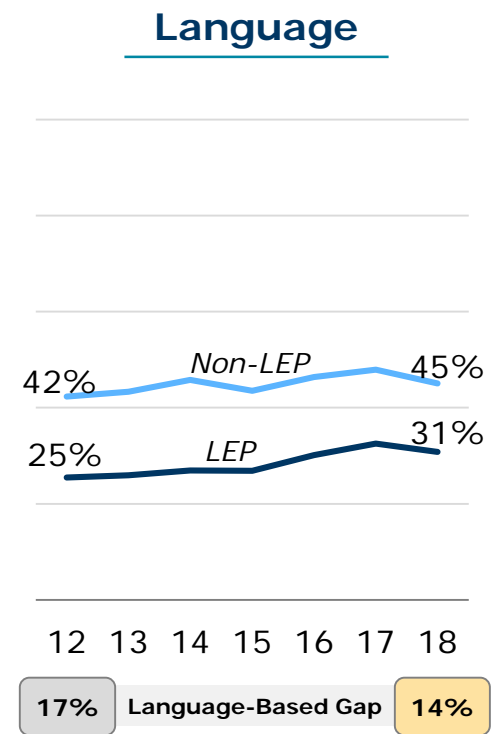
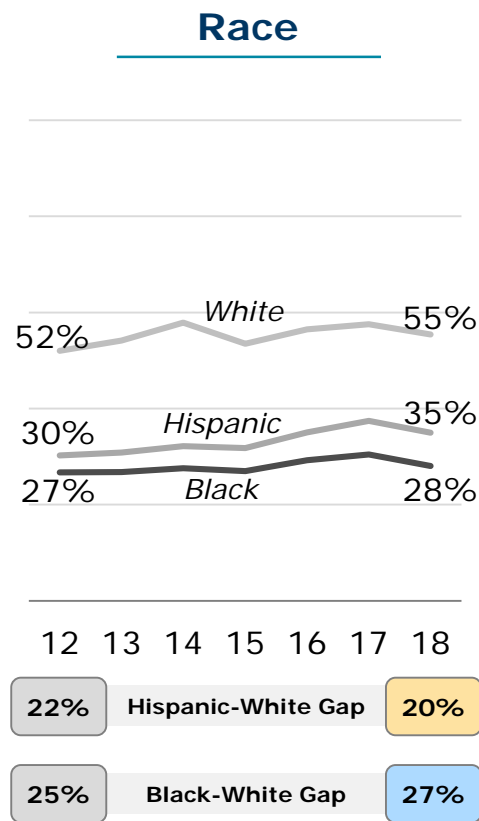
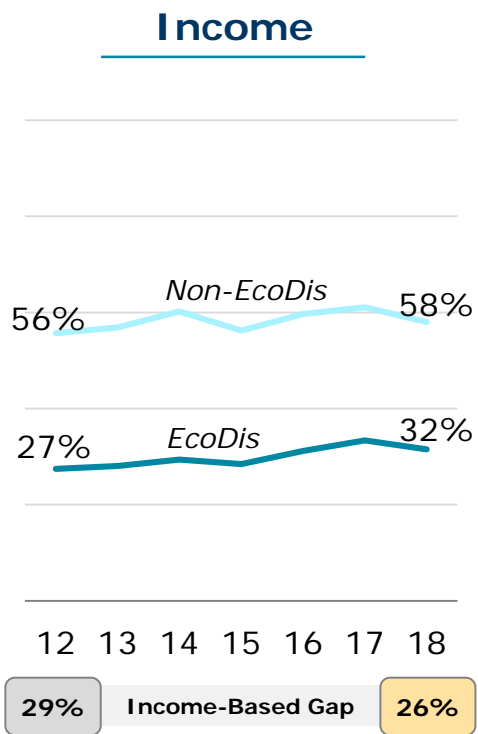


Number of Students Who Did NOT "Meet" 3rd Grade Reading Std.



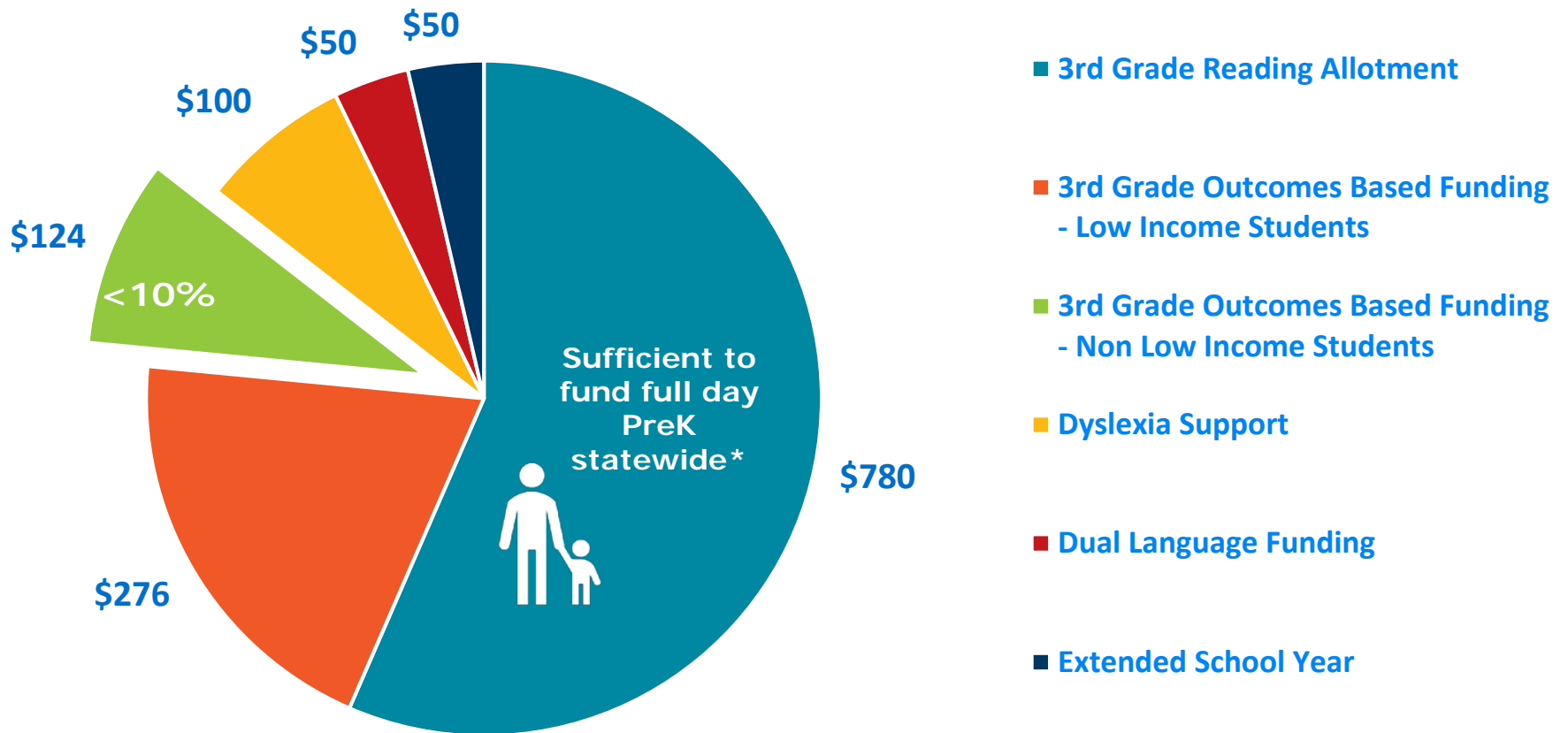
Significant Gaps in 3rd Grade Reading Continue to Exist in Texas Across Income, Race, and Native Language

Statewide STAAR 3rd Grade “Meets Grade Level” Rates by Demographic, 2012-2018



\$1.4 Bn Proposed Equitable Investment in 3rd Grade Reading *Roughly 90% Directed Toward Low Income/ELL/High Needs Students*

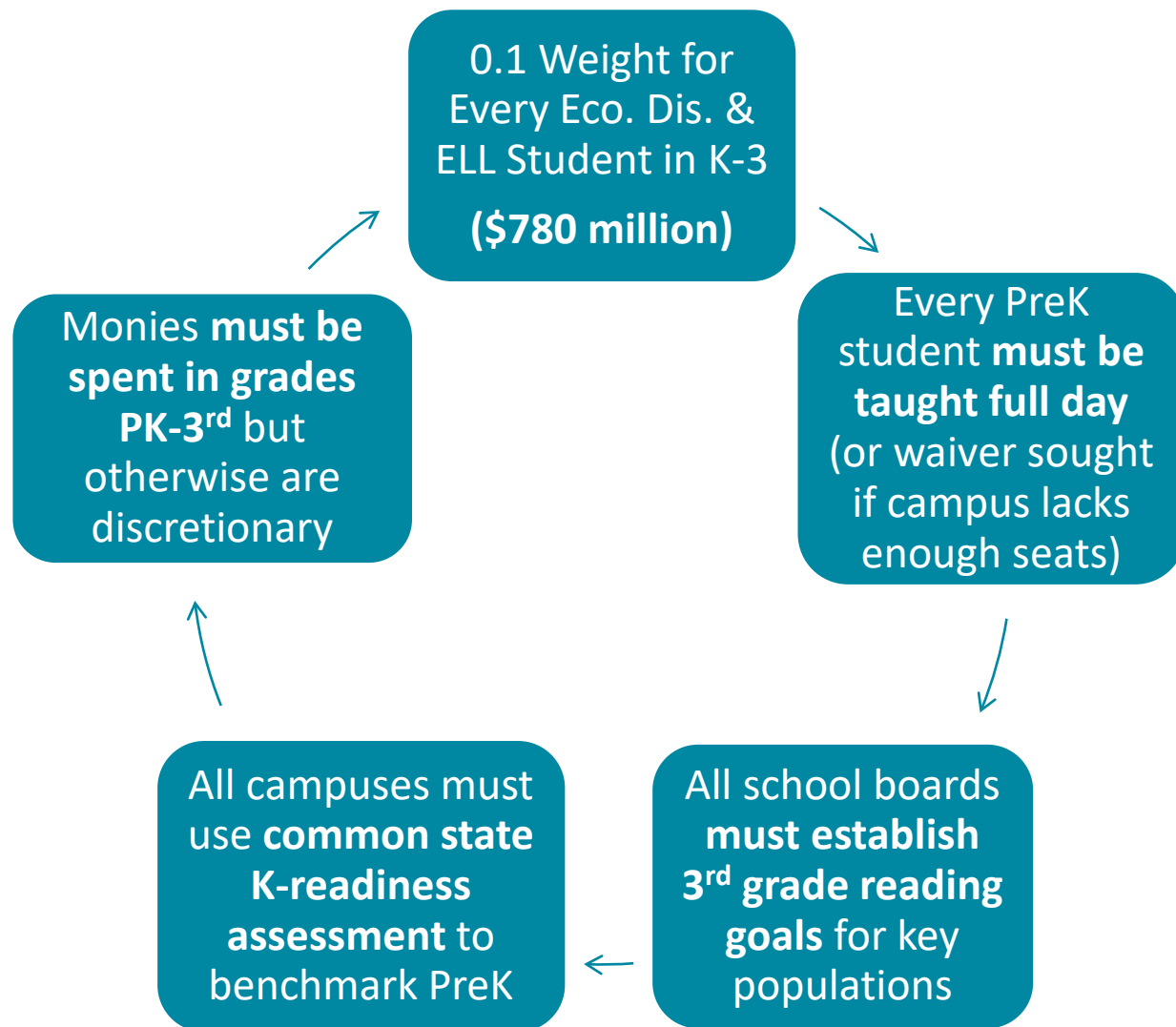
3rd Grade Reading Investment (in millions)



**Roughly 240,000 low income/ELL students are eligible for PreK x \$3,000/student equates to \$720 million

\$780 Million Investment in 3rd Grade Reading Allotment

Focus on quality, alignment, flexibility and benchmarking

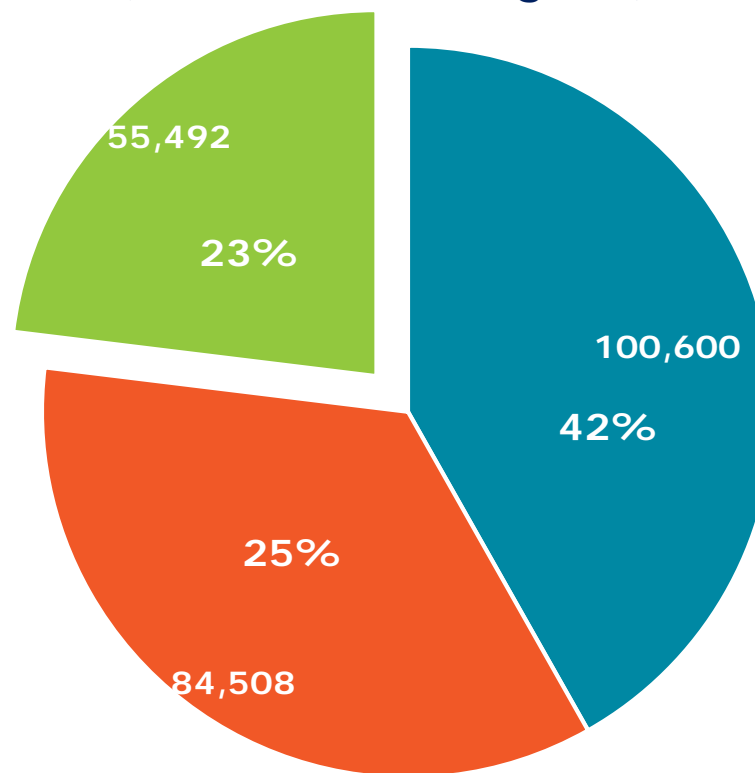


Why Structured as a 3rd Grade Reading Allotment (vs. Funding Pre-K?)

Because the goal is early literacy and districts need flexibility

- If districts don't have sufficient PreK seats today, they shouldn't receive less \$ per student and be penalized
- Districts may want to prioritize other strategies they feel are more effective to reach goal in the interim
- Policy trusts districts to spend \$ wisely (vs. requiring them to annually prove to TEA they did everything to meet a "PreK First" policy)

Current PreK 4 Enrollment (as % of Est. Eligible)



- Eligible Students Enrolled in Full Day PreK4
- Eligible Students Enrolled in Half Day PreK4 (Must Convert to Full Day)
- Eligible Students Not Currently Enrolled in PreK4

Aligned Proposed Outcomes-Based Funding for 3rd Grade Reading *Flexible Funding With Ability to Grow Much Faster Than Basic Allotment*

- **\$400mm of upfront formula funding paid in 2019-20 school year via a weight** tied to the Basic Allotment (“BA”), equitably allocated based on student economic status and current trailing proficiency rates (~\$3,400/low income proficient student vs. ~\$1,450/non low-income proficient student)
- Monies must be spent in Grades PreK-3rd but **schools otherwise have full spending discretion**
- **Outcomes-based funding grows** as 3rd grade reading proficiency increases due to wise investment of both \$400mm outcomes-based funding as well as the \$780mm 3rd grade reading allotment

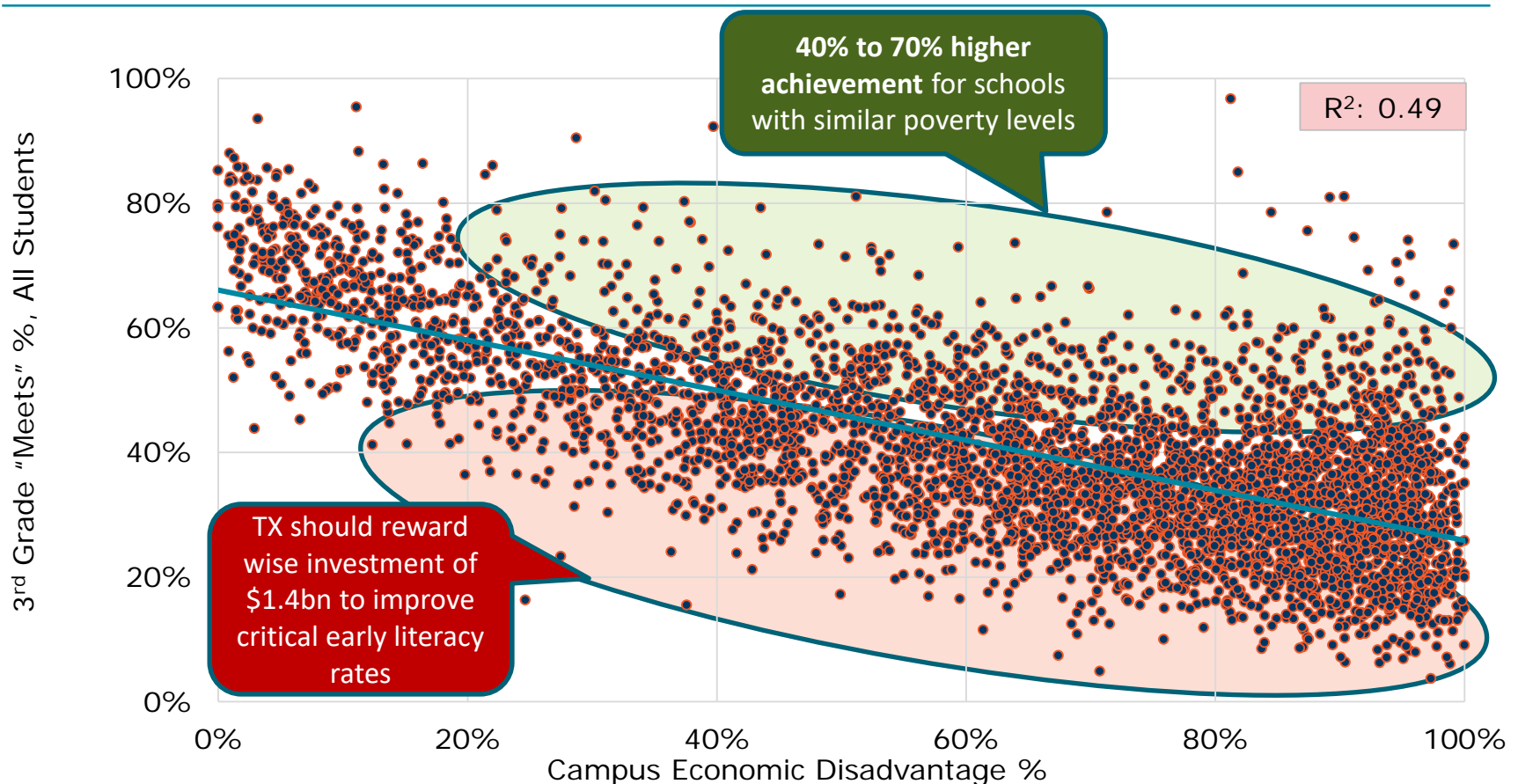
Benefits to Public Schools:

- Reflects effective way to **grow school formula funding much faster** than historical increases in the BA (if low income 3rd grade reading proficiency grows to 60% from \$1.2bn investment in 3rd grade reading, **funding pool will more than double to roughly \$825mm vs. historical <1% average growth in BA over last ten years**)
- **More equitably allocated than BA**; per current reading proficiency levels, ~69% of the \$400mm goes to low-income students (who only represent ~60% of 3rd graders in the state). **90% of growth goes to low income**
- As BA increases for inflation, **outcomes-based funding pool also grows**, Weights tied to BA, so if proficiency just stays flat, overall outcomes funding will still be no worse than had it been invested in BA
- **Same spending discretion level as BA** so long as spent across grades PK-3rd

Poverty is Not Destiny – High Literacy Rates for All Very Possible

Tremendous Variation in 3rd Grade Reading “Meets” Rates Across Campuses w/ Same Levels of Econ. Disadvantage; How to Reward Better Outcomes?

Campus 2018 STAAR 3rd Grade Reading “Meets Grade Level” Rates (All Students) Compared to Campus 2018 Student Economic Disadvantage Rates Across Texas



Source: TEA TAPR 2018 report and TEA STAAR 2018 report (only campuses with more than 20 testers included)
Note on R^2 : The R^2 seen on the chart was found using the STAAR “meets rates and EcoDis rates of each Texas campus with more than 20 STAAR 3rd Grade Reading testers. This was calculated as a response to another organization’s request. Typically, the Commit Partnership does not include R^2 on the line of best fit.



Equity in Decisions Are Just As Important as Equity in Funding

What Current Actions Would Outcomes-Based Funding Tied to 3rd Grade Reading Success Seek to Both Resource and Encourage?

3rd Grade Reading Improvement

Prioritizing Pre-K enrollment of
(and seat creation for) all eligible students

Reducing social promotion of children who are not ready to ensure every child can read by 3rd grade

Keeping effective teachers in foundational but non-STAAR tested K-2 grades

Reducing the relocation from STAAR-tested grades of less effective teachers to grades K-2

Literacy training for beginning or less effective teachers in early grades

Financially incenting the placement of effective teachers at more challenged campuses (ACE)

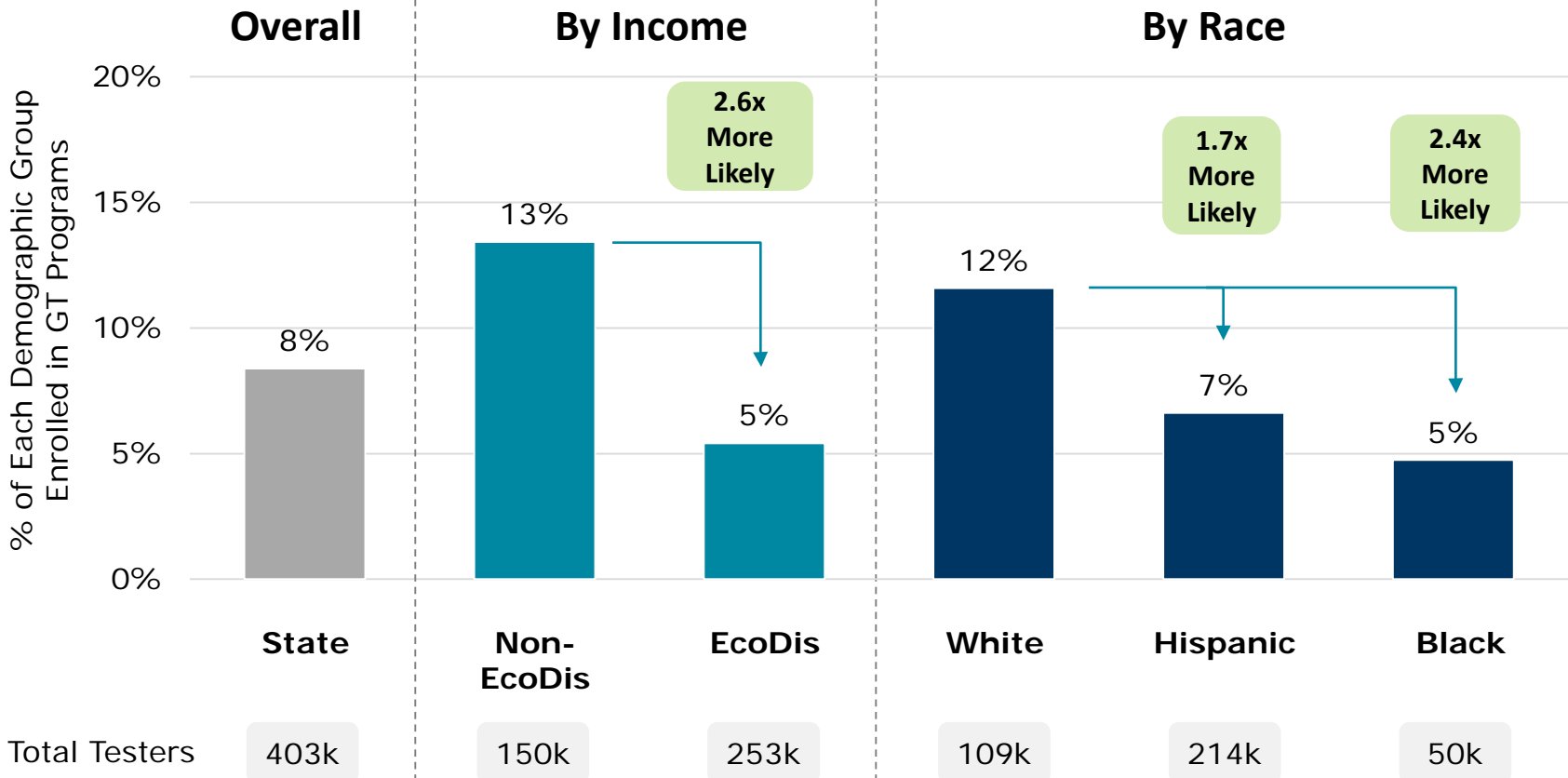
Retaining strong elementary school principals vs. incenting them (via pay) to move to middle or high school

Equitable identification of students who are gifted and talented

Equity in Decisions Are Just As Important as Equity in Funding

As Early as 3rd Grade, Far Fewer Low Income Students of Color Are Identified By Public Schools as Gifted & Talented Statewide

Statewide % of 2018 3rd Grade Reading STAAR Test Takers Who Were Identified as Gifted and Talented



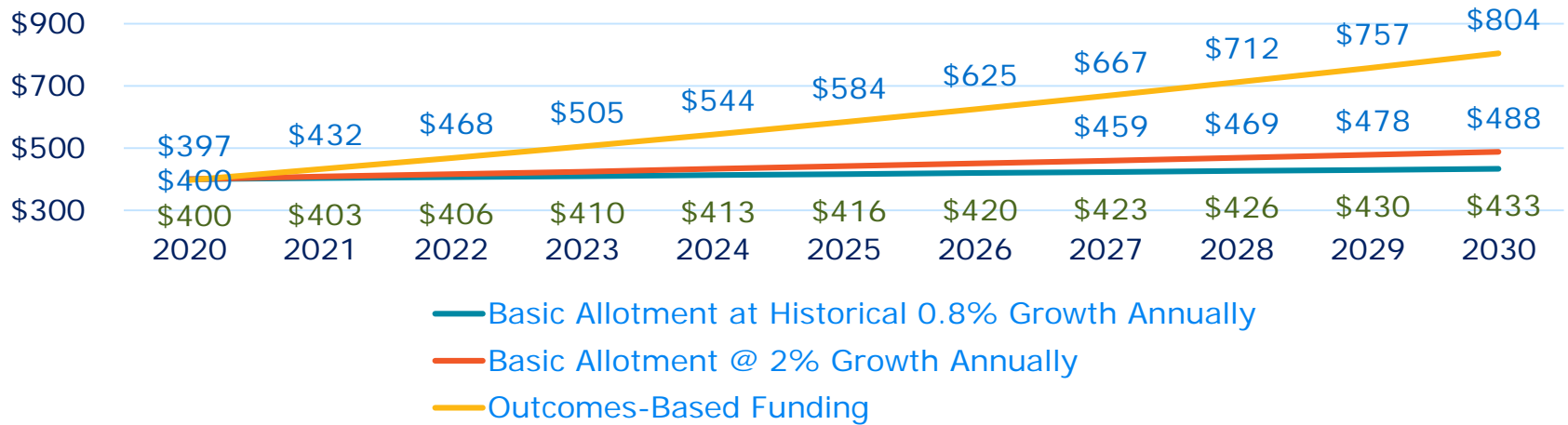
Source: 2018 Texas Assessments 3rd grade reading report
 Note: G/T enrollment by demographic is not publicly available therefore we used total STAAR test takers as a proxy. There were 410k students enrolled in 3rd grade based on TAPR, 98% of the grade took the 3rd grade reading STAAR.



Outcomes-Based Funding Can Significantly Exceed \$ in Basic Allotment

Wise Investment in 3rd Grade Reading Provides Much Higher Resource Potential For Public Schools Across Texas Following Injection of \$1.4 Billion in PreK - 3rd

Comparison of Outcomes-Based Funding of ~\$400 Million vs. Similar Funding in the Basic Allotment
3rd Grade Reading



Estimated Pace of Proficiency Rate Growth Following \$1.2 Billion Investment in 3rd Grade Reading

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Low Income	32%	34%	37%	40%	43%	46%	48%	51%	54%	57%	60%
Non Low Income	58%	59%	60%	61%	62%	63%	64%	65%	66%	67%	68%
Total	41%	42%	46%	48%	50%	52%	54%	56%	58%	61%	63%

Proficiency as measured by STAAR using "Meets" standard.

How Achievable is 60% Proficiency (vs. 32% Today) for Texas' Low Income Students, Even at High Poverty Campuses? *147 Campuses Already There; Another 1,000+ Campuses Are >40%*

Analysis of 3rd Grade Reading Proficiency Levels in 2018 for Low Income Students Only

Bands of Low Income Student Proficiency in 3rd Grade Reading	No. of Campuses Within Proficiency Range	Avg. Eco Dis. % Among Campuses	No. of Achieving Campuses with 80% Eco. Dis. or Higher	Highest Performing Campuses in Band with 80% or Higher Economic Disadvantage		
				Elementary Campus and District	Low Income 3 rd Grade Reading Proficiency	Campus Eco. Dis. %
80% or higher	20	44%	5	Tool El. , Malakoff ISD	96%	82%
70% to 79%	27	27%	7	Putegnat El. , Brownsville ISD	73%	100%
60% to 69%	100	36%	16	Zavala El. , El Paso ISD	65%	96%
50% to 59%	327	52%	86	Marcus El. , Dallas ISD	58%	99%
40% to 49%	694	59%	220	Mission Valley El. , Ysleta ISD	49%	98%
Total Campuses 40%+ Proficiency	1,168		334 (29%)			

Tremendous Variation in Proficiency for Texas' Low Income Students

High Poverty Campuses Reflect Substantial Differences in Proficiency for Low Income Students, Highlighting What's Possible with Additional, Wise Investment

Analysis of 3rd Grade Reading Proficiency in 2018 for High Eco. Dis. Campuses (>90%)

Highest Achieving Campuses (Note: None are ACE)

Elementary Campus Name	District	Eco Dis %	ELL %	Prof. for All Students	Prof. for Eco Dis. Students Only
HIDALGO	HIDALGO ISD	91%	78%	81%	81%
LAMAR	EL PASO ISD	91%	73%	80%	81%
FLORENCE J SCOTT	ROMA ISD	91%	89%	76%	77%
PUTEGNAT	BROWNSVILLE ISD	100%	73%	73%	73%
YNES B ESCOBAR	ROMA ISD	90%	94%	76%	76%
LYONS	HOUSTON ISD	94%	51%	69%	70%
C. MAURICIO SOTO	DALLAS ISD	94%	63%	71%	69%
BREEDEN	BROWNSVILLE ISD	92%	43%	66%	67%
PIERCE	LAREDO ISD	90%	62%	66%	66%
ZAVALA E	EL PASO ISD	96%	83%	65%	65%
ANNE L MAGEE	EDINBURG CISD	93%	67%	61%	62%
ORTIZ	BROWNSVILLE ISD	98%	25%	61%	62%
CASA VIEW	DALLAS ISD	90%	60%	58%	61%

Examples of Under Achieving Campuses

Elementary Campus Name	County	Eco Dis %	ELL %	Prof. for All Students	Prof. for Eco Dis. Students Only
CAMPUS A	HARRIS	100%	17%	12%	10%
CAMPUS B	TARRANT	95%	75%	10%	10%
CAMPUS C	HARRIS	96%	22%	9%	9%
CAMPUS D	JEFFERSON	95%	12%	9%	9%
CAMPUS E	FALLS	99%	17%	9%	9%
CAMPUS F	TRAVIS	96%	67%	8%	8%
CAMPUS G	DALLAS	98%	13%	11%	8%
CAMPUS H	MAVERICK	92%	62%	9%	8%
CAMPUS I	LUBBOCK	99%	1%	7%	7%
CAMPUS J	BEXAR	93%	3%	8%	7%
CAMPUS K	COCHRAN	94%	18%	6%	7%
CAMPUS L	JEFFERSON	95%	27%	7%	7%
CAMPUS M	BEXAR	96%	21%	7%	7%

How Achievable is High Proficiency for Texas' Low Income Students?

*Numerous High Poverty/ELL Campuses Across Multiple ISD's Reflect ~2x Higher Achievement Than Avg. Low Income Proficiency and Will Receive **Much Higher \$***

Analysis of 3rd Grade Reading Proficiency in 2018 for High Eco. Dis. Campuses (>90%)

Campus Name	District	Campus Eco Dis %	Campus ELL %	Proficiency for All Students	Proficiency for Eco Dis. Students Only	Funding for Every 100 Low Income 3 rd Graders	Premium Above Avg. H. Park @ \$126,150/100
HIDALGO EL,.	HIDALGO ISD	91%	78%	81%	81%	\$ 275,400	+118%
LAMAR EL,.	EL PASO ISD	91%	73%	80%	81%	\$ 275,400	+118%
FLORENCE J SCOTT EL,.	ROMA ISD	91%	89%	76%	77%	\$ 261,800	+108%
PUTEGNAT EL,.	BROWNSVILLE ISD	100%	73%	73%	73%	\$ 258,400	+105%
YNES B ESCOBAR EL,.	ROMA ISD	90%	94%	76%	76%	\$ 258,400	+105%
LYONS EL.	HOUSTON ISD	94%	51%	69%	70%	\$ 238,000	+89%
C. MAURICIO SOTO JR EL.	DALLAS ISD	94%	63%	71%	69%	\$ 234,600	+86%
BREEDEN EL.	BROWNSVILLE ISD	92%	43%	66%	67%	\$ 227,800	+81%
PIERCE EL.	LAREDO ISD	90%	62%	66%	66%	\$ 224,400	+78%
ZAVALA EL,.	EL PASO ISD	96%	83%	65%	65%	\$ 221,000	+75%
ANNE L MAGEE EL.	EDINBURG CISD	93%	67%	61%	62%	\$ 221,000	+67%
ORTIZ EL,.	BROWNSVILLE ISD	98%	25%	61%	62%	\$ 210,800	+67%
CASA VIEW EL	DALLAS ISD	90%	60%	58%	61%	\$ 210,800	+64%
HENRY B GONZALEZ EL,	DALLAS ISD	95%	71%	64%	61%	\$ 207,400	+64%
FLORES-MARK A ZAPATA	EDINBURG CISD	95%	58%	61%	60%	\$ 207,400	+62%
VALLEY VIEW NORTH EL	VALLEY VIEW ISD	94%	85%	61%	60%	\$ 204,000	+62%

Districts Achieving 35% or Greater Proficiency Will Receive More Funding Per 100 Low Income Students Than HPISD (Which is 0% Low Income)

HPI SD Proficiency		Funding Per Proficient Student		Funding Per 100 Students
80%	×	\$1,450	=	\$116,000

Low Income Proficiency		Funding Per Proficient Student		Funding Per 100 Students
35%	×	\$3,400	=	\$119,000

~1,725 CAMPUSES AT >35% PROFICIENCY FOR LOW INCOME STUDENTS TODAY UNDER CURRENT FUNDING, BEFORE CONTEMPLATED \$1.4BN INVESTMENT BY THE STATE

Majority of Texas Students, Educated by 440 Separate Districts, Stand to Each Gain More Funding from Outcomes-Based Funding than Simple Pro Rata Distribution Despite Similar Poverty and ELL %

Summary of Outcomes Based Funding (vs. Simply Distributing \$400 Million at \$967/Student Based on Pro Rata Share Based on 3rd Grade Enrollment)

	Districts That GAIN Funding Compared to Simple Pro Rata %	Districts That LOSE Funding Compared to Simple Pro Rata %	All Districts
# of Districts	440	719	1,203 ¹
# of Students	2,763,985 (52%)	2,538,160 (47%)	5,343,834 (100%)
Avg. Eco Dis %	59%	59%	59%
Avg. ELL %	22%	16%	19%
Avg. Proficiency for Low Income Students			
Total Outcomes-Based Funding	\$232.2m	\$163.1m	\$396.3m
Total Funding if Low-Income 3R STAAR Improves to 60%	\$334.4m (43% increase)	\$305.4m (87% increase)	\$639.8m (61% increase)

(1) 44 Texas districts did not qualify for funding, as they did not have any 3rd graders enrolled

*Funding outcomes are estimated using 2018 3rd grade reading STAAR "meets grade level" rates. Under this incentive funding model, all EcoDis 3rd graders who score "meets" earn their district \$3,400; all non-EcoDis 3rd graders who score "meets" earn their district \$1,450. The "Simple Pro Rata %" model distributes the \$400 million incentive fund equally among TX districts by 3rd grade enrollment (~\$967 per student).

One in Six TX 3rd Graders Educated by 10 Largest Urban Districts \$'s from Outcomes-Based Funding Exceed ISD's Simply Receiving Their Pro Rata % with Tremendous Potential for Growth

Largest TX Urban Districts \$ from Outcome Funding (vs. Simply Receiving Their Pro Rata Share Based on 3rd Grade Enrollment)

			Current 3 rd Grade Reading Proficiency		Initial Outcomes Funding Based on Current Proficiency Levels			Outcomes Funding Based on 50% Low Income Proficiency			Outcomes Funding Based on 60% Low Income Proficiency		
District	% Share of TX 3 rd Grade Enrollment	Eco Dis %	Prof. % for All Students	Prof. % for EcoDis Students Only	Total Initial Outcomes Funding (\$Mil.)	Funding Premium vs. Simple % Share of \$400MM	1 % Increase Above Simple % Share	Total Outcomes Funding (\$Mil.)	Funding Premium vs. Simple % Share of \$400MM	2 % Increase Above Simple % Share	Total Outcomes Funding (\$Mil.)	Funding Premium vs. Simple % Share of \$400MM	3 % Increase Above Simple % Share
DALLAS	3%	88%	38%	36%	\$13.6m	\$1.5m	+12%	\$18.3m	\$6.2m	+51%	\$21.6m	\$9.5m	+78%
BROWNSVILLE	1%	96%	40%	39%	\$4.0m	\$1.0m	+33%	\$5.1m	\$2.1m	+68%	\$6.1m	\$3.1m	+101%
YSLETA	1%	79%	45%	41%	\$3.7m	\$0.9m	+32%	\$4.5m	\$1.6m	+58%	\$5.3m	\$2.4m	+86%
HOUSTON	4%	77%	37%	32%	\$18.2m	\$0.9m	+5%	\$27.0m	\$9.6m	+55%	\$31.7m	\$14.4m	+83%
EL PASO	1%	70%	45%	38%	\$4.5m	\$0.6m	+16%	\$5.5m	\$1.7m	+44%	\$6.4m	\$2.6m	+67%
CORPUS CHRISTI	1%	66%	39%	34%	\$3.2m	\$0.4m	+13%	\$4.5m	\$1.7m	+58%	\$5.3m	\$2.5m	+86%
AUSTIN	2%	53%	47%	30%	\$6.5m	\$0.2m	+4%	\$9.0m	\$2.7m	+43%	\$10.3m	\$4.0m	+63%
FORT WORTH	2%	77%	33%	29%	\$6.4m	-\$0.3m	-4%	\$10.5m	\$3.8m	+56%	\$12.4m	\$5.7m	+84%
ALDINE	1%	86%	27%	26%	\$4.7m	-\$0.7m	-13%	\$8.7m	\$3.3m	+62%	\$10.4m	\$5.0m	+94%
SAN ANTONIO	1%	91%	24%	23%	\$2.9m	-\$0.9m	-24%	\$6.2m	\$2.4m	+62%	\$7.4m	\$3.6m	+94%
LARGE URBAN ISD's	16%	78%	37%	32%	\$68.0m	\$3.6m	+6%	\$99.4m	\$35.1m	+54%	\$117.1m	\$52.7m	+82%

*Funding outcomes are estimated using 2018 3rd grade reading STAAR "meets grade level" rates. Under this incentive funding model, all EcoDis 3rd graders who score "meets" earn their district \$3,400; all non-EcoDis 3rd graders who score "meets" earn their district \$1,450. The "Simple Pro Rata %" model distributes the \$400 million incentive fund equally among TX districts by 3rd grade enrollment (-\$967 per student).

Commonly Expressed Concerns Surrounding Outcomes-Based Funding...and Responses on Why It was Still Recommended

No.1: Dollars Not Distributed Equitably

\$3,400 for every proficient low income student vs. \$1,450 for non low income **(+130% spread)**

Low income students collectively receive **69% of initial funding** vs. being ~60% of enrollment

11 of top 13 districts receiving more outcomes \$ vs. their pro rata share are **high poverty**, including Dallas, Brownsville, El Paso and Houston ISD's

No.3: Accountability Should Alter Decisions

ISD's will respond **more positively to ability to garner more resources** vs. negative signal from A-F

Outcomes funding **can clearly increase by over 100%** vs. 1% to 2% growth annually in allotment

Accountability is **NOT affecting** huge variation in outcomes today among ISD's with similar poverty

Increasing importance of 3rd grade in A-F **increases stakes but doesn't help resources**

No. 2: Funding Increases High Stakes

The ability to read by 3rd grade, or being ready for higher education, **has always been extraordinarily high stakes for the child**

Outcomes funding of \$800mm is **just ~1% of total ed funding** of ~\$60 bn; enough to focus but not critical overall to a district's funding

Chance of funding declining after investment of \$1.4bn is remote; high growth **much more likely**

No. 4: Districts Need Resources First

While many districts and campuses are **achieving great results** with today's funding levels, there is argument for providing runway of time to districts to react to state's prioritization

Possible suggestion: provide pro rata funding in Years 1 & 2, then phase into outcomes funding in Years 3 and 4 with districts committing to several continuous improvement steps and standards in the interim

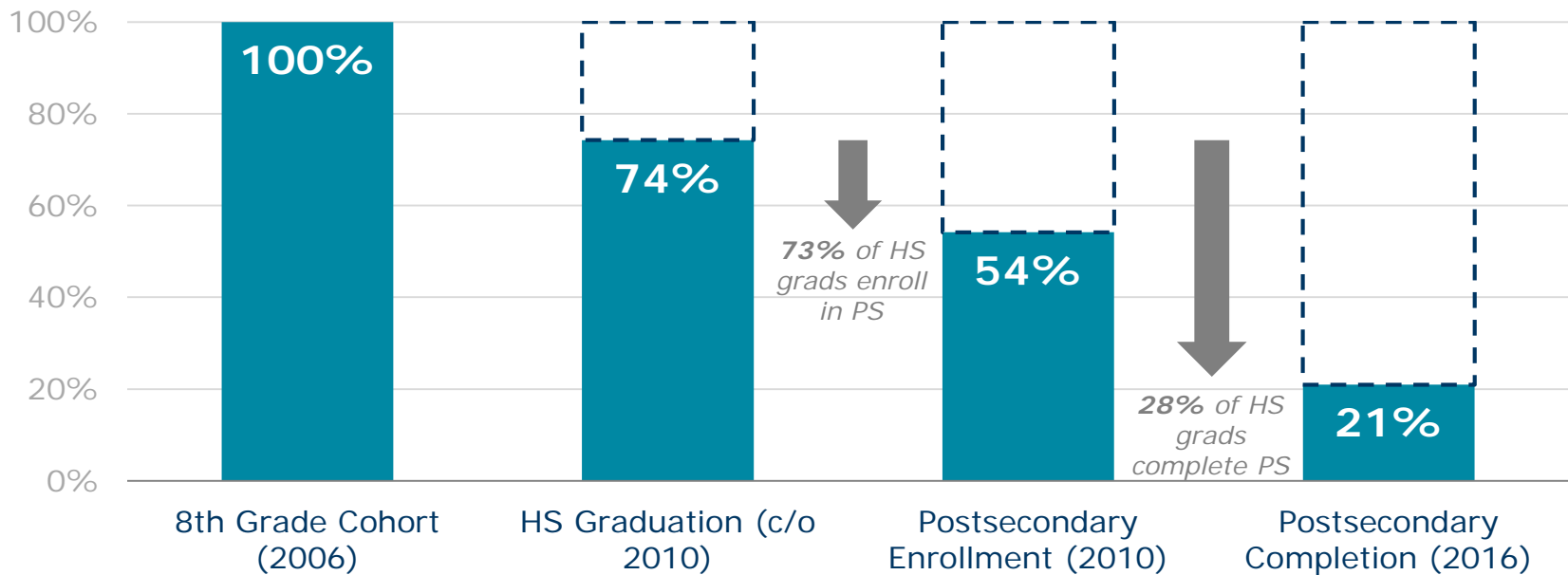
So If You Believe.....

-that talent is distributed equally, but **opportunity is not...**
- ...that **all students** are capable of success...
- ...that **early literacy** is critically important to our state and to our kids...
-that educators, if given the substantial resources and a clear goal, **can make dramatic gains in creating a solid early foundation** for all students...
- ...that funding **AND** decisions made by educators should BOTH be **equitable...**
- ...that **success should be rewarded....**
- ...that the potential for **additional, equitable resources are much more preferable** to a district than the public “stick” of altered A-F accountability
- **....then Outcomes Funding should be strongly considered**

Our 2nd Challenge: Post Secondary Readiness/Access
Current Outcomes and Targeted Funding

Tremendous "Melt": Only 1 in 5 Texas 8th Graders Earn a Postsecondary Degree in Texas within 6 Years of HS Graduation

High School Graduation and Postsecondary Attainment Rates of the 2006 Statewide 8th Grade Cohort



Students Meeting Benchmark

335,708

249,262

181,869

70,323

Students Not Meeting Benchmark

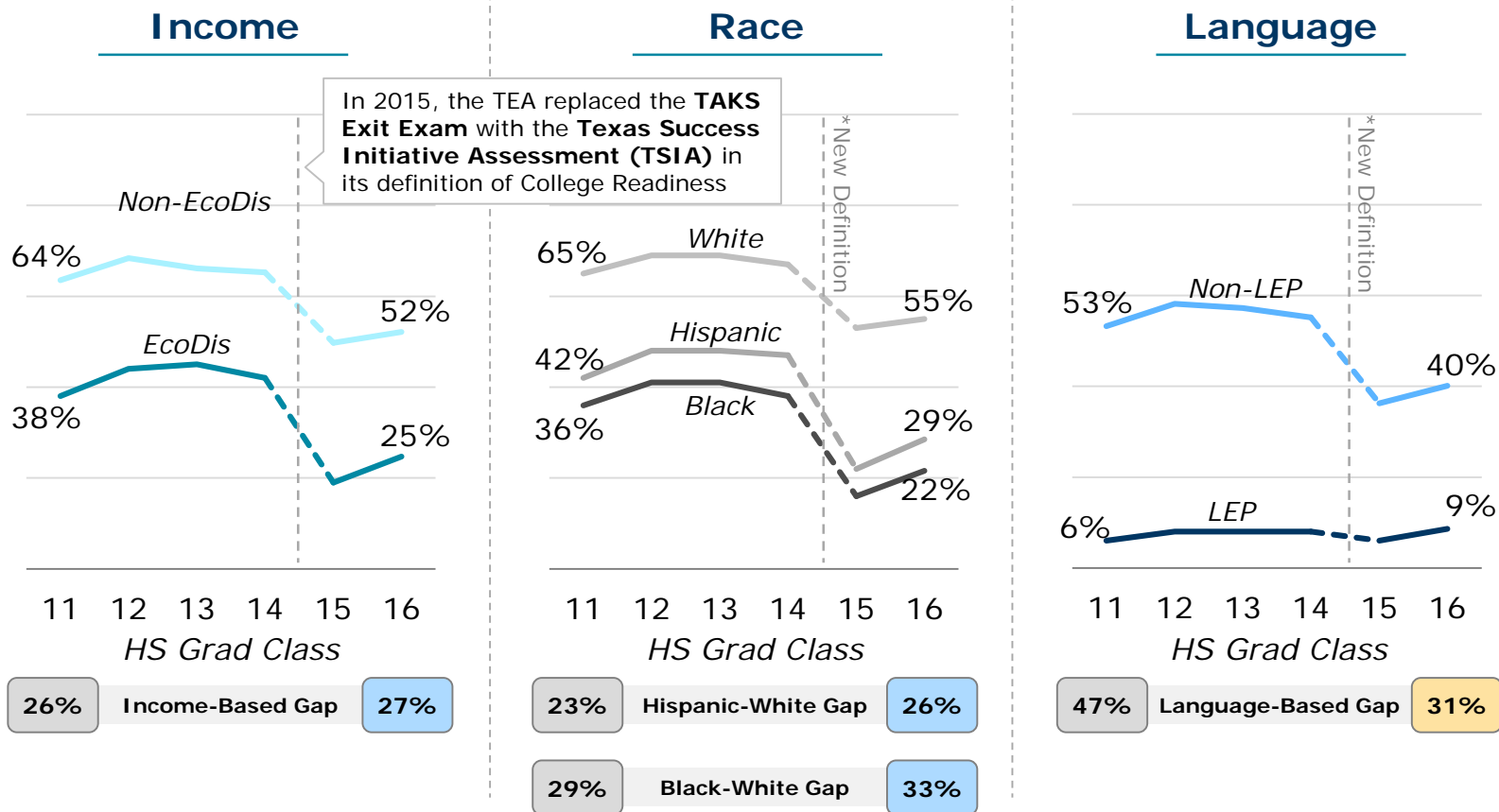
86,446

153,839

265,385

College Readiness Rates Show That Early Achievement Gaps Persist Into High School

Statewide College Readiness Rates (SAT/ACT/TSIA) of High School Graduates by Demographic, 2011-2016 HS Grad. Classes



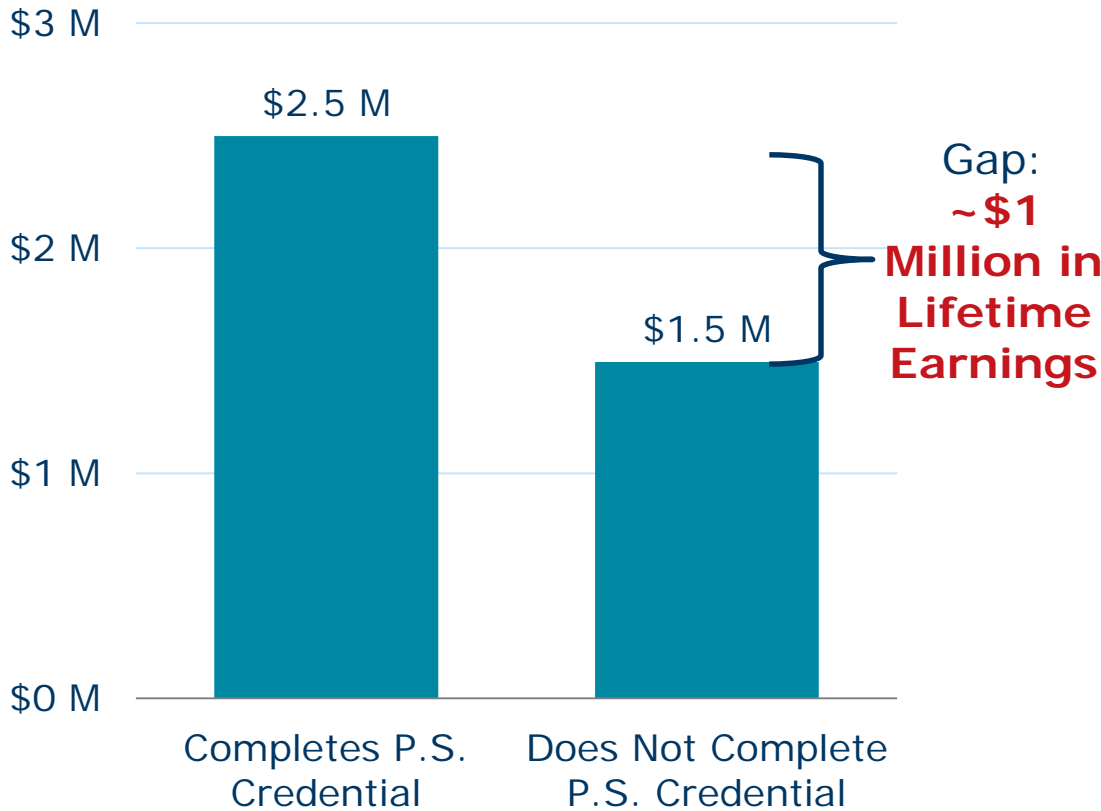
Source: TEA TAPR 2012-2017 reports; for weighted averages (Non-EcoDis, non-LEP), TEA Accountability Reports (2012-2017), 4-Year HS Graduation Rates

Note: LEP/non-LEP HS grad counts are not published by TEA TAPR standard files; these numbers found in TEA Accountability Reports (4-Year Longitudinal Graduation Rates, 2011-2016)

Roughly **\$200 Billion Dollars** Foregone by Each Texas H.S. Class by not Obtaining Postsecondary Credentials

Estimated Lifetime Earnings by Education Level, H.S. class of 2010

Texas



students,
2010 HS cohort 79,142

201,378

Within each Texas H.S. graduating class, students subsequently not earning a postsecondary credential lose up to ~**\$200 Billion** in future lifetime earnings (equal to **1/8th of Texas \$1.6 trillion GDP**)

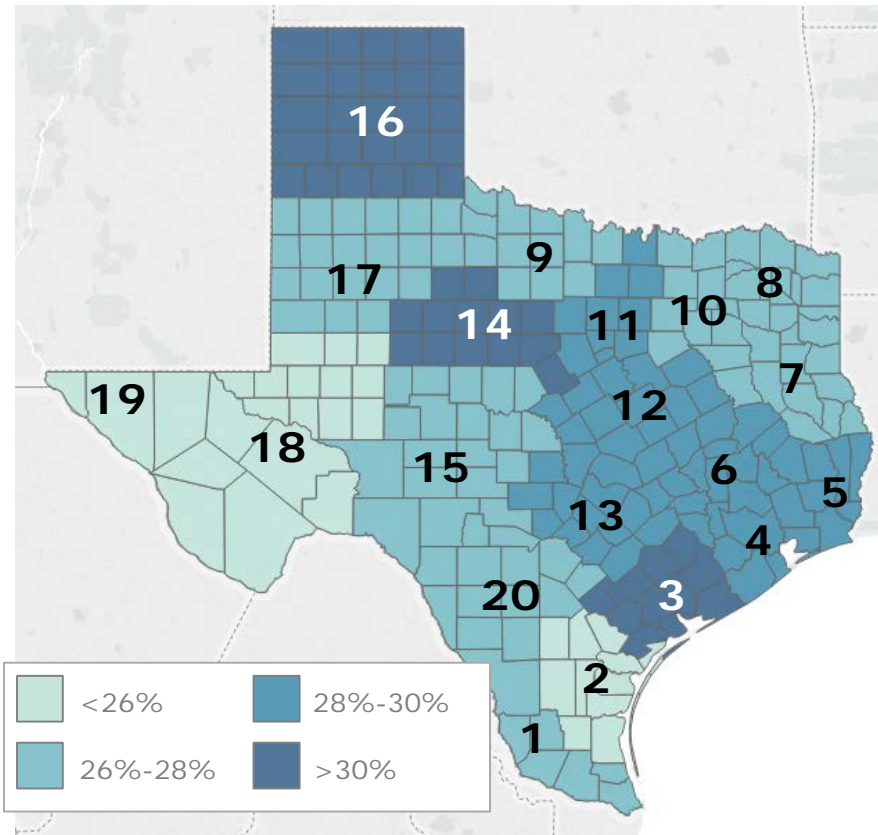
Source: The Commit Partnership, Median earnings found and adjusted for inflation (2017 Dollars) in U.S. Census, American Community Survey Briefs, "Work-life Earnings by Field of Degree and Occupation for People with a Bachelor's Degree: 2011"; PS attainment numbers estimated using the THECB Higher Education Attainment report, HS grad classes '08-'10



Highest Performing Regions Roughly Only Half of Statewide 60% Goal with Roughly 3 in 10 TX HS Grads Completing Overall

2016 Postsecondary Completion Rates by ESC Region

Percent of HS graduates (c/o 2010) who completed a postsecondary degree within 6 years of HS graduation, per the THECB 8th Grade Cohort Study

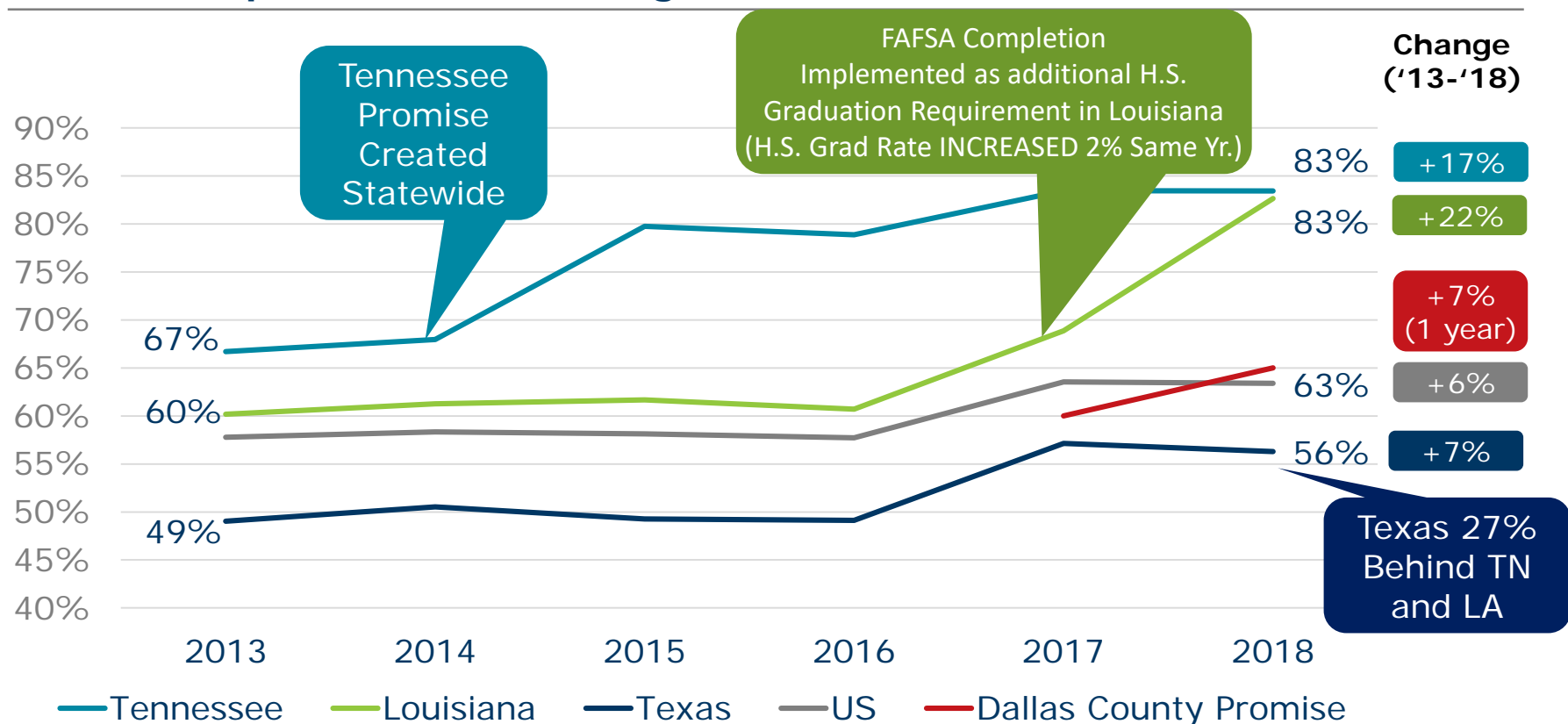


Region #	Region Name	Completion
1	Edinburg	27%
2	Corpus Christi	24%
3	Victoria	30%
4	Houston	30%
5	Beaumont	28%
6	Huntsville	28%
7	Kilgore	28%
8	Mt. Pleasant	26%
9	Wichita Falls	27%
10	Richardson	27%
11	Fort Worth	30%
12	Waco	30%
13	Austin	29%
14	Abilene	33%
15	San Angelo	27%
16	Amarillo	31%
17	Lubbock	26%
18	Midland	25%
19	El Paso	25%
20	San Antonio	27%
Total	Texas	28%

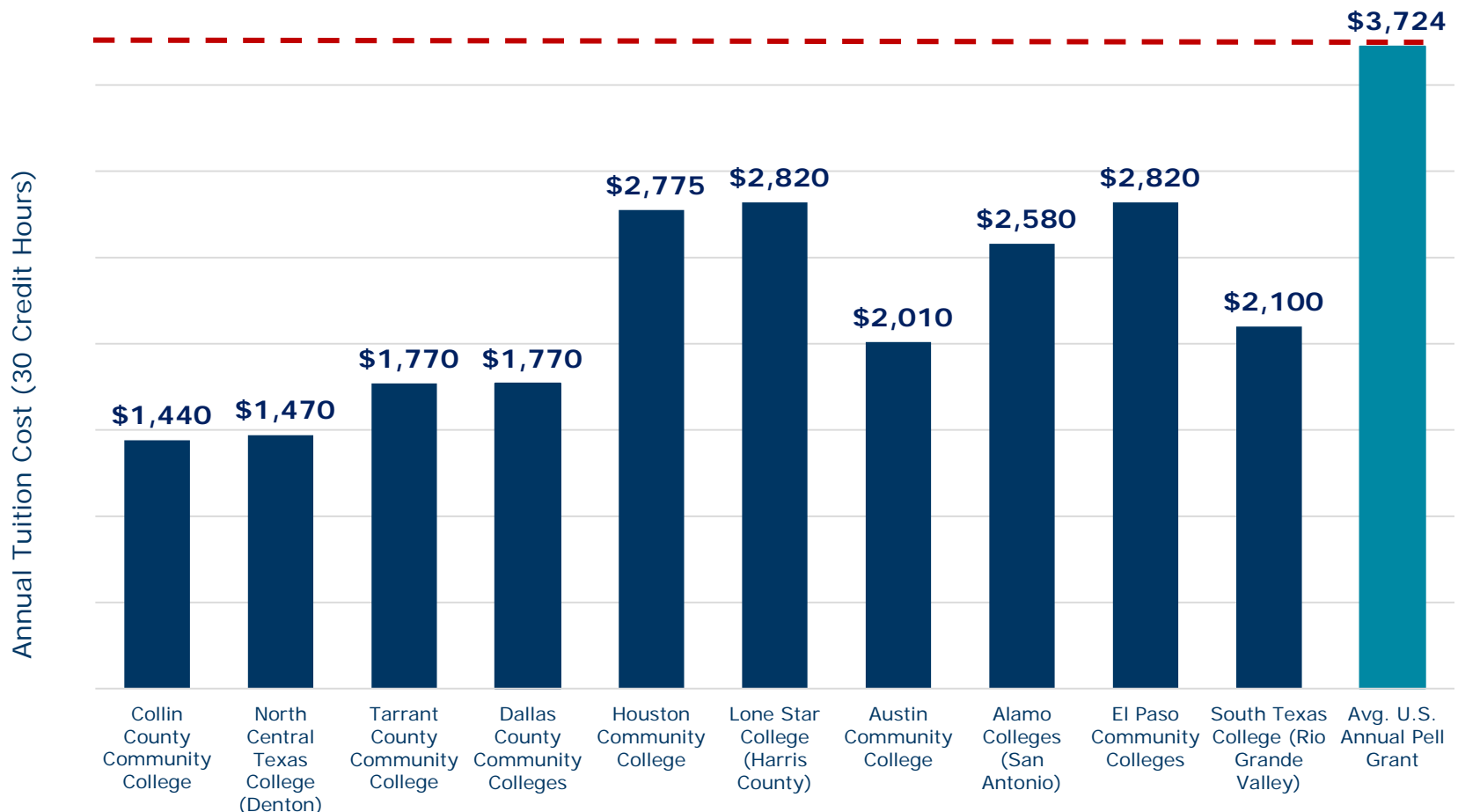
Statewide Initiatives Have Led to LA and TN Leading the Nation in FAFSA Completion and Accessing Substantial U.S. Aid via Pell Grants

Despite Ranking 9th Nationally in % Economic Disadvantage, TX Trails U.S.

FAFSA Completion Rates through June 30



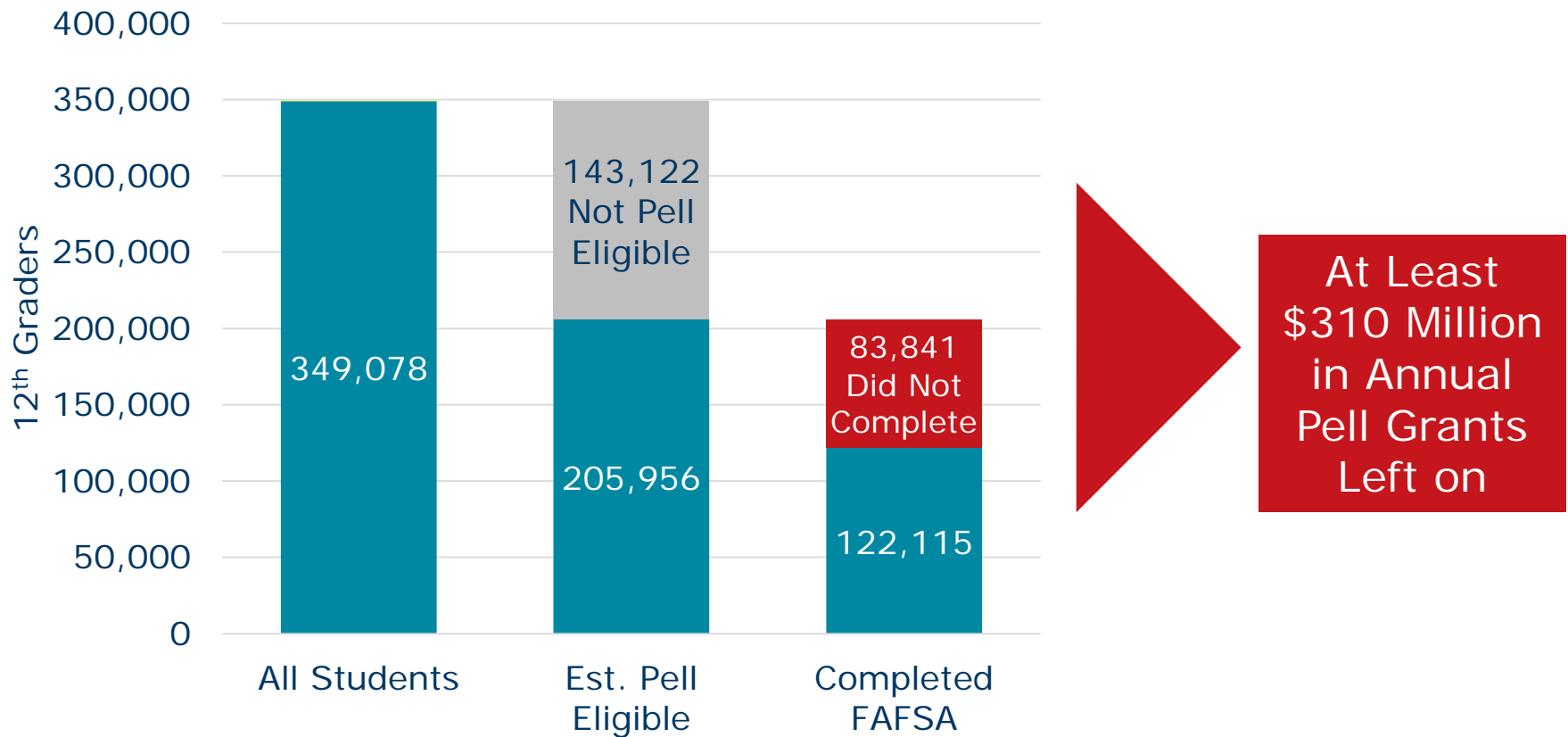
Across Texas, Community College Tuition Rates (4th Lowest in Nation) Are Well Below Average Annual U.S. Pell Grant and Represent a Tremendous Asset for Low Income Students Not Being Leveraged Today



Texas Students Leave at Least \$310 Million in Annual U.S. Pell Grants for EACH H.S. Senior Cohort On the Table Due to Failure to Complete FAFSA

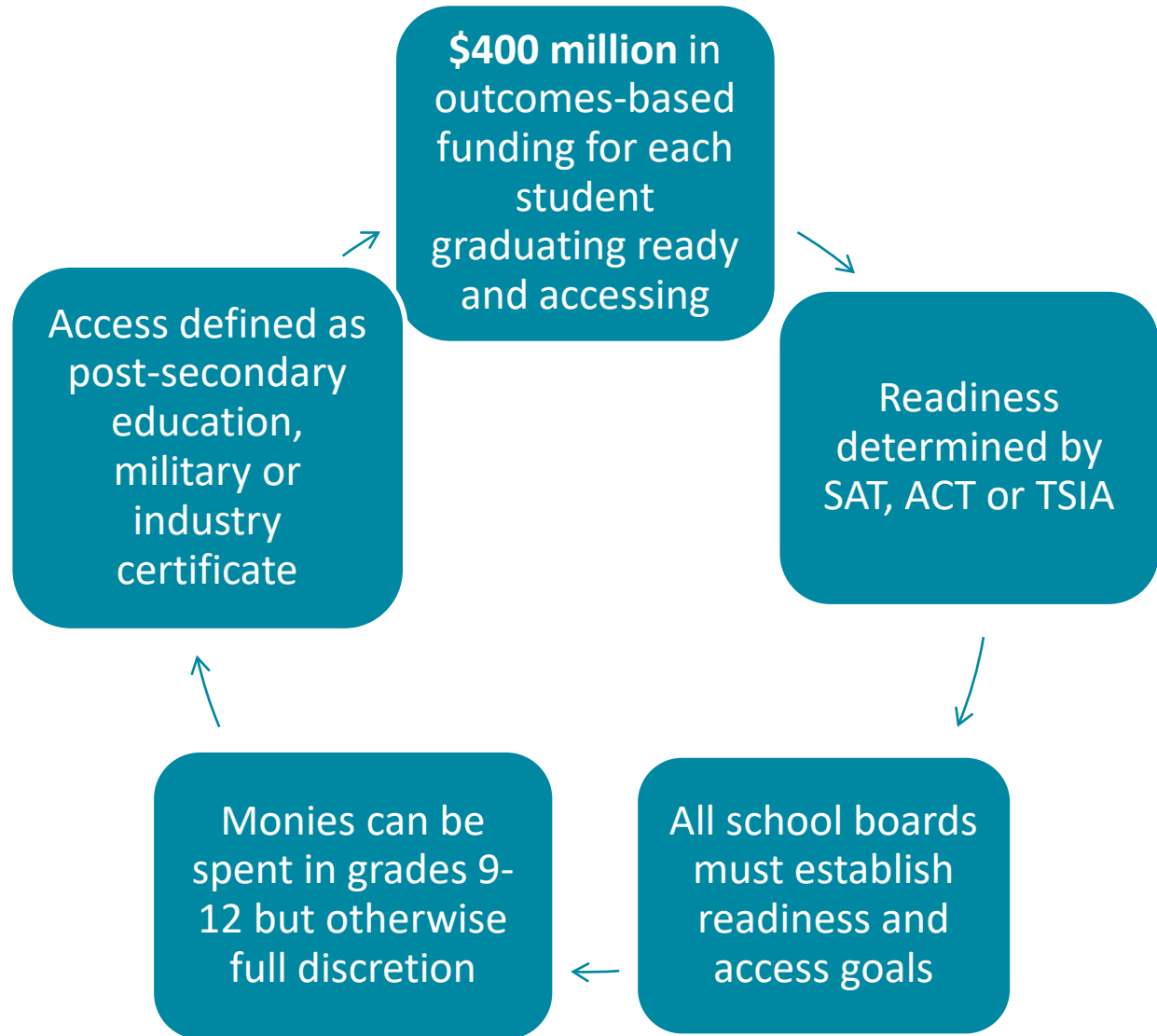
Texas Students Qualifying for Federal Financial Grants via FAFSA

(conservatively assumes that only those considered economically disadvantaged qualify for federal aid)



\$400 Million Outcomes Based Funding Investment Supporting Post-Secondary Readiness and Access

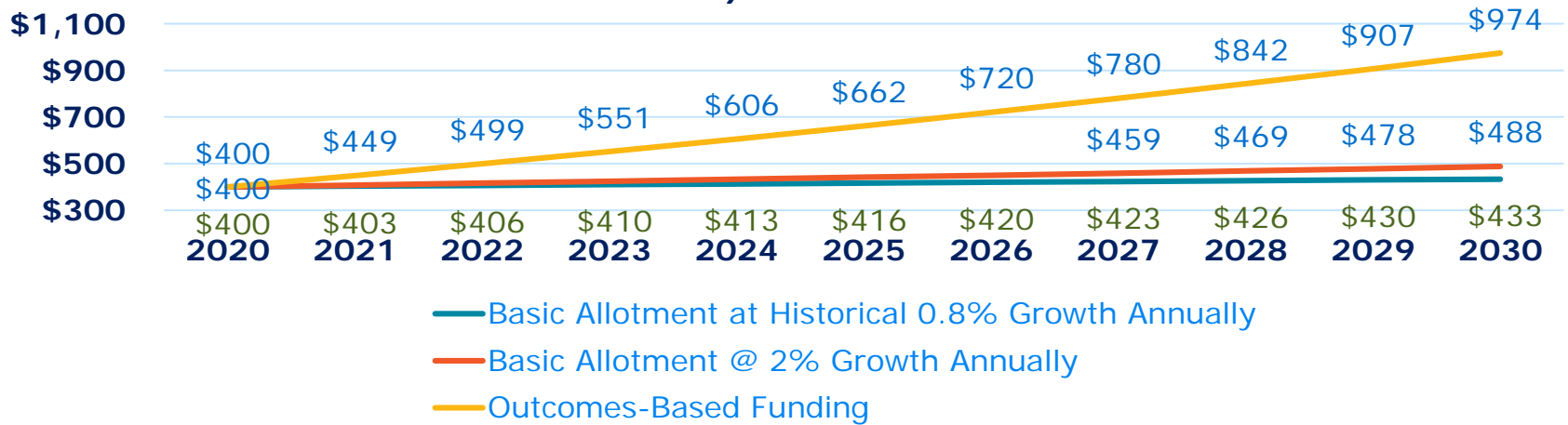
Focus on alignment, flexibility and rewarding success for each student



Outcomes-Based Funding Can Significantly Exceed Basic Allotment

Wise Investment in Readiness/Access Provides Much Higher Resource Potential For Public Schools Across Texas Following Injection of \$400 Million in Key Strategies

Comparison of Outcomes-Based Funding of ~\$400 Million
vs. Similar Funding in the Basic Allotment
Post Secondary Readiness and Access



Estimated Proficiency Rates Following \$400mm Investment in Post Secondary Readiness/Access

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Low Income	25%	28%	32%	35%	39%	42%	46%	49%	53%	56%	60%
Non Low Income	50%	51%	52%	53%	54%	55%	56%	57%	58%	59%	60%
Total	35%	36%	40%	43%	45%	47%	50%	52%	55%	57%	60%

Equity in Decisions Are Just As Important as Equity in Funding

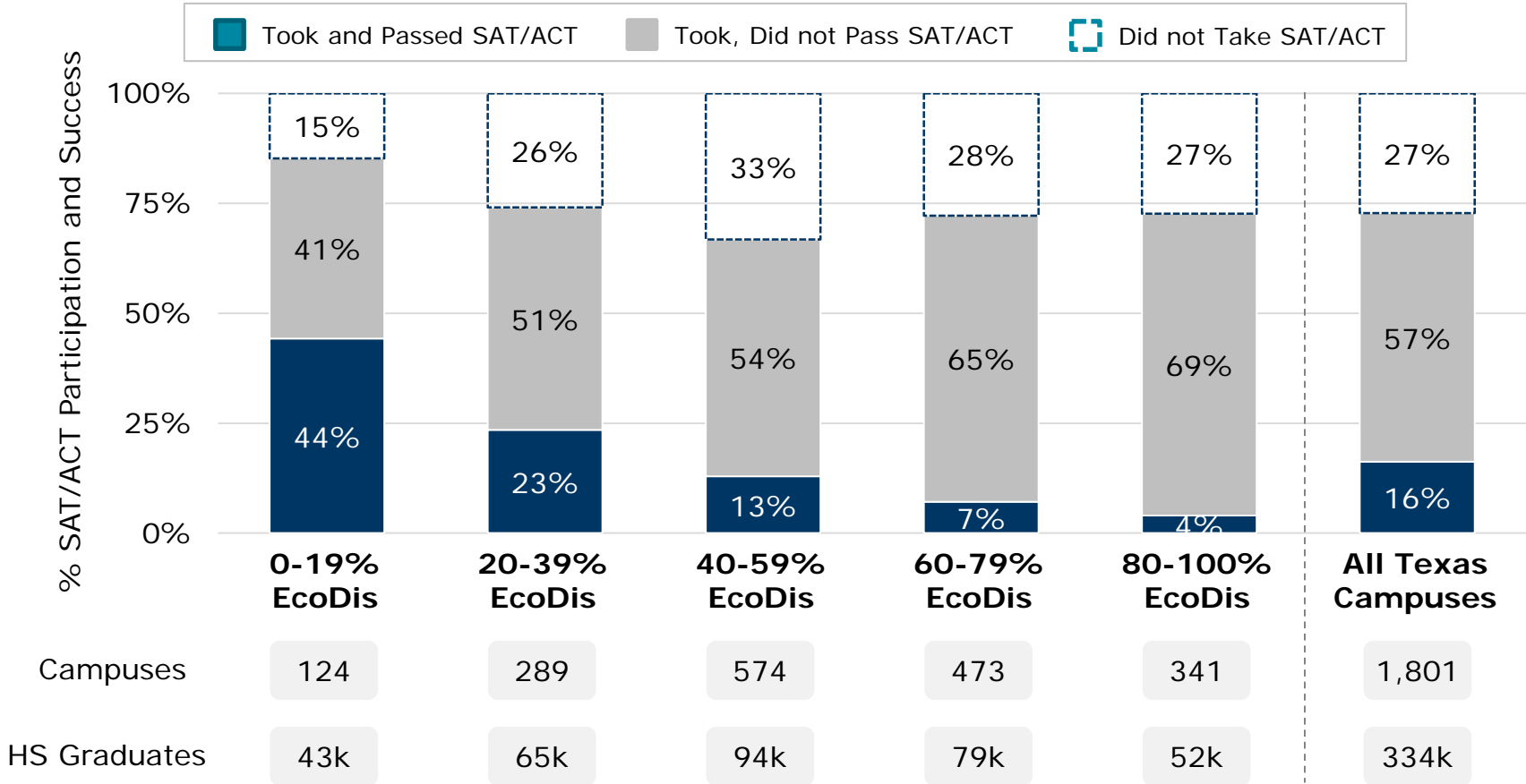
What Actions Would Outcomes-Based Funding Tied to Post-Secondary Readiness and Access Seek to Both Resource and Encourage?

Early CCMR Planning	Academic Skill Growth	Remediation	College Credits & ECHS Models	Work-Based Learning	College Access & Enrollment
Career and college pathway planning in the transition from middle school to HS	Developing growth models with ACT / SAT tools to drive maximum CCMR academic skill growth	Developing stronger early intervention to ensure no student graduates HS requiring college remediation	Expand college credit options with advanced placement, dual credit, and Early College and P-TECH models	Expand career services to include career exploration, Internships, soft skill development and industry certifications	Expand college and career advising to support financial aid, college apps and post-secondary matching

Equity in Decisions Are Just As Important as Equity in Funding

Low Income Students in More Affluent Campuses Have 10x Higher SAT/ACT Passing % with Greater Percentage Taking the Access Examination

SAT/ACT Participation and Outcomes of High School Graduates by Campus Economically Disadvantaged Rate, 2018



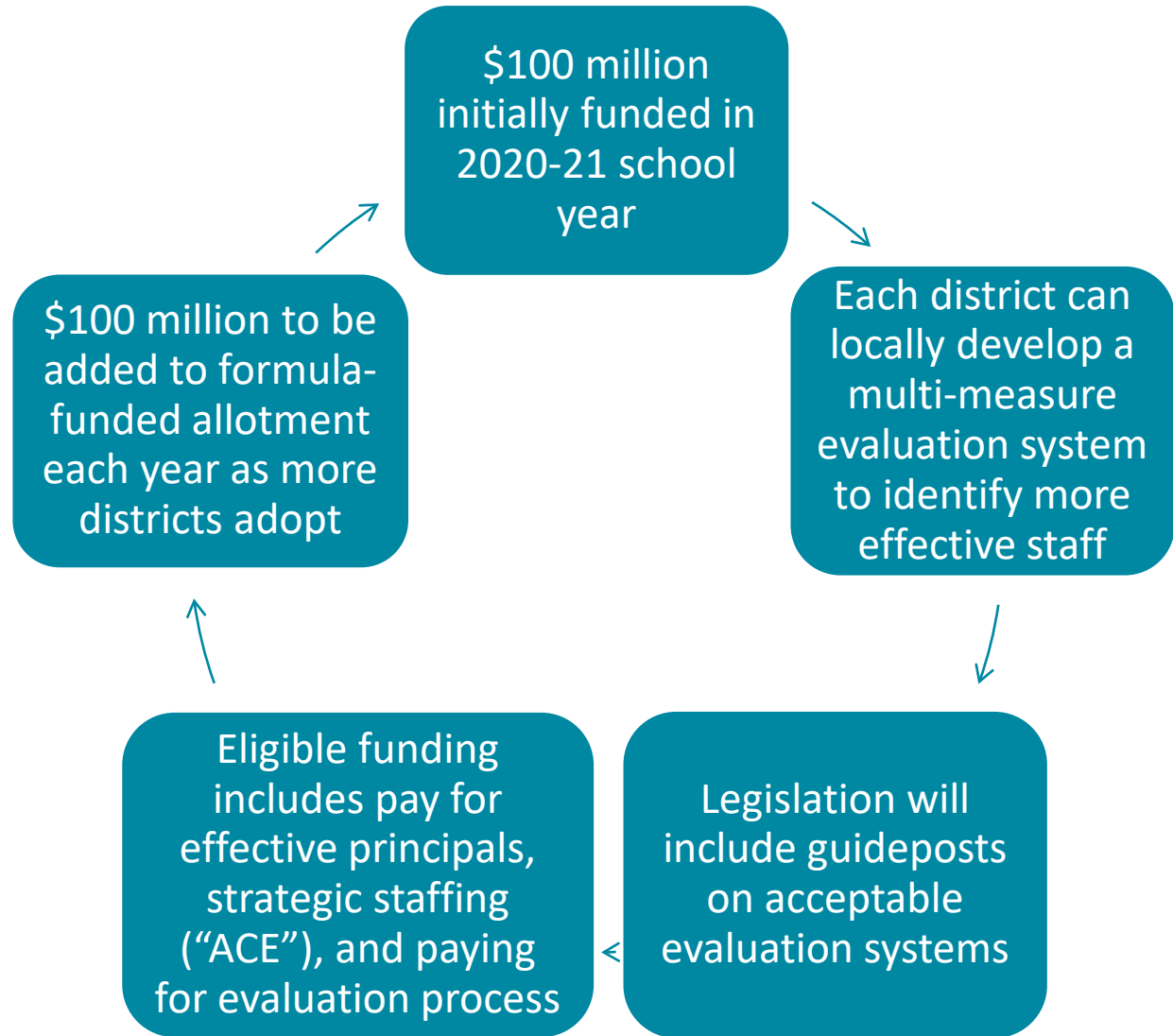
Source: TEA TAPR 2018 report
 Note: SAT/ACT rates refer to the 2017 graduating high school class



Our 3rd Challenge: Attract, Retain and Strategically Place Effective Educators Where Needed Most

\$100 Million (Growing to \$1bn) Effective Educator Allotment

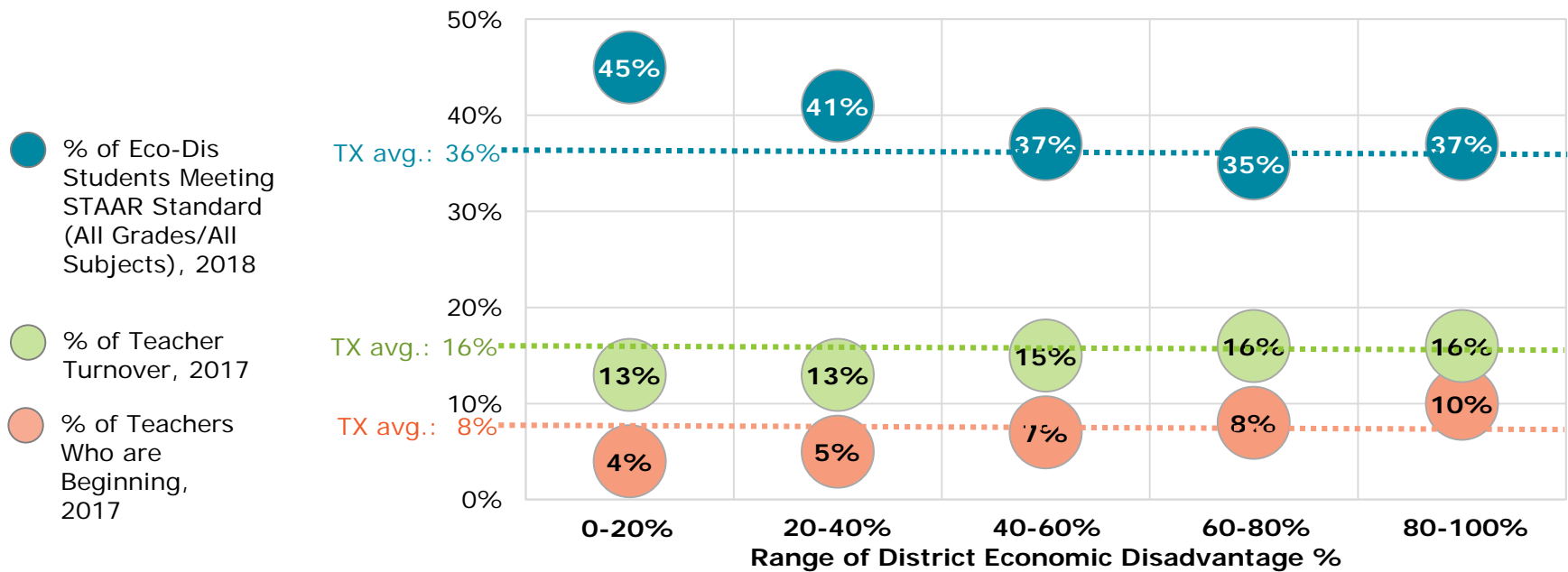
Attracting, Retaining and Strategically Staffing Effective Educators



The Need for Strategic Staffing Pay

As Economic Disadvantage Increases, % of Teachers Who Are Beginning and Teacher Turnover Increases While Achievement for Low-Income Students Declines

Eco-Dis Student Achievement vs. Teacher Characteristics, by District Eco-Dis Rate (200 Largest ISDs)



Teachers: Avg. Yrs. Exp.	11.2	11.4	10.8	10.6	10.2
# Districts	15	30	51	68	36
# Students	223,117	727,916	1,081,443	1,471,586	787,427
# Teachers	14,627	47,393	69,988	92,984	50,736

Accelerating Campus Excellence (“ACE”)

A Strategic Staffing and Whole Child Support Model to Turn Around Schools is Being Implemented in Four ISD’s With Another Five Evaluating

More specifically, ACE has **5 key components with aligned interventions** to create a culture of high campus expectations. **Cost = ~\$1,300/student**

Effective Principals and Teachers

- Strategic staffing
- Professional development
- Emphasis on mission/purpose

Instructional Excellence

- Data analysis/Professional Learning Communities (PLCs)
- PLC/Planning collaboration
- Observation, coaching, and feedback

Extended Learning

- Extra hour embedded into the Reading Language Arts (RLA) and Math
- Open until 6PM for intervention and enrichment
- Breakfast, lunch, and dinner served

Social and Emotional Support

- Positive relationships
- Reduction of suspensions with restorative focus
- Joyful incentives

Parent and Community Partnerships

- Facility upgrades
- Increased communication
- New partnerships

The ACE Initiative in Dallas ISD Resulted in 12 of 13 Multi-Year IR Campuses (92%) Going Off State's Improved Required List After One Yr. and Today Collectively Average a "B" Rating

Area Schools Implementing Strategic Staffing and Additional Resourcing

								2017-18	
Campus	Year 1 of ACE	Type (Elm. or Mid.)	% Eco Dis.	% ELL	% Mob.	Rating Prior To ACE	Rating Following Year 1 of ACE	Points per TEA	Equiv. Grade
Blanton	15-16	ES	92%	63%	21%	IR 5	Met Std.	93	A
J.W. Ray	17-18	ES	94%	3%	36%	IR 4	Met Std.	91	A
Mills	15-16	ES	91%	45%	28%	IR 5	Met Std.	89	B
U. Lee	15-16	ES	92%	31%	35%	IR 2	Met Std.	85	B
Titche	17-18	ES	84%	42%	33%	IR 5	Met Std.	88	B
J.N. Ervin	17-18	ES	97%	12%	38%	IR 2	Met Std.	85	B
Hernandez	17-18	ES	84%	33%	48%	IR 2	Met Std.	87	B
Rusk	17-18	MS	92%	59%	24%	IR 2	Met Std.	84	B
Edison	15-16	MS	91%	34%	28%	IR 5	IR	76	C
Dade	15-16	MS	100%	27%	31%	IR 3	Met Std.	78	C
Zumwalt	15-16	MS	97%	15%	43%	IR 3	Met Std.	74	C
C.F. Carr	17-18	ES	92%	34%	18%	IR 5	Met Std.	76	C
Pease	15-16	ES	92%	3%	44%	IR 3	Met Std.	59	F
Totals or Average for 13 Schools		10 ES and 3 MS	91%	32%	31%	Avg of 3.9 Yrs.	12 of 13 Met Std (92%).	82	B

Other Major Recommendations

Increasing Comp Ed Funding and Changing Allocation

\$1.1 Billion of Additional Funding (~25% Increase)
Now Distributed by Concentration of Poverty

- **Current Compensatory Education Weight:** 0.200, based on Free and Reduced Price Lunch Eligible Students
- **Expenditures Working Group recommends:** Sliding scale based on the **depth and density** of poverty, with the lowest threshold at a 0.225 weight.
- **How would this work?**
 - Using Free and Reduced Lunch numbers, the scale would be based on the density of poverty: .225 for low campus EcoDis percentage; .275 for high EcoDis percentage; and a sliding scale in between.
 - Every campus in a district would be assigned a Comp Ed. weight according to this scale
 - The assigned weight by campus would then be averaged across the district to create a district Comp Ed. weight that would apply to economically disadvantaged students
- **Districts with higher percentages of concentrated poverty would be funded at higher rates**, given the challenges concentrated poverty presents
- **All EcoDis students would be weighted greater than in the current formula, resulting in \$1.1bn of additional funding.**

Other Major Expenditure Recommendations

Collapse CEI, G&T and H.S. Allotments into Basic Allotment



CEI not updated since 1991 due to political difficulty of differentiating funding

G&T capped at 5% per district with every district effectively at cap (equity of G&T identification must be monitored)

H.S. allotment of \$275 per student created to reduce dropouts/increase readiness but funded thru Basic Allotment

Eliminate Hold Harmless Provisions



Implemented in 1993 with intention to last three years and provide runway from institution of recapture

Affects 40 districts and involves \$30mm of annual funding

Recommendation to place in Basic Allotment

Move to Current Year vs. Prior Year Values and Implement Fast Growth Allotment



More equitable (fast growth districts disproportionately benefit from "float") and less volatile

One time adjustment of \$1.8bn put into the Basic Allotment

Too offset impact, implement fast growth allotment of \$267mm for top quartile growth ISD's

Other Major Expenditure Recommendations

Other Early Literacy Initiatives



Option to extend elem. school yr. by 30 days with half day funding for low income schools most behind **(\$50mm)**

\$100mm for dyslexia Identification and support given TX underreporting vs. national averages

\$50mm for dual language vs. bi-lingual strategies given compelling data on long term results

Transportation Provisions



Base transportation funding on mileage rather than linear density **(cost neutral)**

Provide transportation funding for recapture districts: **\$60M per year**

Other Miscellaneous Recommendations



Funding for one optional in-school SAT, ACT or TSIA assessment per high school student **(\$25M per year)**

Provide full-day attendance credit for districts providing full day pre-K in terms of calculating WADA for purposes of recapture

Recreate small/mid-size allotment as a stand-alone allotment **(cost neutral)**

Create New Dual Language Allotment

Background: –Currently have a single bilingual education weight (0.1) that includes students in dual language programs

- Total current annual cost of bilingual education weight: \$570M

Rationale: –Dual language programs have been shown to have better academic outcomes than other bilingual education programs but districts need additional support to implement them

Annual Cost: \$15M to \$50M (using weight of 0.15)

- Could exceed \$100M by 2023

Create New Dyslexia Allotment

Background: –Currently, districts do not receive direct funding to support students with dyslexia and related disorders that receive services under Section 504 rather than IDEA

–In the 2017-18 school year, less than 2.5% of students (approx. 165,000) received services for dyslexia and related services

- **Rationale:** –Districts are already providing the additional supports needed by these students but not receiving any additional funds to do so

–The prevalence of dyslexia in students is between 5-10%

–Additional funding will help to provide the early identification and intervention that can improve these students' academic success

- **Annual Cost:** \$100M (using weight of 0.1)

Create an Extended Year Incentive Program

Background: –Student achievement levels typically drop during the summer months; this is referred to as the summer slide

–Studies of effective summer instruction programs show that this decline can be eliminated with programs that offer 3-4 hours of instruction for 5-6 weeks

•**Rationale:** –Provides half day funding for districts that offer additional instructional days (181-210) for students in pre-k through 5th grade

–In addition to improving student outcomes, this program would provide additional compensation to teachers and assist families with childcare in the summer months

•**Annual Cost:** \$50M

Base Transportation Funding on Mileage (80¢ per mile)

Background: –Last updated in 1984, at which point the allotment covered 70-80% of district transportation costs

–Current allotment is based on a linear density formula

- Rationale:** –Current system uses rates that have not been updated in over 30 years
- Allotment now covers only 25% of district transportation costs
- A mileage approach is much more straightforward
- The mileage rate should be set in the appropriations bill

- Annual Cost:** Neutral (rate based on current funding)

Provide Transportation Funding to Chapter 41 districts

Background: –Currently, Chapter 41 districts do not receive direct state support for transportation costs

- Rationale:** –State should not create a disincentive for Chapter 41 districts to provide transportation services for their students

- Annual Cost:** \$60M

Equitably Distributing Constitutionally Dedicated Funds of the Available School Fund (ASF)

Background: -not all districts equally benefit from the ASF.

- For non-recapture districts, this money counts toward the total entitlement funding a district receives.

- For recapture districts, the constitutional funds are often provided on top of the locally generated entitlement funding.

- Can be subject to recapture which prevents some districts from receiving all of their constitutional funding.

• **Rationale:** –To provide this funding more equitably, all districts should receive ASF funding as the first method of finance before incorporating local and other state revenues into the funding calculations.

• **Annual Cost:** \$???

Recreate Small/Mid-Size District Adjustments as a Stand-alone Allotment

Background: –Small district adjustment was created in 1974 and amended in 2017 to phase in the full adjustment for districts under 300 square miles in size

–Mid-size district adjustment was created in 1997 and amended in 2009 to allow Chapter 41 districts to receive it

- Rationale:** –Stand-alone allotment increases transparency and helps to streamline the formulas

- Annual Cost:** Recommended to be cost neutral to the state and to districts

Increase New Instructional Facility Allotment (NIFA) Appropriation to \$100 million per year

Background: –Created in 1999 (\$250 per ADA)

–Updated in 2017 (\$1000 per ADA) but no additional funding provided (resulting in an actual allotment of approx. \$235 per ADA for FY18)

–Provides funding for operational expenses associated with the opening of a new instructional campus

- **Rationale:** –Legislature increased the award amounts but did not appropriate sufficient funds to satisfy this intent

- **Annual Cost:** \$76.3M

Expand Career & Technology Allotment to Include Courses in 6th–8thGrade

Background: –Created in 1984 and updated in 2003
–Currently only applies to courses in 9th–12thgrades

- **Rationale:** –Since the state is investing in P-TECH and other career and technical programs, it makes sense to incentivize courses that can prepare student to enter those programs
- **Annual Cost:** \$20M

New Fast Growth Allotment

Background: –To assist the state’s higher growth districts dealing with the impacts of significant increases in student enrollment, including the cost of unplanned expenditures, such as hiring staff or purchasing new equipment and supplies.

- Rationale:** –The top quartile growth districts ranked based on a three-year rolling average of their growth rates.
-Distributed on a per student basis.

- Annual Cost:** \$280M

Reallocation, Movement to Current Year Values and Tier II Adjustments

Reallocate CEI Funds

- **Background:** –Created in 1984 and last updated in 1991
–Provides an adjustment for the cost of educating students in a district's particular region of the state, ranging from 1.02 to 1.20
- **Rationale:** –Adjustments based on regional costs that were adopted almost 30 years ago are no longer valid
–Existing statutory process that was intended to update the adjustments has not been utilized
- **Annual Savings:** \$2.9B

Reallocate Chapter 41 Hold Harmless Funds

- **Background:** –Created in 1993 to provide hold harmless funding for 3 years after recapture went into effect
 - Extended twice and then made permanent in 1999
 - Currently affects 40 districts
- **Rationale:** –Created as a temporary provision 25 years ago
 - Intended to help districts avoid drastic budget cuts in years immediately following the establishment of the recapture system
- **Annual Savings:** \$30M

Reallocate Chapter 41 Early Agreement Credit Funds

Background: –Created in 1995

–Provides a credit against recapture amounts for districts that submit an agreement to purchase attendance credits by September 1st

•**Rationale:** –This is NOT a discount for the early payment of recapture amounts, so there is no benefit to the state

–Currently, 100% of districts choose to purchase attendance credits in order to reduce their equalized wealth level, and almost all of these districts submit their agreements by September 1st

•**Annual Savings:** \$50M

Reallocate Gifted & Talented Allotment Funds

Background: –Created in 1984 and last updated in 1991
–Funding is limited to 5% of a district's ADA

- **Rationale:** –Virtually all districts currently receive the maximum funding allowed under this allotment (5% of ADA), so the same result could be accomplished by distributing these funds through the basic allotment
–Statutory requirements regarding educational programs for gifted and talented students will remain in effect
- **Annual Savings:** \$165M

Reallocate High School Allotment Funds

- **Background:** –Created in 2006 and amended in 2009
–Provides \$275 for every student in ADA in grades 9-12
- **Rationale:** –These funds were originally intended for programs to decrease dropouts and increase college readiness; however, because this allotment is distributed on ADA, these funds are not necessarily flowing to the students that need it the most
–This goal is better accomplished through other allotments, such as compensatory education or career & technology
- **Annual Savings:** \$400M

Move From Prior Year Property Values to Current Year Property Values

- **Background:** –Prior year property values are currently used in wealth per student calculations within the school finance system.
–This creates a lag within the system, so that it does not properly reflect local tax revenues
- **Rationale:** –Current year values would be more indicative of the rising property value growth across the state and provide a more accurate picture of the needs of Texas schools
–District cash flows would not be affected
- **FY20 Savings:** \$1.8B

Link Tier II Golden Penny Yield to a Set Percentile of the Basic Allotment

Background: –Golden pennies (\$1.01 –1.06) are equalized up to the Austin ISD wealth level, which in 2006 was the 95th percentile in terms of wealth per student (\$41.22)
–This yield has not been changed since 2006 and Austin ISD now represents the 99th percentile (\$106.28)

•**Rationale:** –Decouples this yield from Austin ISD and sets it at a certain percentile of the Basic Allotment
–Provides more predictability in the system
–Removes a variable that is not tied to district or student needs

•Annual Cost: TBD

Link Tier II Copper Penny Yield to a Percentage of the Basic Allotment

Background: –

- Copper pennies (\$1.07 –1.17) were equalized up to \$31.95, which in 2006 was the 88th percentile in terms of wealth per student.
- This yield has not been adjusted since 2006, and \$31.95 now represents the 47th percentile
- Paired with an initial automatic compression of a districts tax rate.

•**Rationale:** –Would increase the yield by an initial amount and then index the yield to a percentage of the basic allotment, so that the yield would increase with any increase in the basic allotment

-Initially increased to \$43.50

–This would increase Tier II aid for Chapter 42 districts and reduce recapture for Chapter 41 districts taxing above \$1.06

•Annual Cost: \$0-\$286M

Potential Revenue Sources

Sources of Potential Revenue

Sales Tax Growth



Sales tax revenues increasing 10% annually; state sales taxes is now past the revenue threshold dedicated to transportation fund

Recent *Wayfair* decision by U.S. Supreme Court now allows sales taxes on online sales where vendor has no TX presence

Redirection of Severance Taxes to General Revenue vs. Rainy Day Fund



Severance taxes from energy production growing rapidly, adding to ESF/Rainy Day Fund beyond that prudently needed

Redirection away from Rainy Day Fund could create up to \$2bn to \$3bn of additional revenue per biennium if not more

Other Ideas



Commission was presented a list of over 40 different ideas for consideration by the Legislature **(see handout)**

Other Revenue Ideas to Support Sustainability and Out-Year Needs

Sales Tax Expansion



- Updating and indexing taxes to reflect current market conditions, e.g. Motor Fuels, alcoholic beverages
- Rolling-back exclusions and exemptions, e.g. Business 7 Professional Services, Natural Gas, Opioids
- Consider other Consumption taxes, e.g. Sin taxes, E-cigs
- Sales tax expansion, e.g. property sales, Local Option Sales Tax for Property Tax Relief

Relief from Reliance on Recapture



- Increasing/Consolidating Equalized Wealth Levels
- Limiting Recaptured tax collections
- Reducing Assessment Caps
- Fair and uniform assessments
- Adding Circuit Breakers to mitigate tax burden
- Property Tax Exemptions for Teachers

Spending Compliance and Unfunded Mandates



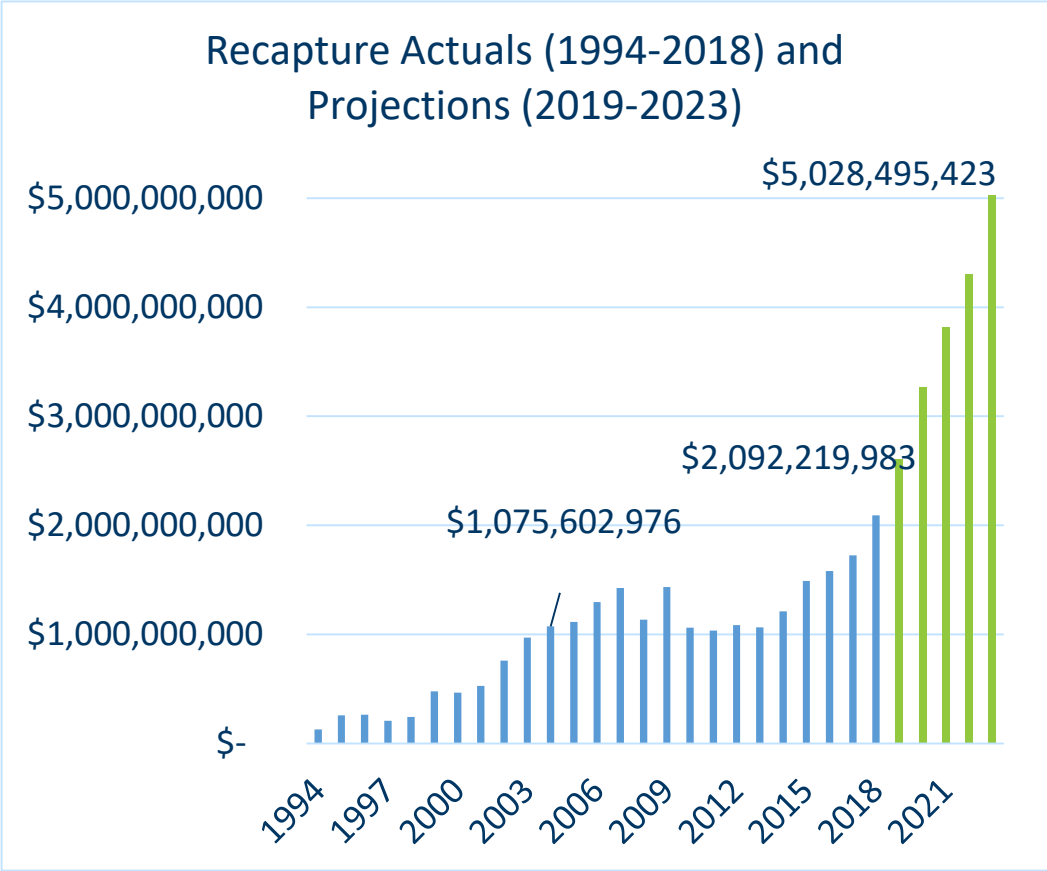
- Providing more flexibility with spending compliance rules so funding aligned with student needs, e.g. using bilingual allotment for teacher salaries or expanding comp ed. funding to allow for pre-k services, improving teacher quality, child care services or parent liaisons

The State of Recapture in Texas

Recapture in Texas

Unless addressed, recapture will become an even larger burden for a growing number of Chapter 41 school districts over the next 5 years

Actual and Projected Recapture Collections, 1994 to 2023



The \$2.7B that the state collects in recapture payments from Chapter 41 school districts is projected to nearly double in just five years, **up to over \$5B by 2023** under the current school finance system.



Source: Texas Commission on Public School Finance, 11.13.18, Presentation by Governor's Office of Budget and Policy

Appendices

Proposed 3rd Grade Outcome Based Funding is Equitably Distributed to Reflect the Need for Greater Resources in Higher Low Income Settings

Assuming a District with 1,000 3rd Grade Students (~ 50 Classrooms) Achieving at Avg. State Proficiency Levels for Reading

District Economic Disadvantage %	0%	25%	50%	75%	100%
Number of Eco. Dis. Students	-	250	500	750	1,000
Number of NON Eco. Dis. Students	1,000	750	500	250	-
Proficient Eco. Dis. Students <i>(Using State Average of 32%)</i>	-	79	158	236	315
Proficient NON Eco. Dis. Students <i>(Using State Average of 58%)</i>	579	434	290	145	-
Funding for Eco. Dis. Students @ \$3,400/student	-	\$267,847	\$535,693	\$803,540	\$1,071,386
Funding for NON Eco Dis Students @ \$1,450/student	\$839,989	\$629,991	\$419,994	\$209,997	-
Total Outcome Funding (in \$000's)	\$840k	\$898k	\$956k	\$1.01m	\$1.07m

Under proposed incentives, a district that is 100% Economically Disadvantaged would receive 28% more new funding than a district that has 0% Eco. Dis., consistent with comp ed spectrum recommendations

Proposed CCMR Outcome Funding in Year 1 Will Equitably Support Campuses and Can Improve as Outcome Dollars are Wisely Invested

Assuming a District Has 1,000 Seniors With State Average Proficiency Levels

District Economic Disadvantage %	0%	25%	50%	75%	100%
Number of Eco. Dis. Students	-	250	500	750	1,000
Number of NON Eco. Dis. Students	1,000	750	500	250	-
Proficient Eco. Dis. Students <i>(Using State Average of 25%)</i>	-	62	123	185	247
Proficient NON Eco. Dis. Students <i>(Using State Average of 50%)</i>	500	375	250	125	-
Funding for Eco. Dis. Students @ \$5,380/student	-	\$332,214	\$664,428	\$996,642	\$1,328,856
Funding for NON Eco Dis Students @ \$2,015/student	\$1,007,934	\$755,950	\$503,967	\$251,983	-
Total Outcome Funding (in \$000's)	\$1.01m	\$1.09m	\$1.17m	\$1.25m	\$1.33m

Under proposed incentives, a district that is 100% poor would receive 28% more new funding than a district that has zero poverty, consistent with comp ed spectrum recommendations

ISD's Receiving Largest Premium from Outcomes-Based Funding (Based on Achievement/Equity) vs. Just Receiving Their Simple Pro Rata %

Districts with Largest Gains from Initial Outcome Funding (vs. Simply Receiving Their Pro Rata Share) Also Reflect Even Larger Premiums with Continued Growth

		Current 3 rd Grade Reading Proficiency		Initial Outcomes Funding Based on Current Proficiency Levels			Outcomes Funding Based on 50% Low Income Proficiency			Outcomes Funding Based on 60% Low Income Proficiency		
District	Eco Dis %	Prof. % for All Students	Prof. % for EcoDis Students Only	Total Initial Outcomes Funding (\$Mil.)	Funding Premium vs. Simple % Share of \$400MM	1 % Increase Above Simple % Share	Total Outcomes Funding (\$Mil.)	Funding Premium vs. Simple % Share of \$400MM	2 % Increase Above Simple % Share	Total Outcomes Funding (\$Mil.)	Funding Premium vs. Simple % Share of \$400MM	3 % Increase Above Simple % Share
DALLAS	88%	38%	36%	\$13.6m	\$1.5m	+12%	\$18.3m	\$6.2m	+51%	\$21.6m	\$9.5m	+78%
KATY	29%	60%	43%	\$6.9m	\$1.0m	+17%	\$7.3m	\$1.5m	+26%	\$8.0m	\$2.2m	+38%
BROWNSVILLE	96%	40%	39%	\$4.0m	\$1.0m	+33%	\$5.1m	\$2.1m	+68%	\$6.1m	\$3.1m	+101%
SOCORRO	71%	46%	41%	\$4.2m	\$1.0m	+30%	\$5.0m	\$1.7m	+52%	\$5.8m	\$2.6m	+79%
PHARR-SJA	88%	44%	42%	\$3.1m	\$0.9m	+42%	\$3.6m	\$1.4m	+66%	\$4.3m	\$2.1m	+98%
YSLETA	79%	45%	41%	\$3.7m	\$0.9m	+32%	\$4.5m	\$1.6m	+58%	\$5.3m	\$2.4m	+86%
HOUSTON	77%	37%	32%	\$18.2m	\$0.9m	+5%	\$27.0m	\$9.6m	+55%	\$31.7m	\$14.4m	+83%
EDINBURG	85%	44%	40%	\$3.3m	\$0.9m	+35%	\$4.1m	\$1.6m	+64%	\$4.8m	\$2.3m	+94%
LA JOYA	94%	43%	42%	\$2.9m	\$0.8m	+39%	\$3.4m	\$1.3m	+64%	\$4.0m	\$2.0m	+95%
CY-FAIR	50%	46%	34%	\$9.2m	\$0.7m	+8%	\$11.9m	\$3.4m	+40%	\$13.6m	\$5.1m	+60%
IDEA	89%	41%	38%	\$3.6m	\$0.7m	+24%	\$4.6m	\$1.7m	+59%	\$5.5m	\$2.6m	+89%
PASADENA	78%	38%	36%	\$4.8m	\$0.7m	+16%	\$6.5m	\$2.4m	+59%	\$7.8m	\$3.7m	+89%
EL PASO	70%	45%	38%	\$4.5m	\$0.6m	+16%	\$5.5m	\$1.7m	+44%	\$6.4m	\$2.6m	+67%

*Funding outcomes are estimated using 2018 3rd grade reading STAAR "meets grade level" rates. Under this incentive funding model, all EcoDis 3rd graders who score "meets" earn their district \$3,400; all non-EcoDis 3rd graders who score "meets" earn their district \$1,450. The "Simple Pro Rata %" model distributes the \$400 million incentive fund equally among TX districts by 3rd grade enrollment (~\$967 per student).

Even ISD's Receiving the Least \$ from Outcomes-Based Funding (vs. Simply Receiving Their Pro Rata %) Can See Huge Gains w/ Increases in Proficiency Already Being Achieved by Others

Districts with Largest Losses from Initial Outcome Funding (vs. Simply Receiving Their Pro Rata Share Based on 3rd Grade Enrollment)

		Current 3 rd Grade Reading Proficiency		Initial Outcomes Funding Based on Current Proficiency Levels			Outcomes Funding Based on 50% Low Income Proficiency			Outcomes Funding Based on 60% Low Income Proficiency		
District	Eco Dis %	Prof. % for All Students	Prof. % for EcoDis Students Only	Total Initial Outcomes Funding (\$Mil.)	Funding Premium vs. Simple % Share of \$400MM	1 % Increase Above Simple % Share	Total Outcomes Funding (\$Mil.)	Funding Premium vs. Simple % Share of \$400MM	2 % Increase Above Simple % Share	Total Outcomes Funding (\$Mil.)	Funding Premium vs. Simple % Share of \$400MM	3 % Increase Above Simple % Share
SAN ANTONIO	91%	24%	23%	\$2.9m	-\$0.9m	-24%	\$6.2m	\$2.4m	62%	\$7.4m	\$3.6m	94%
ECTOR COUNTY (ODESSA)	55%	31%	24%	\$1.9m	-\$0.7m	-27%	\$3.2m	\$0.6m	25%	\$3.7m	\$1.1m	45%
ALDINE	86%	27%	26%	\$4.7m	-\$0.7m	-13%	\$8.7m	\$3.3m	62%	\$10.4m	\$5.0m	94%
NORTHSIDE	50%	41%	30%	\$7.1m	-\$0.6m	-8%	\$10.0m	\$2.3m	30%	\$11.5m	\$3.8m	49%
BEAUMONT	79%	23%	18%	\$0.9m	-\$0.5m	-37%	\$2.2m	\$0.8m	53%	\$2.6m	\$1.2m	81%
IRVING	78%	27%	24%	\$2.0m	-\$0.5m	-21%	\$3.8m	\$1.3m	53%	\$4.5m	\$2.0m	82%
ALIEF	83%	28%	26%	\$3.2m	-\$0.5m	-14%	\$5.9m	\$2.2m	59%	\$7.0m	\$3.3m	89%
SPRING	69%	29%	28%	\$2.3m	-\$0.5m	-17%	\$3.7m	\$1.0m	37%	\$4.4m	\$1.7m	61%
ARLINGTON	69%	34%	29%	\$3.9m	-\$0.4m	-10%	\$6.0m	\$1.6m	38%	\$7.0m	\$2.7m	62%
KILLEEN	55%	35%	29%	\$3.0m	-\$0.4m	-12%	\$4.6m	\$1.2m	36%	\$5.4m	\$2.0m	58%
VICTORIA	66%	27%	20%	\$0.8m	-\$0.4m	-32%	\$1.6m	\$0.5m	43%	\$1.9m	\$0.8m	67%
DEL VALLE	87%	19%	17%	\$0.5m	-\$0.3m	-42%	\$1.3m	\$0.5m	63%	\$1.6m	\$0.8m	94%
MIDLAND	50%	36%	27%	\$1.7m	-\$0.3m	-17%	\$2.5m	\$0.5m	26%	\$2.9m	\$0.9m	45%

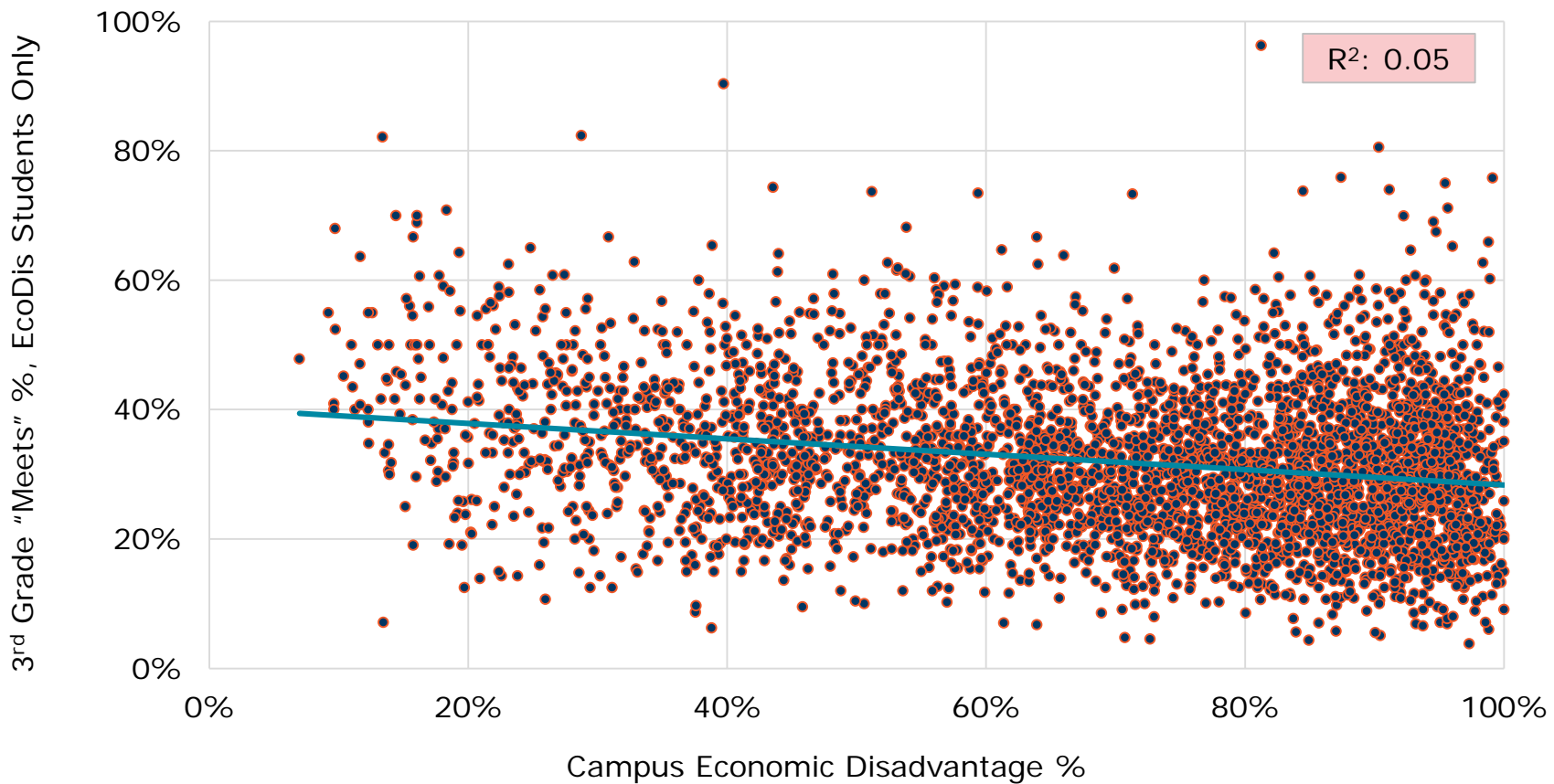
Note: Only districts with more than 20 STAAR 3rd grade reading testers are included on this list.

*Funding outcomes are estimated using 2018 3rd grade reading STAAR "meets grade level" rates. Under this incentive funding model, all EcoDis 3rd graders who score "meets" earn their district \$3,400; all non-EcoDis 3rd graders who score "meets" earn their district \$1,450. The "Simple Pro Rata %" model distributes the \$400 million incentive fund equally among TX districts by 3rd grade enrollment (-\$967 per student).

Little Correlation Between Low Income Achievement and Campus Poverty

Even Wider Variation Exists Across Campuses in STAAR 3rd Grade Reading
Let's Reward the Scaling of Better Practices Aiding Students w/ Similar Demographics

Campus 2018 STAAR 3rd Grade Reading "Meets Grade Level" Rates (EcoDis Students Only) Compared to 2018 Campus Economic Disadvantage Rates

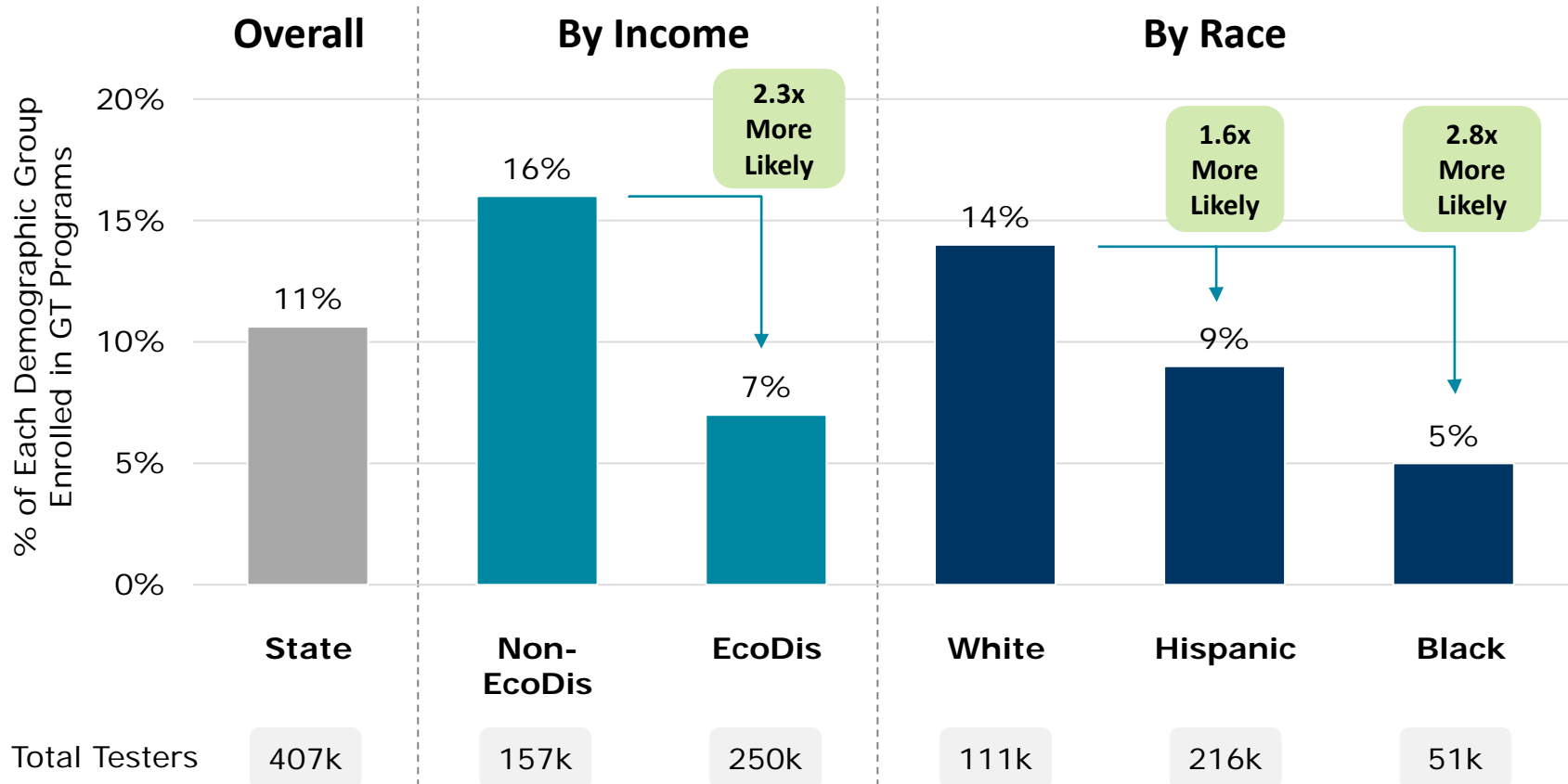


Source: TEA TAPR 2018 report and TEA STAAR 2018 report (only campuses with more than 20 EcoDis testers included)
Note on R² : The R² seen on the chart was found using the STAAR "meets rates and EcoDis rates of each Texas campus with more than 20 STAAR 3rd Grade Reading EcoDis testers. This was calculated as a response to another organization's request. Typically, the Commit Partnership does not include R² on the line of best fit.



Trend of Under Identification of Low Income Students of Color Continues Into the 5th Grade with Gaps Widening for Black Students

Statewide % of 2018 5th Grade Reading STAAR Test Takers Who Were Identified as Gifted and Talented



Source: 2018 Texas Assessments 5th grade reading report

Note: G/T enrollment by demographic is not publicly available therefore we used total STAAR test takers as a proxy. There were 414k students enrolled in 5th grade based on TAPR, 98% of the grade took the 5th grade reading STAAR.

Campuses That Underperform Relative to Expected Achievement (Given a Campus' Poverty) Are Neither Notably Poorer or Contain More ELL Students – However, Black Students

Demographics of Campuses Performing Above and Below the Line of Best Fit in 3rd Grade Reading STAAR Performance, 2018

Demographic	Campuses Performing Above "Expectation"	Campuses Performing Below "Expectation"	Likelihood of Students BELOW Line, by Dem.
EcoDis %	61%	64%	1.05x
Black %	9%	16%	1.8x more likely
Hispanic %	56%	52%	0.9x
White %	26%	26%	1.0x
English Learner %	28%	24%	0.86x
SPED %	9%	9%	1.0x
Avg 3R "Meets"	51%	33%	n/a
# 3 rd Graders	190,356	211,802	n/a
# Campuses	2,013	2,205	n/a

Source: TEA TAPR 2018 report and TEA STAAR 2018 report (only campuses with more than 20 testers included)

Note on "Expected Performance": A district's expected STAAR performance was estimated based on the statewide line of best fit (using student Economic Disadvantage and 3rd grade reading STAAR "meets" rates)

87% of Texas School Districts Currently Offer Pre-K Programs

~70% of Those Offering PreK Have Full-Day Offerings;

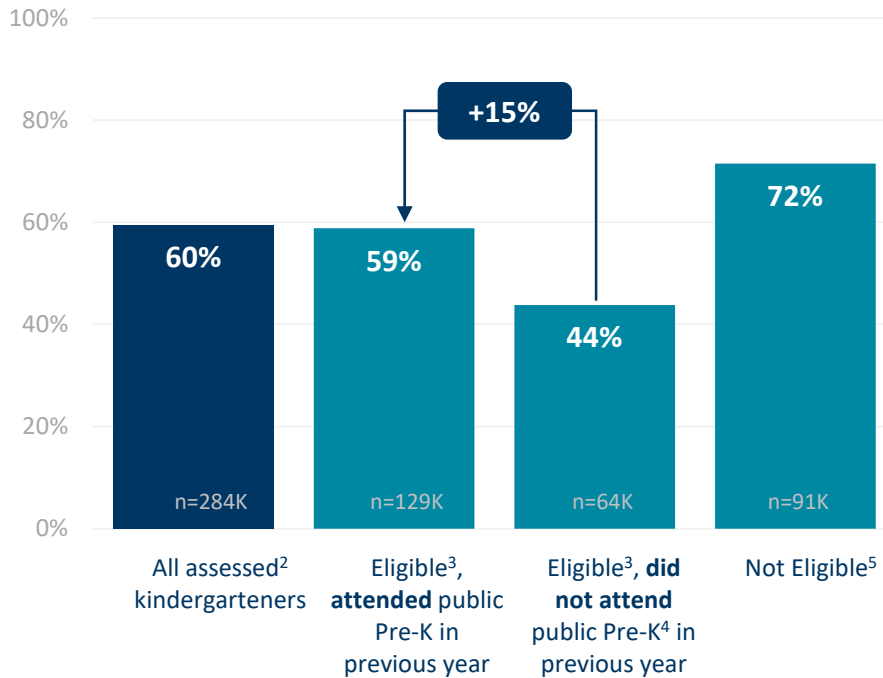
~54% of Currently Enrolled 3 and 4 Year Old's Attend Full Day

		Public Pre-Kindergarten Enrollment by Full or Half Day Program and ADA Eligibility for 2016-17 School Year					
		2016-2017					
		Total Enrolled		ADA Eligible		Not Eligible for ADA	
		Students Enrolled	Percent Enrolled	Students Enrolled	Percent Enrolled	Students Enrolled	Percent Enrolled
Age 3	Full-Day	14,546	53%	13,857	53%	689	54%
	Half-Day	13,042	47%	12,454	47%	588	45%
	Total	27,588	100%	26,311	100%	1,277	100%
Age 4	Full-Day	107,497	55%	100,600	54%	6,897	60%
	Half-Day	89,029	45%	84,508	46%	4,521	40%
	Total	196,526	100%	185,108	100%	11,418	100%
Total	Total	224,114	100%	211,419	100%	12,695	100%

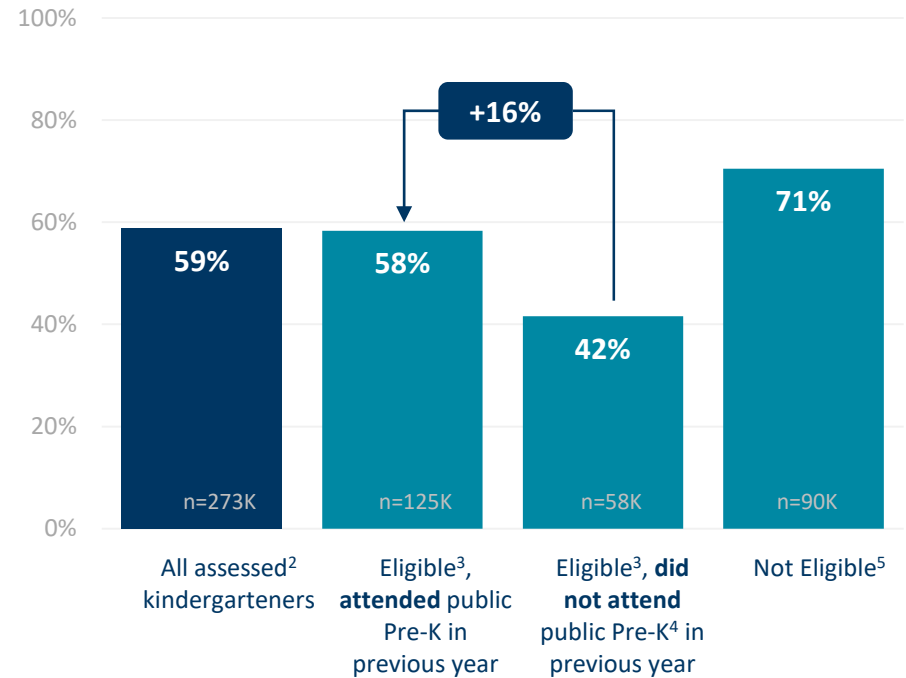
Number of Districts Offering Full and Half Day Pre-K		
	2016-2017	
	Districts Providing Pre-K	Schools Providing Pre-K
Full-Day Only	452	1,464
Half-Day Only	296	1,369
Full and Half-Day	303	519
Total	1,051	3,352

Public Pre-K Strongly Increases Kindergarten-Readiness for Eligible Students...

Kindergarten Readiness¹ in Texas
2015-16

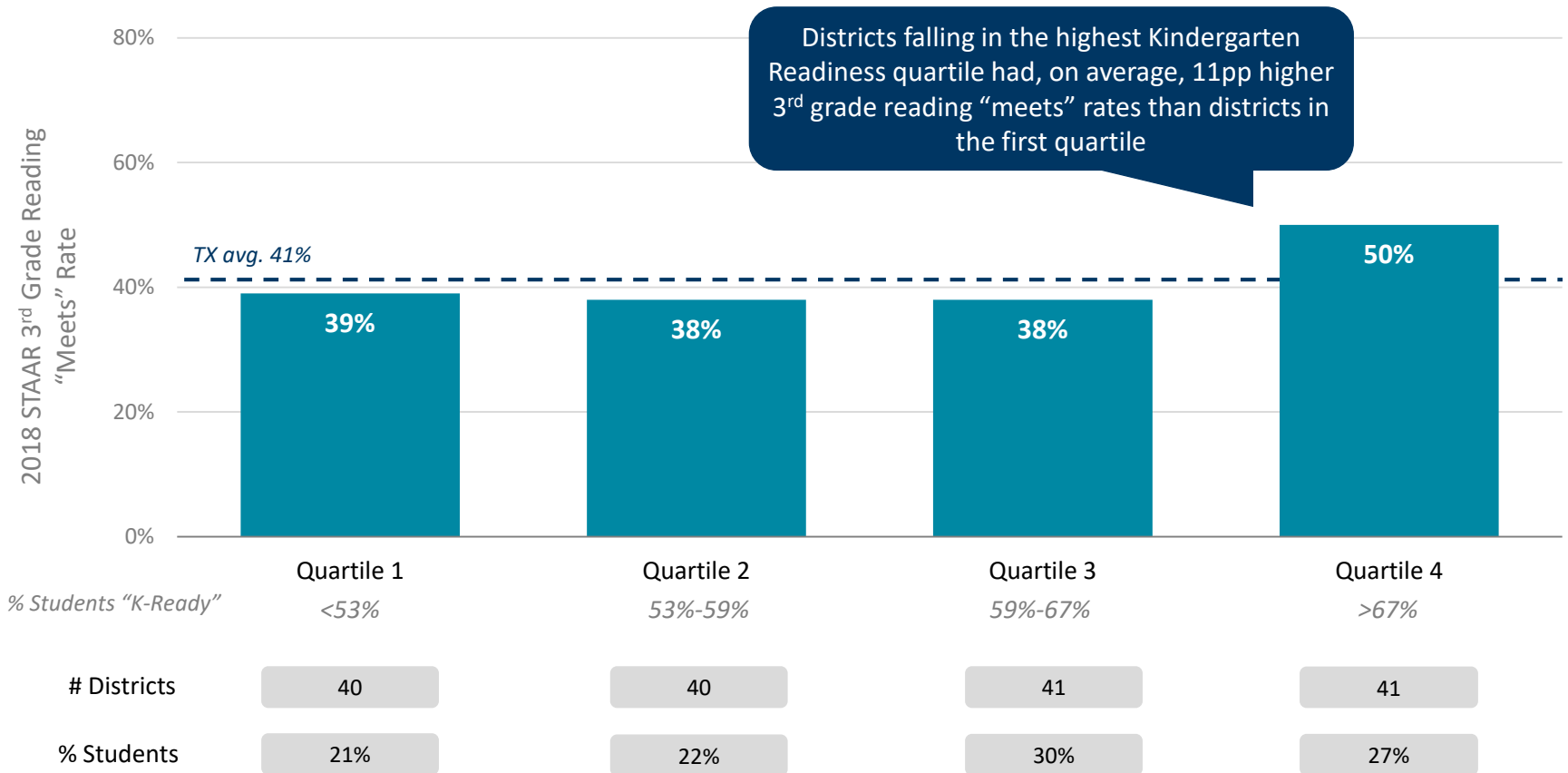


Kindergarten Readiness¹ in Texas
2016-17



...and Those with Higher Kindergarten-Readiness Rates in 2017 also had, on Average, Higher 3rd Grade Reading “Meets” Rates in 2017

2018 District STAAR 3rd Grade Reading Rates, Tiered by Largest District’s 2017 Kindergarten Readiness Rates¹



Tremendous Variation in Proficiency for Texas' Low Income Students

High Poverty Campuses Reflect Substantial Differences in Proficiency for Low Income Students, Highlighting What's Possible with Additional, Wise Investment

Analysis of 3rd Grade Reading Proficiency in 2018 for High Eco. Dis. Campuses (>90%)

Highest Achieving Campuses (Note: None are ACE)

Elementary Campus Name	District	Eco Dis %	ELL %	Prof. for All Students	Prof. for Eco Dis. Students Only
HIDALGO	HIDALGO ISD	91%	78%	81%	81%
LAMAR	EL PASO ISD	91%	73%	80%	81%
FLORENCE J SCOTT	ROMA ISD	91%	89%	76%	77%
PUTEGNAT	BROWNSVILLE ISD	100%	73%	73%	73%
YNES B ESCOBAR	ROMA ISD	90%	94%	76%	76%
LYONS	HOUSTON ISD	94%	51%	69%	70%
C. MAURICIO SOTO	DALLAS ISD	94%	63%	71%	69%
BREEDEN	BROWNSVILLE ISD	92%	43%	66%	67%
PIERCE	LAREDO ISD	90%	62%	66%	66%
ZAVALA E	EL PASO ISD	96%	83%	65%	65%
ANNE L MAGEE	EDINBURG CISD	93%	67%	61%	62%
ORTIZ	BROWNSVILLE ISD	98%	25%	61%	62%
CASA VIEW	DALLAS ISD	90%	60%	58%	61%

Examples of Under Achieving Campuses

Elementary Campus Name	County	Eco Dis %	ELL %	Prof. for All Students	Prof. for Eco Dis. Students Only
HENDERSON	HARRIS	100%	17%	12%	10%
THORNTON	TARRANT	95%	75%	10%	10%
ALCOTT	HARRIS	96%	22%	9%	9%
FEHL-PRICE	JEFFERSON	95%	12%	9%	9%
MARLIN	FALLS	99%	17%	9%	9%
HILLCREST	TRAVIS	96%	67%	8%	8%
DUNBAR **	DALLAS	98%	13%	11%	8%
LEE	MAVERICK	92%	62%	9%	8%
ALDERSON	LUBBOCK	99%	1%	7%	7%
M L KING	BEXAR	93%	3%	8%	7%
MORTON SCHOOL,	COCHRAN	94%	18%	6%	7%
PIETZSCH/MACARTHUR	JEFFERSON	95%	27%	7%	7%
RODRIGUEZ	BEXAR	96%	21%	7%	7%

With Additional Resources Including Universally Effective Teachers, Dallas ISD's ACE Schools Are Quickly Closing Achievement Gaps With Other District Campuses

