



# *North East Independent School District*

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8961 TESORO DRIVE – SAN ANTONIO, TEXAS 78217

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Superintendent

Date: September 30, 2020

To: House Committee on Public Education

From: Dr. Sean Maika, Superintendent, North East ISD

Subject: Interim Charge 1 [A] Submission

Thank you for the opportunity to provide public input on Interim Charge 1 [A]. House Bill 3 of the 86<sup>th</sup> Legislature was a significant step in modernizing the school finance system in Texas. It is imperative that we sustain and build upon the improvements made by the bill. Below are three considerations for HB 3 implementation.

1. Spending requirements for new allotments – CCMR, Early Education and Dyslexia – should be waived for 2019-2020 given the disruption of the pandemic and the lack of Commissioner's rules. This possibility of a waiver was presented in the [TEA General State Funding FAQs](#).

North East was not able to complete plans in spring of 2020, which impacted the 2020 fiscal year spending requirements. If we do not meet spending requirements in any given year, we have the next two years to make up the difference and reach a three-year average. We anticipate that this will be a difficult task, particularly with the Early Education and CCMR allotments.

For example, North East estimates that we were short \$630,000 in FY 2020 on the CCMR spending requirements. We received limited guidance from the TEA prior to the first day of school, which made the planning process very challenging. Part of the shortfall was our delay in hiring CCMR counselors since we did not want to hire staff midyear during a pandemic, especially if our hiring decision resulted in taking someone from a classroom.

While we expect to meet the CCMR spending requirements for FY 21, it will be difficult to make up the \$630,000 gap this year and next.

After initial guidance on the new allotments was provided on the [TEA HB 3 webpage](#), school districts have not received any Commissioner's rules or further guidance on the new allotments. Additionally, the Compensatory Education Allotment Advisory Committee has not met since December 2019, and Module 6 of the Financial Accountability System Resource Guide (FASRG) covering compensatory education has not been updated to reflect HB 3 changes.

2. The Teacher Incentive Allotment should be delayed for Cohort D and later since implementation has not yet begun for those districts. A delay in TIA implementation could provide a cost avoidance to the state as it heads into the 2021 session facing a significant deficit. Close to 550 districts are listed in Cohort D or later as [published on the TIA webpage](#). While North East is one of the districts interested in developing a local designation system in Cohort D, I do not want to implement TIA if it results in other existing programs or components of HB 3 being cut.
3. A study should be completed on the effects of the property tax revenue cap of 2.5 percent in relation to local property value growth. For FY 21, the state capped North East's growth at \$7.2 million, but the state's share of revenue decreased by \$9 million. Therefore, North East did not experience any growth in revenue except for the Board of Trustees voting unanimously to exercise the fifth penny option. The District did not provide any change in compensation for FY 21 given the uncertainty facing us next biennium and our inability to increase revenue. Unless Basic Allotment is increased, North East does not anticipate being able to provide a pay increase in the near future.
4. A study should be conducted about the impact of statewide enrollment decreases in grades K-3 on the Early Education Allotment. North East's largest enrollment loss for this school year occurred in prekindergarten and kindergarten, and our elementary enrollment is down overall. I have heard similar scenarios from other districts across the state as families decide to keep their youngest learners at home or in other environments due to the pandemic. While our Early Education Allotment will be reduced because of a reduction in K-3 ADA, we will still have the expense of Reading Academies since we were unable to fully implement it this year.

I appreciate your commitment to an equitable school finance system. If you have any questions about this submission, please contact me 210-407-0541.