



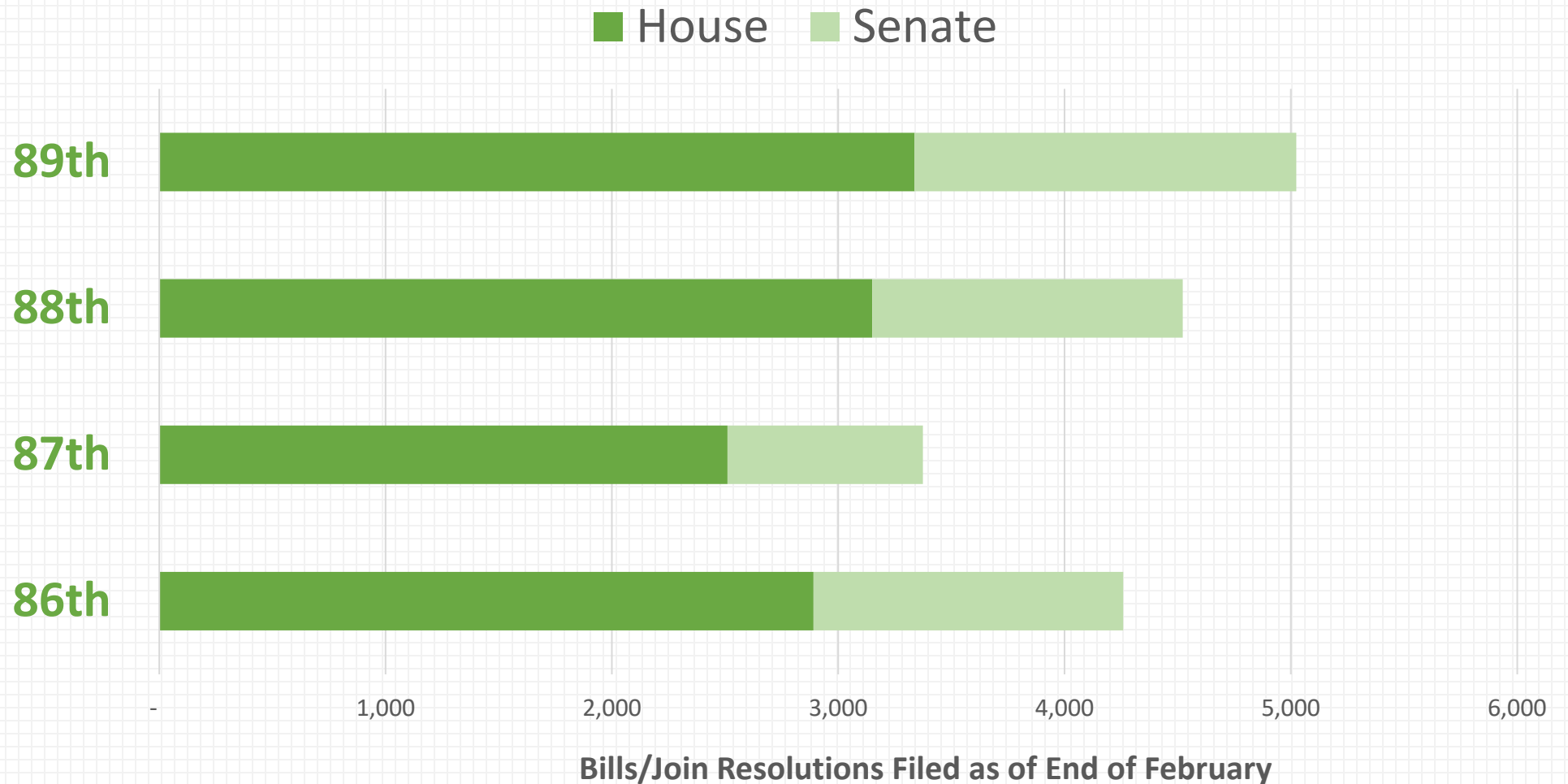
# School Finance & Legislative Update





89th Legislative  
Session

# 89<sup>th</sup> is off to a fast start.



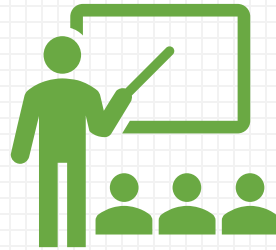


89th Legislative  
Session

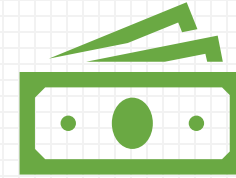
# 89<sup>th</sup> is off to a fast start.



Property Tax  
Cuts



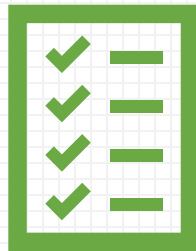
Teacher Pay &  
Certification  
Pathways



Vouchers



Special Education  
Funding



Assessment &  
Accountability



Bonds &  
Debt Service



School  
Safety &  
Discipline



Undocumented  
Students/Employees



# State Budget



89th Legislative  
Session

	House Version <i>(HB 1, As Filed)</i>	Senate Version <i>(SB 1, As Filed)</i>
Maintaining Foundation School Program Current Law	Both versions include:  <b>+\$1.7 billion</b> to pay for expected ADA/FTE increases  <b>+\$0.8 billion</b> for golden penny yield increases required under statute  <b>+\$3.0 billion</b> to pay for additional tax compression required by HB 3 (2019) <i>(Total cost of all tax relief measures passed since 2019 = \$47.5 billion)</i>	
Additional Property Tax Relief	<b>+\$3.5 billion</b> for new property tax relief above current law:  Specific proposals/recommendations are not included in budget	<b>+\$3.5 billion</b> for new property tax relief above current law:  <b>\$3.0 billion</b> to increase homestead exemption from \$100,000 to \$140,000  <b>\$0.5 billion</b> to provide tax relief for businesses



# State Budget



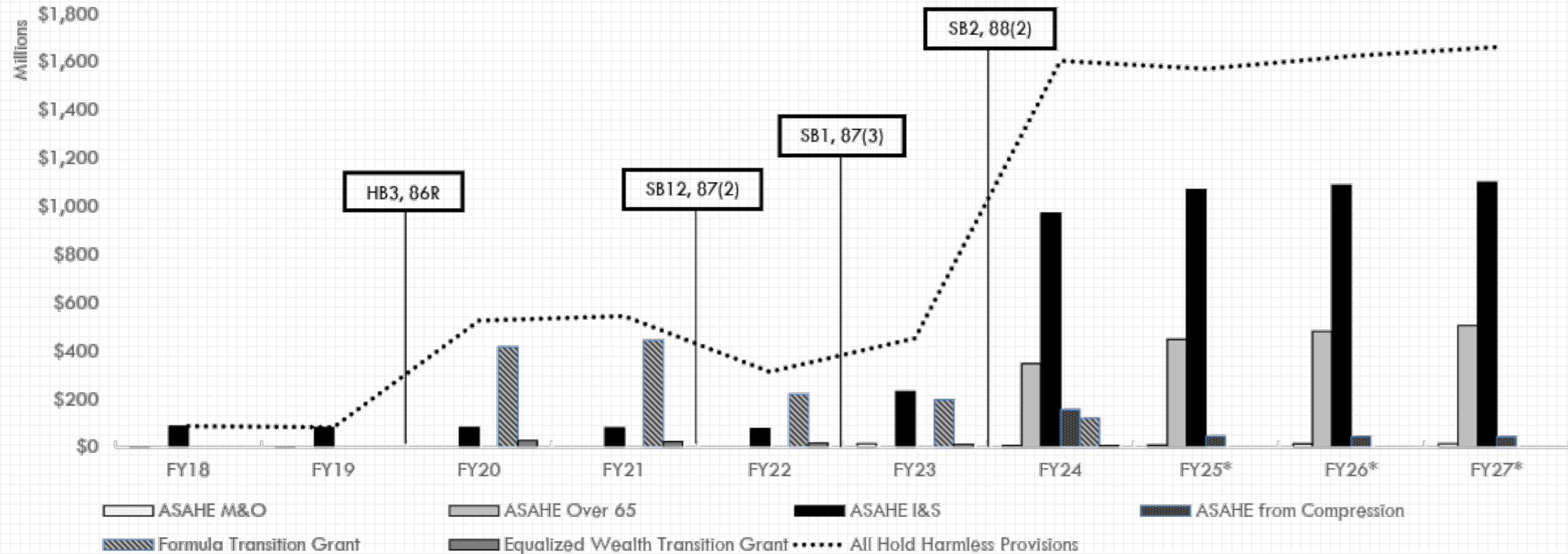
89th Legislative  
Session

Our take on property tax relief: Tier One rate compression is **revenue neutral for school districts by design.**

Homestead exemption increases have historically been paired with short-lived hold harmless **that leave schools shortchanged.**

Also, the more targeted tax relief is (i.e. only for homeowners, only for 65+/disabled), the more complicated the hold harmless is.

# State is reflecting on the increasing costs of hold harmless provisions included in recent legislation



Source: LBB



# State Budget



89th Legislative  
Session

	House Version (HB 1, As Filed)	Senate Version (SB 1, As Filed)
New Funding to Foundation School Program	<b>+\$4.85 billion</b> for FSP increases above current law:  Specific proposals/recommendations are not included in budget	<b>+\$4.85 billion</b> for FSP increases above current law:  <b>\$4.10 billion</b> to provide pay increases  <b>\$0.75 billion</b> to increase TIA (SB 26)
Additional Property Tax Relief	<b>+\$3.50 billion</b> for new property tax relief above current law:  Specific proposals/recommendations are not included in budget	<b>+\$3.50 billion</b> for new property tax relief above current law:  <b>\$3.0 billion</b> to increase homestead exemption from \$100,000 to \$140,000 (SB 4)  <b>\$0.5 billion</b> to provide tax relief for businesses



# State Budget



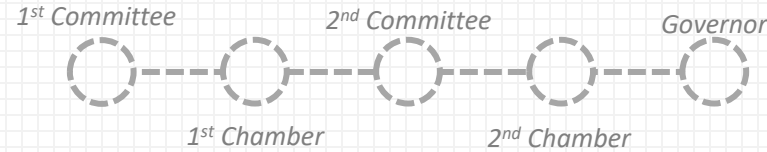
89th Legislative  
Session

	House Version <i>(HB 1, As Filed)</i>	Senate Version <i>(SB 1, As Filed)</i>
School Safety	Both versions include: <b>+\$0.4 billion</b> to pay for increase to school safety allotment (SB 260)	
Vouchers	Both versions include: <b>+\$1.0 billion</b> to pay for an ESA program (SB 2	

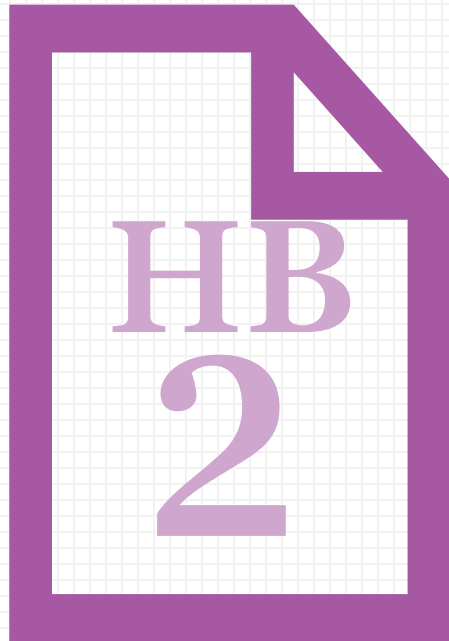




# Notable Bills | School Finance



As Filed



By Rep. Buckley

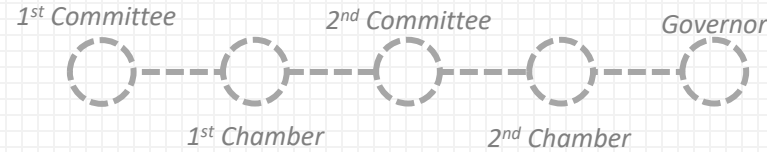
- Unveiled as part of broader public education packaged include **HB 3** on vouchers, **HB 4** on accountability, **HB 6** on student discipline, **HB 100** on instructional materials and **HB 123** on early literacy and math skills.
- HB 2 makes various increases to the school funding formulas (article 1); changes to teacher certification pathways (article 2); and special education (article 3).
- House leadership estimates that the bill spends **\$7.6 billion**.



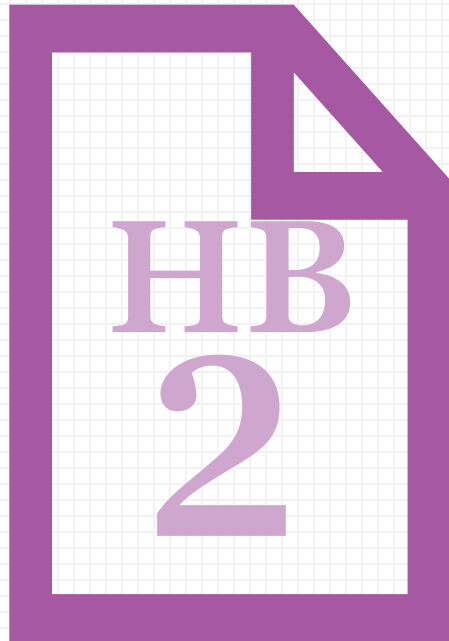
Notable Bills



# Notable Bills | School Finance



As Filed



By Rep. Buckley

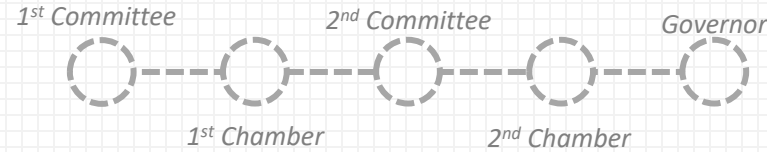


Notable Bills

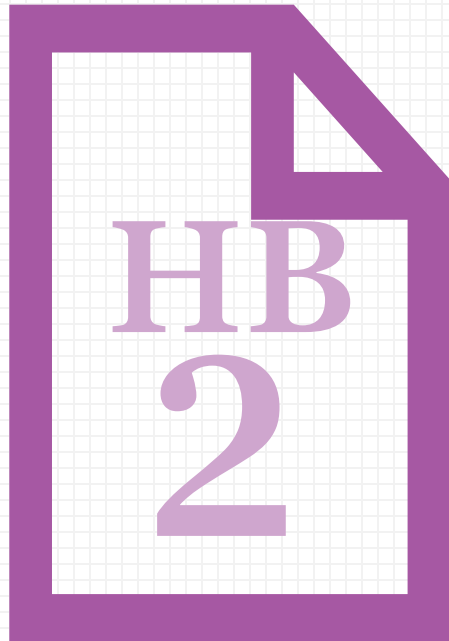
- The bill spends **\$3.2 billion** to increase the basic allotment from \$6,160 to \$6,380.
  - Increases the required compensation increase from 30 percent of the per-student gain to **40 percent**.
  - Requires changes to salary schedule to differentiate first-year teachers that are certified vs. uncertified.
- Adds **new restrictions on use of uncertified teachers in foundation courses**, regardless of DOI status.
- Creates new grant to offset retire/rehire penalty.



# Notable Bills | School Finance



As Filed



By Rep. Buckley

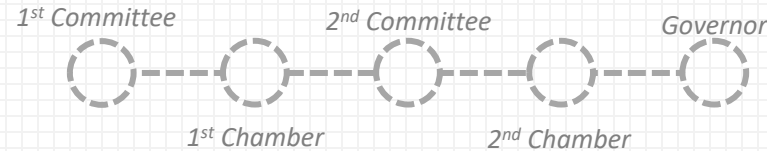
- Makes sweeping changes to teacher education pipelines and certification pathways.
- Creates new allotment to districts that help teachers **complete preservice practice hours** (\$8k-\$24k base amounts)
- Creates a new allotment to provide **stipends for mentors** (\$1,000 per mentor).
- Creates a new allotment for **completion of teacher literacy** (\$1,000) or **math achievement** (\$500) **academies**



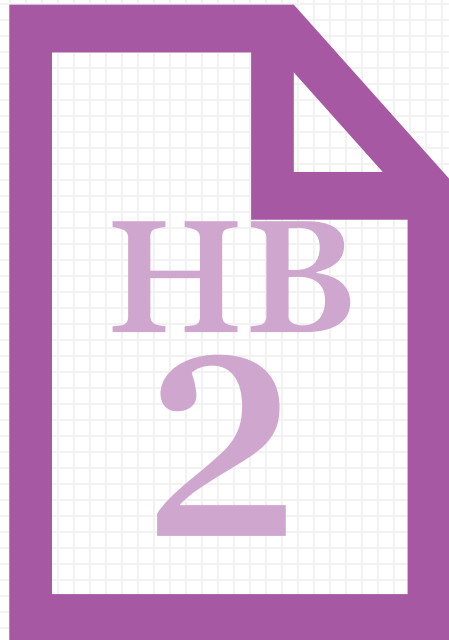
Notable Bills



# Notable Bills | School Finance



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By Rep. Buckley

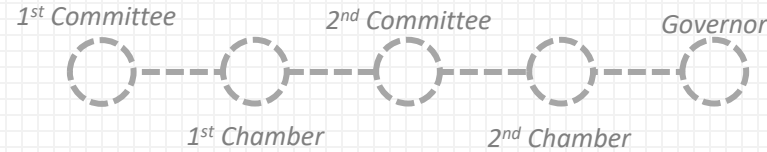
- Spends **\$1.8 billion** to transition special education funding from being based on instructional arrangements to intensity of services provided.
- Spends **\$100 million** to fund special education evaluations.
- Spends **\$4 million** to increase special education transportation funding and **\$2 million** to increase special education CCMR Outcomes Bonus weights.
- Provides various other grants to support autistic students and recruiting special education staff.



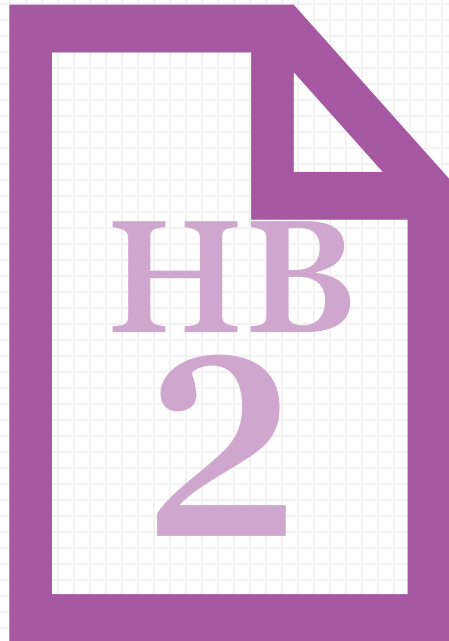
Notable Bills



# Notable Bills | School Finance



As Filed



By Rep. Buckley

- Spends **\$1.0 billion** to increase the small and mid-sized district weights for ISDs.
- Increases **Teacher Incentive Allotment** weights, with higher increases going to rural and high-needs campuses.

Also, creates an “enhanced” TIA system designation that would unlock 10 percent additional funding.

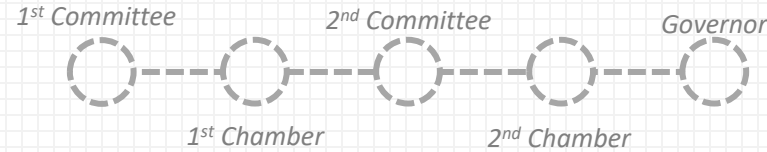
Requires all teachers to be eligible. Principles and Aps must have a compensation system based on performance as well.



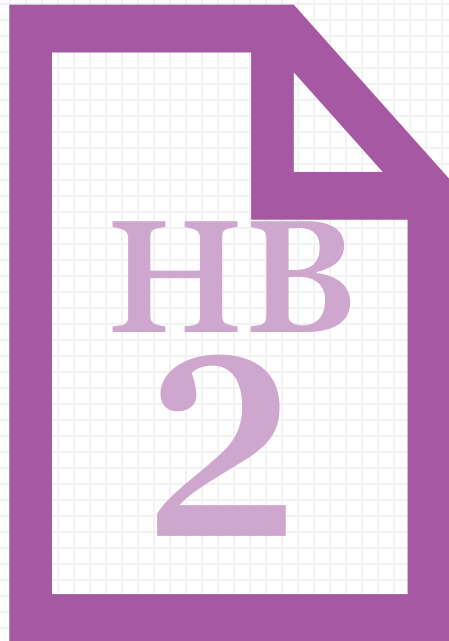
Notable Bills



# Notable Bills | School Finance



As Filed



By Rep. Buckley

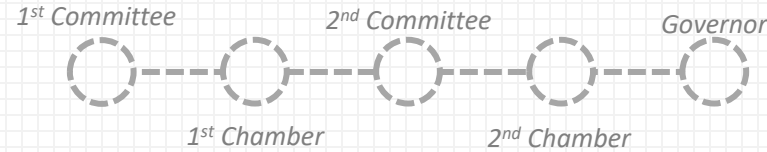
- Increases Compensatory Education Allotment weights by around \$30 per student (with BA increase, overall biennial allotment gain of around **\$600 million**).
- Creates a new High School Advising Allotment that provides \$50,000 for every 200 11<sup>th</sup> & 12<sup>th</sup> graders enrolled. Advising program must meet other requirements as well.
- Spends **\$30 million** to create a new Fine Arts Allotment.



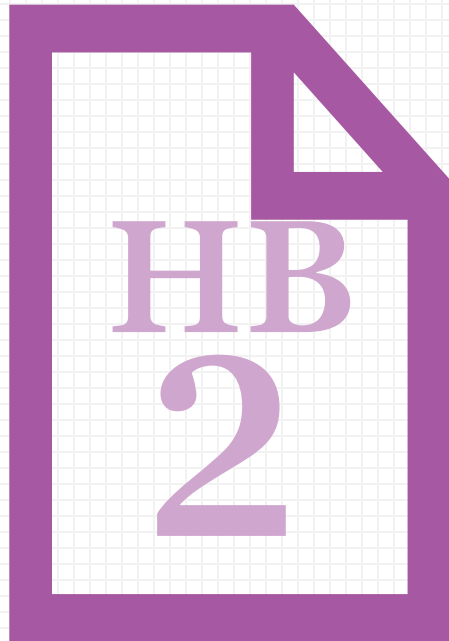
Notable Bills



# Notable Bills | School Finance



As Filed



By Rep. Buckley

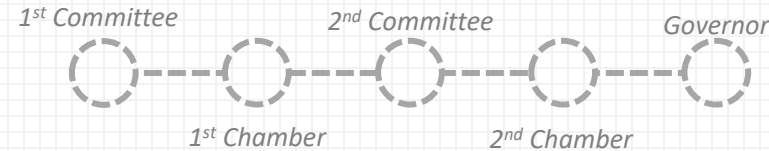
- Spends up to **\$50 million** to offset ADA declines of more than 5 percent.
- Make various reforms to the Additional Days School Year Incentive including 50 percent ADSY funding increase for districts that provide 200 instructional days for K-8 students.
- Would allow for certain pre-K students participating through Workforce Commission partnerships to generate full-day funding.  
  
Would allow special education students to generate half-day pre-K funding.



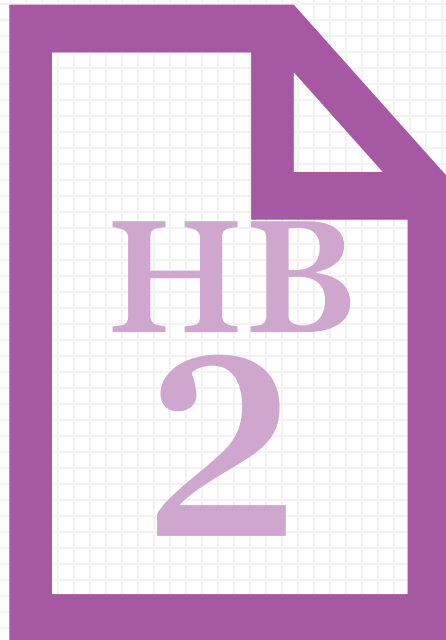
Notable Bills



# Notable Bills | School Finance



As Filed



By Rep. Buckley



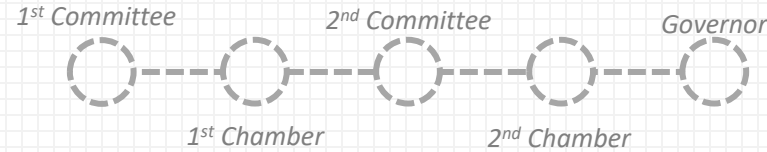
Notable Bills

- Spends an estimated **\$200 million** on a new state aid allotment for districts in ESCs 1, 2, 3, 4 and 5 (i.e. districts along the gulf coast) of \$55 per ADA to offset increased insurance costs.
- Spends an estimated **\$252 million** to increase charter facility funding. Adds new conditions for charters to receive facility funding.

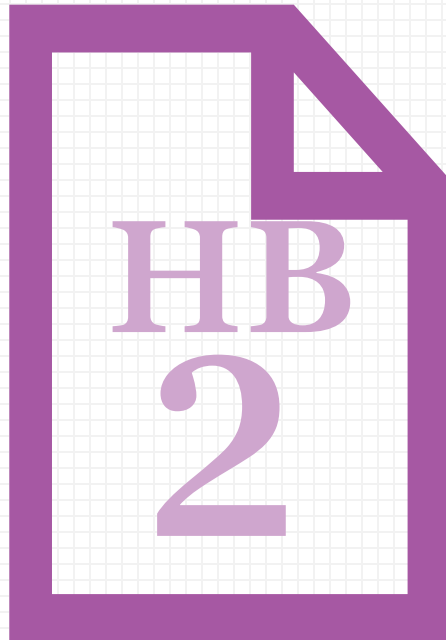




# Notable Bills | School Finance



As Filed



By Rep. Buckley

- Spends **\$120 million** to create a new funding adjustment to temporarily hold districts harmless if state values are assigned. Amount is reduced each year state values are assigned.
- Appears to make significant reductions to existing M&O hold harmless funding tied to recent property tax relief measures (i.e. increased homestead, tax relief for 65+/disabled, tax compression)

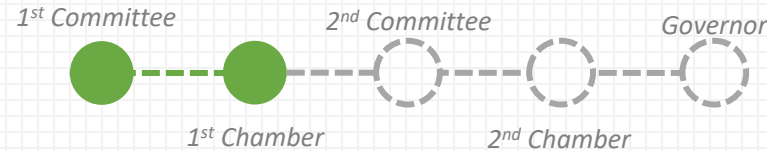
We have some concerns regarding bill language that we have raised with TEA and Buckley's office. All are currently working toward a fix.



Notable Bills



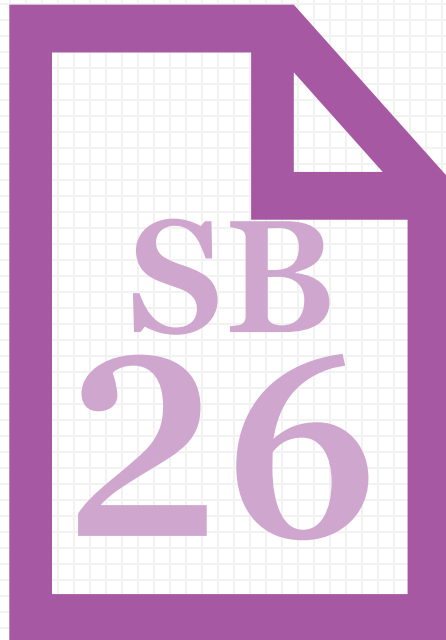
# Notable Bills | School Finance



As Engrossed



Notable Bills

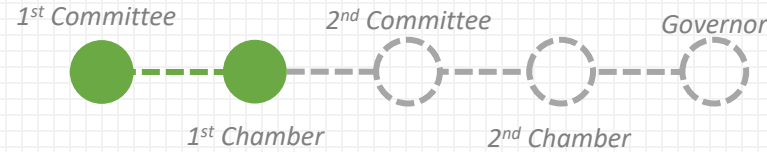


By Sen. Creighton

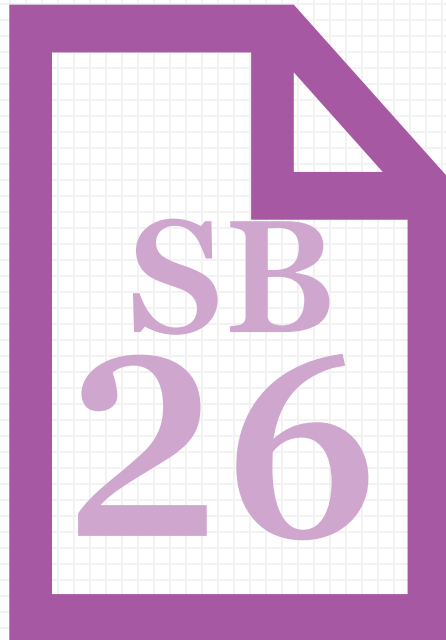
- Passed out of committee on Feb. 24<sup>th</sup>. Passed out of the Senate on Feb. 26<sup>th</sup>.
- Creates a Teacher Retention Allotment that would provide:  
  
*For districts with > 5,000 enrolled*  
\$2,500 for each classroom teacher 3-4 years of experience  
\$5,500 for each classroom teacher 5+ years of experience  
  
*For districts with ≤ 5,000 enrolled*  
\$5,000 for each classroom teacher 3-4 years of experience  
\$10,000 for each classroom teacher 5+ years of experience



# Notable Bills | School Finance



As Engrossed



By Sen. Creighton

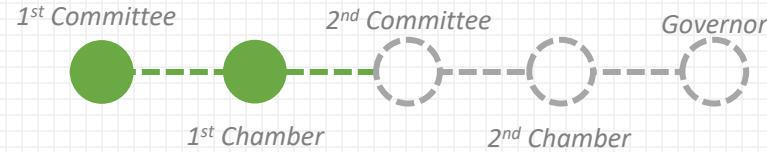
- Increases TIA similarly to what is in HB 2.
- Would allow the children of teachers to be eligible for half-day state funded prekindergarten.
- The bill would direct TEA to contract with a third party to help teachers understand their rights, as well as providing liability insurance for classroom teachers.



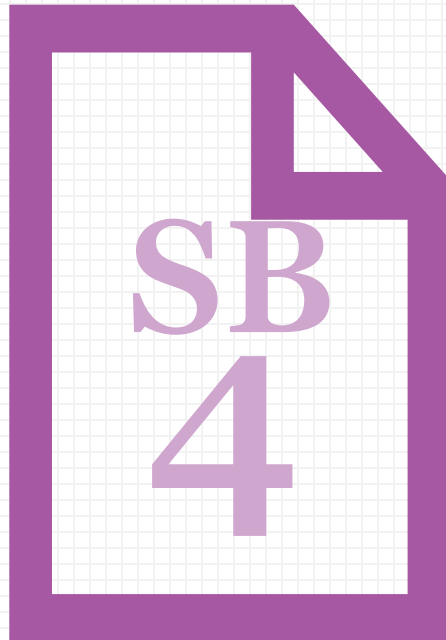
Notable Bills



# Notable Bills | School Finance



As Engrossed



By Sen. Bettencourt

- Passed out of committee on Feb. 11<sup>th</sup> and out of Senate on Feb. 13<sup>th</sup>.
- The bill would increase the homestead exemption for school taxes up from \$100,000 to \$140,000.
- The bill includes a hold harmless on both the M&O and I&S sides.

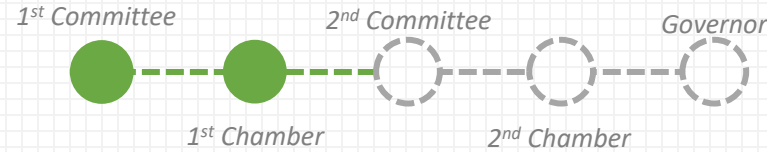
I&S hold harmless only covers debt eligible for state aid as of Jan. 1, 2025 (i.e. for which a payment was made prior to Sept. 1, 2023).



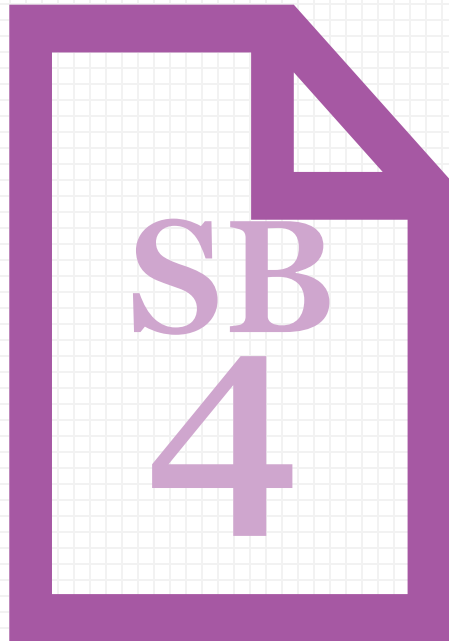
Notable Bills



# Notable Bills | School Finance



As Engrossed



By Sen. Bettencourt

- Includes a penalty for districts whose I&S revenues (local collections + state aid) exceed their minimum debt service.

Districts with collections + state aid above required debt services would see their I&S state aid until revenues are in line with debt service requirements.

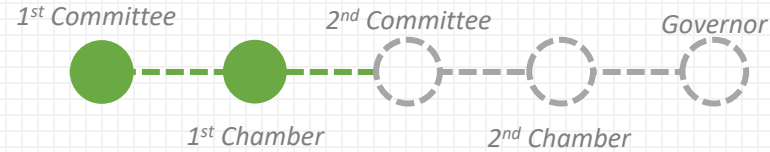
An amendment adopted on the floor would ensure that districts at least received the full I&S hold harmless tied to the new \$100,000 to \$140,000 homestead exemption increase.



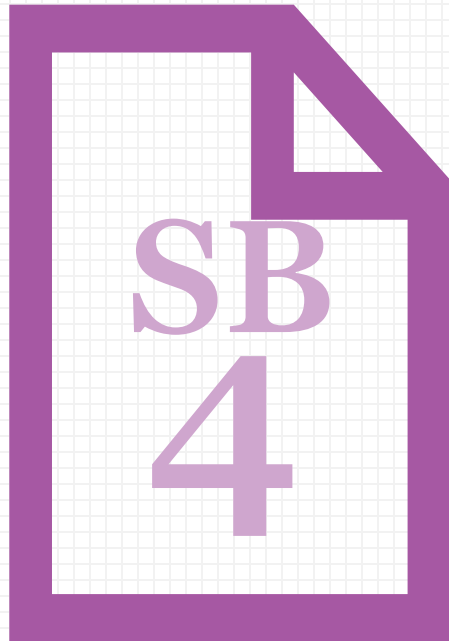
Notable Bills



# Notable Bills | School Finance



As Engrossed



By Sen. Bettencourt

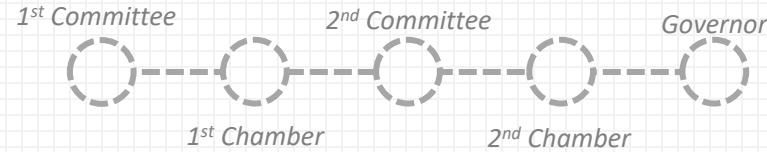
- We are encouraging districts to estimate the benefits defeasing debt early has had for their taxpayers and will be sharing that with lawmakers soon.



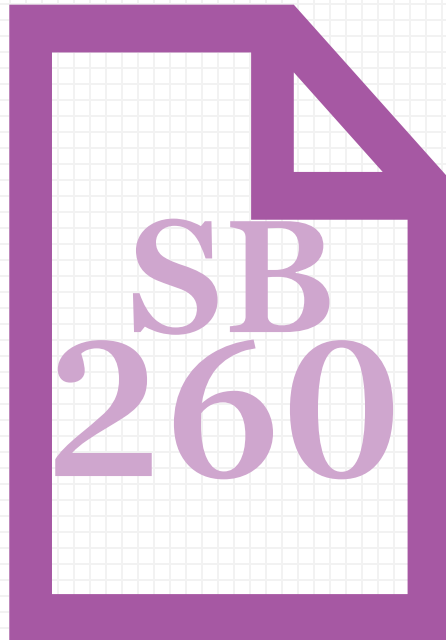
Notable Bills



# Notable Bills | School Finance



As Filed



By Sen. Huffman

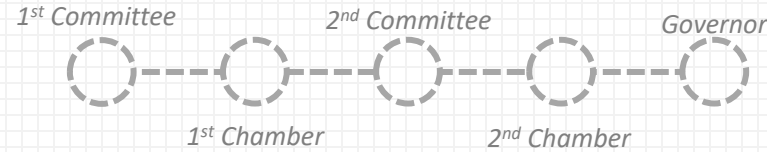
- Scheduled for hearing on Mar. 5<sup>th</sup>.
- The bill would double the school safety allotment by changing student multiplier from \$10 to \$20 and campus multiplier from \$15,000 to \$30,000.



Notable Bills



# Notable Bills | School Finance



As Filed



By Sen. Bettencourt

- Has not been set for hearing
- Bill would transition special education funding to be based on intensity of services, rather than instructional arrangements.
- Would provide districts \$500 per special education evaluation conducted (HB2 is \$1,000).
- Would create new grant programs to support autistic students, as well as provide training and other supports to special education staff.



Notable Bills





# Questions & Comments





# MOAKCASEY

PROVEN LEADERS ADVANCING TEXAS SCHOOLS

## ***Team Members***

Justin Barlow  
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Ross Gilcrease  
Addie Gomez  
Julia Grizzard  
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Brianna Huberty  
Amber Lasseigne, Ed.D.  
Kathy Mathias  
Toni Riester-Wood, Ph.D.  
Larry Taylor  
Mimi Vidaurri, Ed.D.

## ***Executive Team***

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of the Board  
Dan Huberty, CEO  
Leo Lopez, CFO  
Greg Gibson, Ed.D., COO  
Ginger Averitt, CAO  
Jodi Duron, SVP  
Lloyd W. Graham, SVP  
Josh Haney, SVP

## ***Board***

Buck Gilcrease, Ed.D.  
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