

Legislative Update

April 22 2011

State Budget

The Senate Finance Committee approved a \$176.5 billion budget for the 2012-13 biennium. This is 5.9 percent smaller than the current budget but almost \$12 billion larger than the version passed earlier by the House.

School Finance

The House Public Education Committee met on Tuesday and voted on a new committee substitute to House Bill 2485. Rep. Hochberg told committee members that he has made a number of changes to the bill since it was last considered in committee. Here are the details of the new version:

- Eliminates target revenue and moves all districts to formula system
- Sets the basic allotment at \$4,720 * the lesser of \$1.06 or the district's effective rate in Tier 1 (\$472,000 is Equalized Wealth Level for Tier 1)
 - Tier 2 Equalized Wealth Level is increased from \$319,500 to \$453,000 and the Guaranteed Yield is increased from \$31.95 to \$45.30
 - Moves to current year property values
 - Increases the compensatory education weight from 0.2 to 0.22
 - Increases the bilingual education weight from 0.1 to 0.11
 - Eliminates Chapter 41 Hold-Harmless
 - Eliminates Support Staff Supplemental Payments of \$500/\$250
 - No longer eliminates small schools adjustment for districts within MSA with over 700,000 residents
 - No longer eliminates Gifted and Talented weight, Sets the Career and Technology weight at 0.15 (CTE students would no longer be subtracted out of regular ADA)
 - Eliminates the High School allotments
 - Limits reduction for districts losing more than \$500 per WADA
 - Any amount over \$500 per WADA loss is reduced by two-thirds the first year

- Any amount over the \$500 per WADA loss is reduced by one-third the second year
- Loss limit is eliminated beginning in 2014
- Institutes an August payment delay

In addition, Rep. Guillen offered an amendment that would increase the spending requirement to 100 percent of the CTE allotment (from the current 60 percent). He noted that, with the reduced allotment, this would not increase district spending requirements.

The committee voted the bill out of committee by a vote of 9 to 1 (with Rep. Smith voting no) with Rep. Hochberg committing to continue to work on the bill as it moves through the process. Attached are the updated runs distributed by Rep. Hochberg. We will be putting these in side by sides with the SB22 Hybrid Model and will send those out as soon as we have them complete.

On Wednesday the Senate Finance Committee passed out Committee Substitute Senate Bill 22 (CSSB22) by a vote of 10-4.

Shapiro's Hybrid Model

- Cuts \$4 billion dollars from the Foundation School Program (FSP)
- Reduces Revenue Targets by 93.5% in 2011-2012 and 92.35% thereafter.
- Maintains the basic allotment, but reduces the "regular program allotment" to 98.5% of current level. This is how it distributes ¼ of cuts to all districts.
- The regular allotment will increase from \$4,765 to \$4,900 beginning in 2015-16.
- It repeals the \$500/\$250 pass-through and the current-law limitation on revenue gains
- Language was added regarding evaluations for PreK programs under the Texas Schools readiness system.

Several amendments were passed. The two main ones were Senator Duncan's to completely end Target Revenue by 2016-17 and Senator West's amendment that would restore the \$500/\$250 insurance supplement.

The West Amendment will change the data runs and we expect to have the new runs early next week.

Bills of Interest

HB1831 Representative Hartnett (R-Dallas) This bill increases the licensing requirements of Public School Districts that operate a “for profit” child care center.

HB1702 Representative Martinez Fischer (D- San Antonio) This bill would require a school district to report all monetary and non-monetary donations received by a district and each school campus in a district. Districts will be required to report through PEIMs any donations with a fair market value of \$1,000 shall be reported.

TSC News

Moving Senator Shapiro’s Hybrid Model forward out of the Senate Finance Committee was truly a team effort. Thank you to James Clark, the executive board, the Superintendents that were able to come to Austin and testify and make visits, to everyone that has written letters, called legislators, educated and mobilized your communities. Each and every one of your efforts was a critical piece of the equation.
Great Job!

Best regards,
Tracey