

Titanium Sponsor

National Institute for Excellence in Teaching

NIET

NATIONAL INSTITUTE FOR
EXCELLENCE IN TEACHING

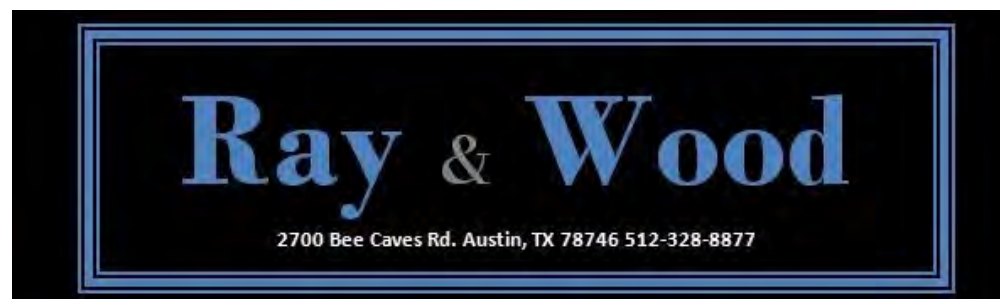
PLATINUM SPONSORS



EICHELBAUM WARDELL
HANSEN POWELL & MUÑOZ, P.C.

SILVER SPONSORS

TREs *by Walch*





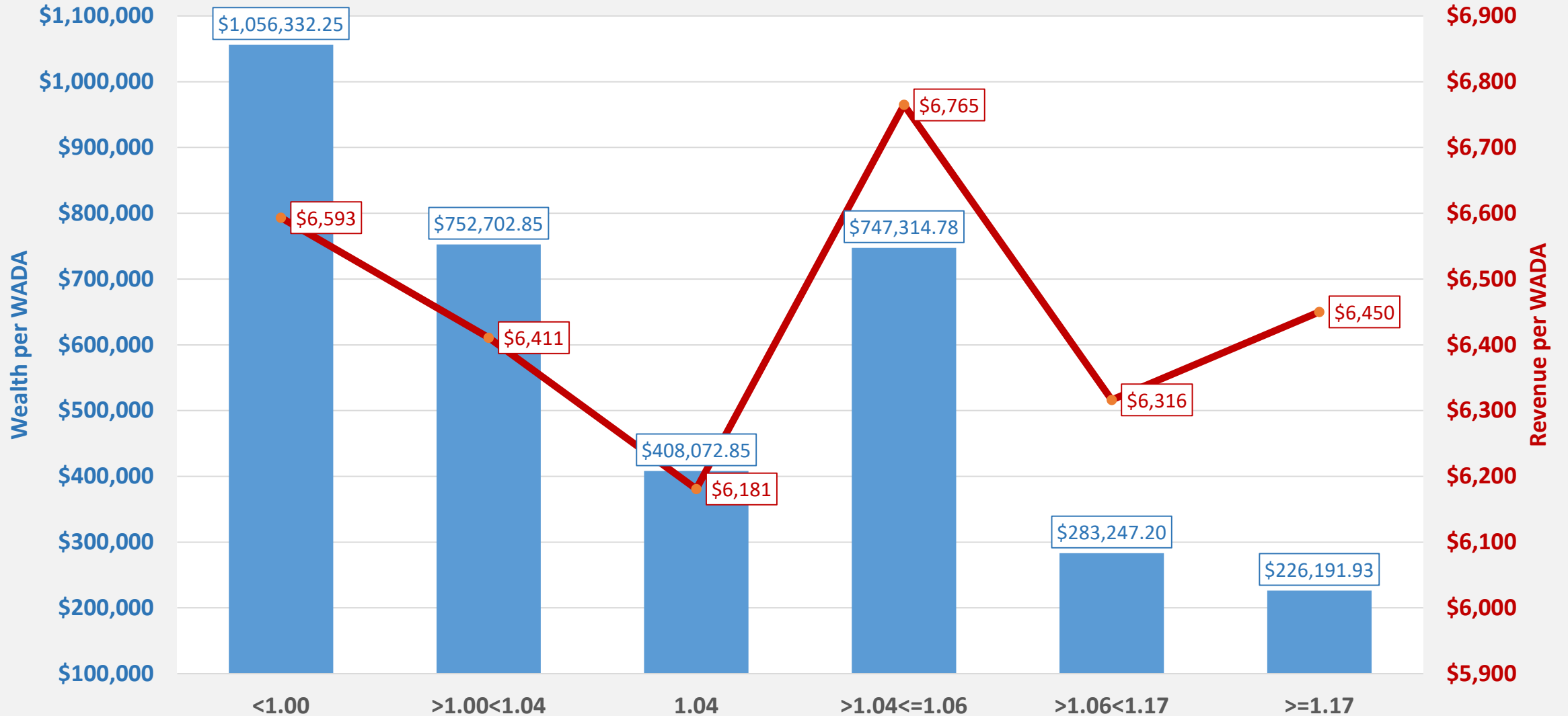
Equity Center

Students Matter. Taxpayers Matter. Equity Matters.



TASA/TASB Presentation 9/24/21

FY 18 Average School District Revenue per WADA & Wealth per WADA by M&O Tax Groupings--TEA March Updates



After the Smoke and Mirrors?

What did the Legislature leave in the middle of **OUR** floor?

- Smoke and Mirrors
- What is in that pile in the middle of OUR floor?

House Bill 3 Clean Up Bill

HB 1525

- As Introduced: \$65.4 million
- House Public Education Committee: \$333 million
- House: \$443 million
- Senate Education Committee: \$266 million
- Final Version: \$475.2 million
- As Introduced: 20 pages and 25 substantive Sections
- Enrolled: 66 pages and 51 substantive Sections

Small and Midsize Career and Technology Allotment

- \$298 million, minus \$38.9 million: \$260 million net gain
- Or, if applicable, the sum of the basic allotment and the allotment under Section 48.101 to which the district is entitled, multiplied by:
- CTE funding is now tiered:
 - 1.1 for Courses that are not in an approved program of study
 - 1.28 for levels one and two
 - 1.47 for levels three and four

Fast Growth Allotment

- Growth over 250 students over a six-year period
- Just funds new enrollment
- 0.48 for districts in the top 40%
- 0.33 for middle 30%
- 0.18 for bottom 30%
- \$320 million cap
- Hold harmless for 2022 of \$40 million 2021-22

Changes in Recapture

- Recapture After Review Notification added to next year's recapture
- Recapture netted against all allowable state aid
- ~~Teacher Incentive Allotment funded twice for recapture districts with LOHE~~
 - House version of HB 1525, Section 24
 - Only applies to districts with revenue in excess of entitlement. Has the effect of double funding the TIA for those districts at a cost of \$60 million

Federal Funding

- One-Time Intensive Educational Supports for Overcoming COVID-19 Impact
 - P-TECH, Jobs and Education Program, Regional Pathways Network, supports for teachers, supplemental and accelerated instruction, extending instructional time, innovation in curriculum and instruction, diagnosing student mastery
- One-Time Grade Level Support and Reimbursements
 - \$208.35 for each enrolled student; and,
 - \$1,290 for each student not performing satisfactorily; BUT,
 - Netting the resulting amount out from ESSER II and III awards
- Allows Commissioner to increase state aid to maintain MoE as the result of receiving ESSER I, II, or III.
- One-time Technology Reimbursement: Made before Feb 28, 2021

Additional Content

- Recreated the Gifted and Talented Allotment: 0.07 weight, 5% cap, capped at \$100 million annually
- IMA can be used for distance learning
- Formula Transition Grant cap at \$400 million per year
- Creates Texas Commission on Special Education Funding
- PTA donations for educational staff positions
- Reading Academies moved back to 2022-23

After the Smoke and Mirrors?

What did the Legislature leave in the middle of **OUR** floor?

- Smoke and Mirrors
- What is in that pile in the middle of OUR floor?
- It looks lie what?

SB1

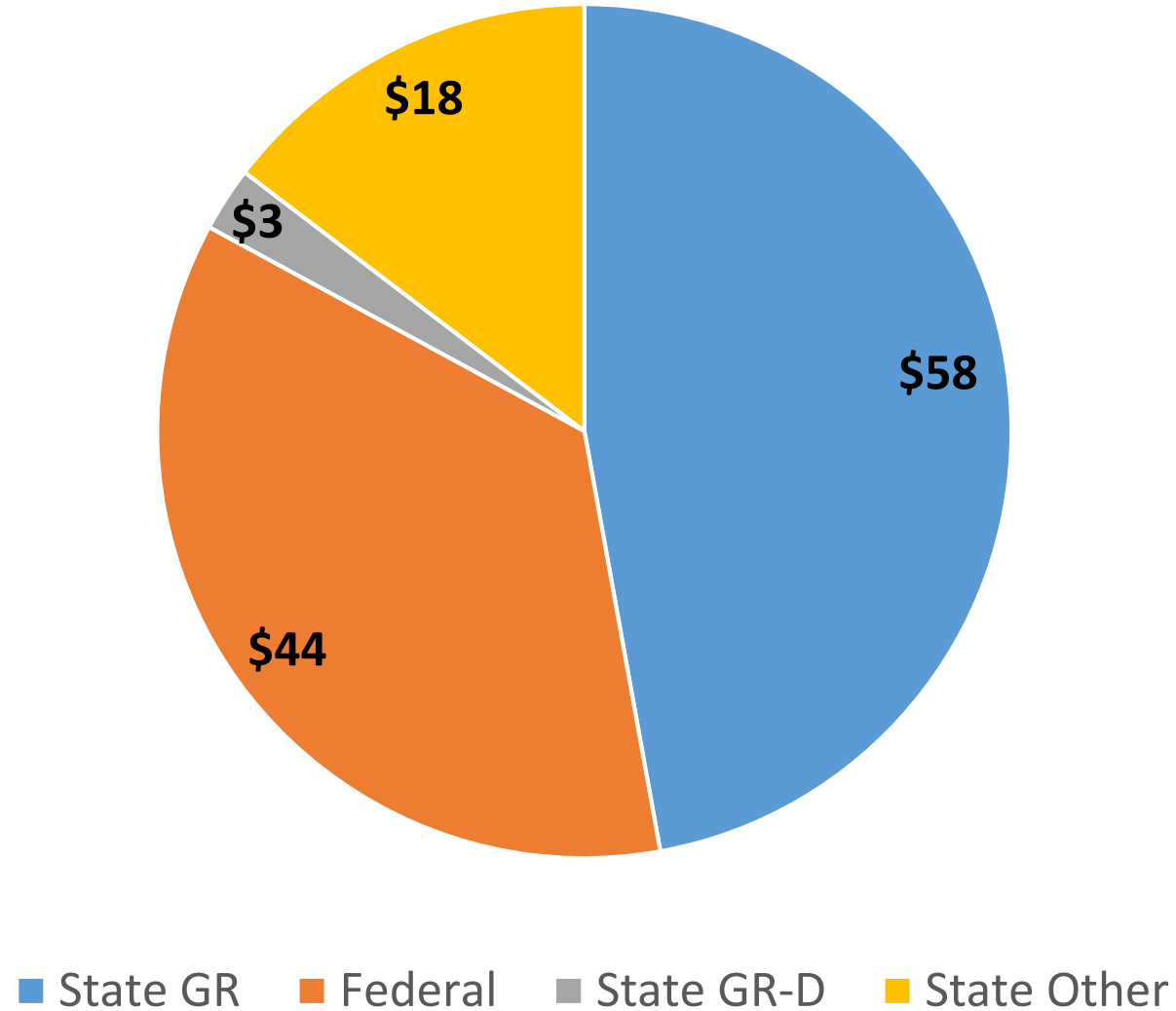
State 2022-23 Budget

- Includes \$3.1 billion to cover enrollment growth; and,
 - \$1 billion to pay for ongoing tax compression
-
- ...All projected ADA are fully funded.

All Funds Total State Appropriations 2021

In billions

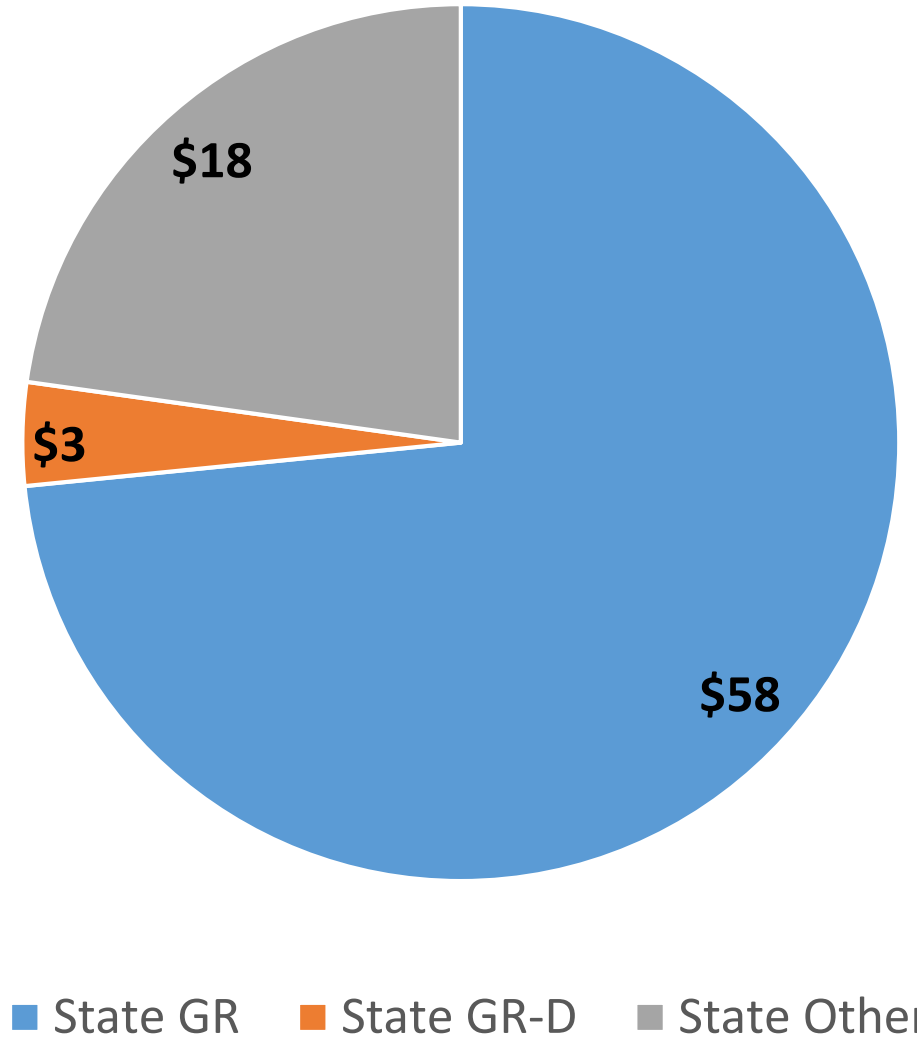
2021 Total:
\$123 Billion



All State Funds

In billions

2021 Total:
\$79 Billion



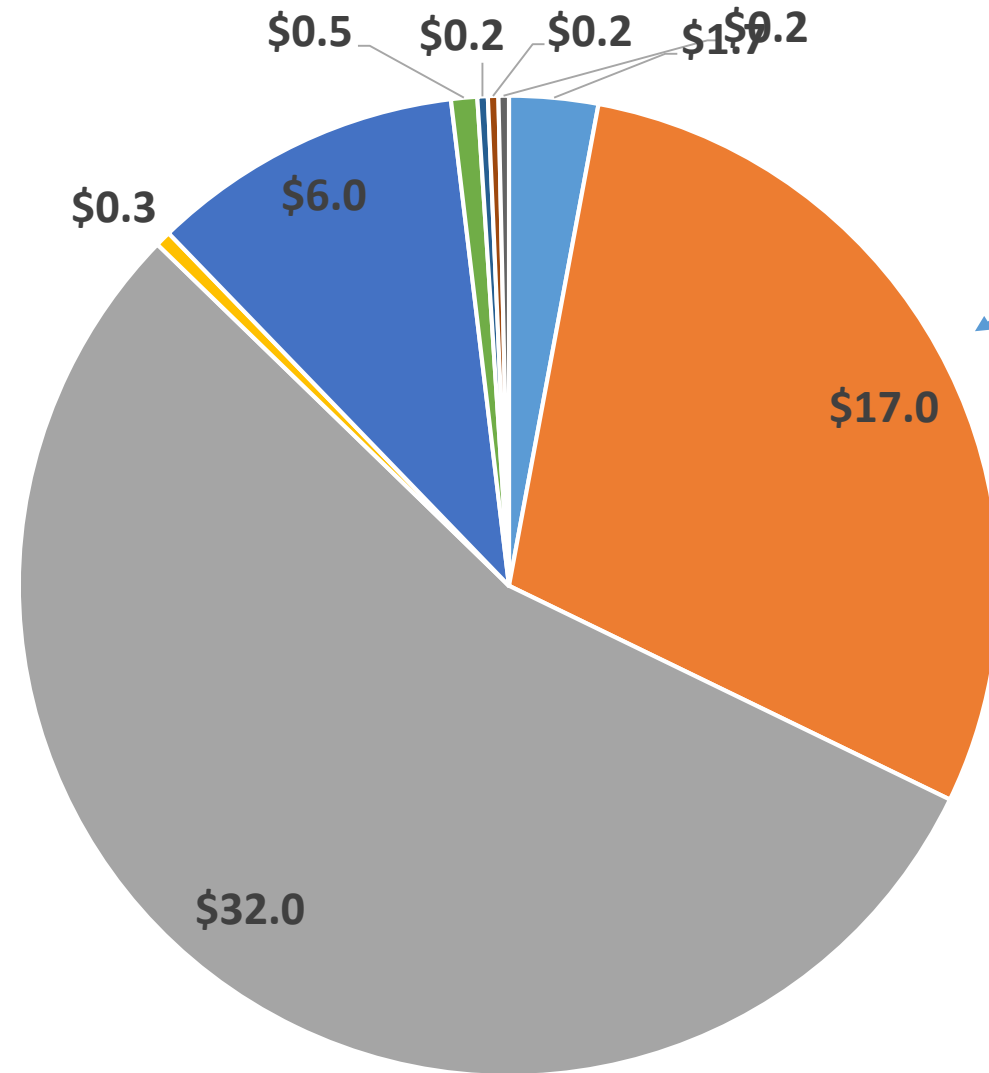
General Revenue by Article

**Total General
Revenue: \$58**

Agencies of

Health and
Human

Government HHS Education Judiciary Pub Safety Nat Res Eco Devo Reg Gen Prov Lege



Sustainability

Tax Collections by Major Tax	September 2020	June 2021	July 2021	Total	Percent change vs. Last Year	BRE Fiscal Year Estimate
Sales Taxes	2,565,642	3,079,280	2,152,735	32,253,565	4.72%	32,000,850
Percentage Change	-6.14%	16.98%	-22.03%			
Motor Vehicle Sales and Rental Taxes	452,834	586,289	572,105	5,445,758	14.08%	5,169,831
Percentage Change	4.60%	49.77%	23.78%			
Franchise Tax	48,460	2,389,643	-1,307,506	3,170,881	3.78%	3,070,000
Percentage Change	370.85%	1089.44%	-142.62%			
Oil Production Tax	227,499	362,903	377,270	3,449,132	6.81%	3,403,637
Percentage Change	-31.92%	338.75%	102.09%			
Natural Gas Production Tax	70,948	159,344	187,063	1,568,542	69.49%	1,463,301
Percentage Change	-28.06%	688.73%	407.60%			
Total Tax Collections	3,725,381	6,974,432	3,309,517	52,566,598	6.85%	51,666,797
Percentage Change	-6.30%	93.86%	-58.00%			

Sustainability continued...

Revenue Source	September 2020	June 2021	July 2021	Total	Percent change Current vs. Last Year	BRE Fiscal Year Estimate
Total Tax Collections	3,725,381	6,974,432	3,309,517	52,566,598	6.85%	51,666,797
Percentage Change	-6.30%	93.86%	-58.00%			
Licenses, Fees, Fines, and Penalties	113,903	121,202	239,329	1,398,708	-2.82%	1,303,127
Percentage Change	17.80%	18.14%	20.17%			
Net Lottery Proceeds 4	70,151	198,008	148,777	1,884,455	13.81%	1,900,585
Percentage Change	-50.71%	10.87%	-11.87%			
Interest and Investment Income	81,776	91,707	95,144	1,704,891	-1.40%	1,706,620
Percentage Change	45.33%	-4.11%	-0.89%			
Total Net Revenue	4,070,814	7,833,498	4,278,396	60,504,913	6.18%	59,373,517
Percentage Change	-6.84%	80.73%	-51.45%			

After the Smoke and Mirrors?

What did the Legislature leave in the middle of **OUR** floor?

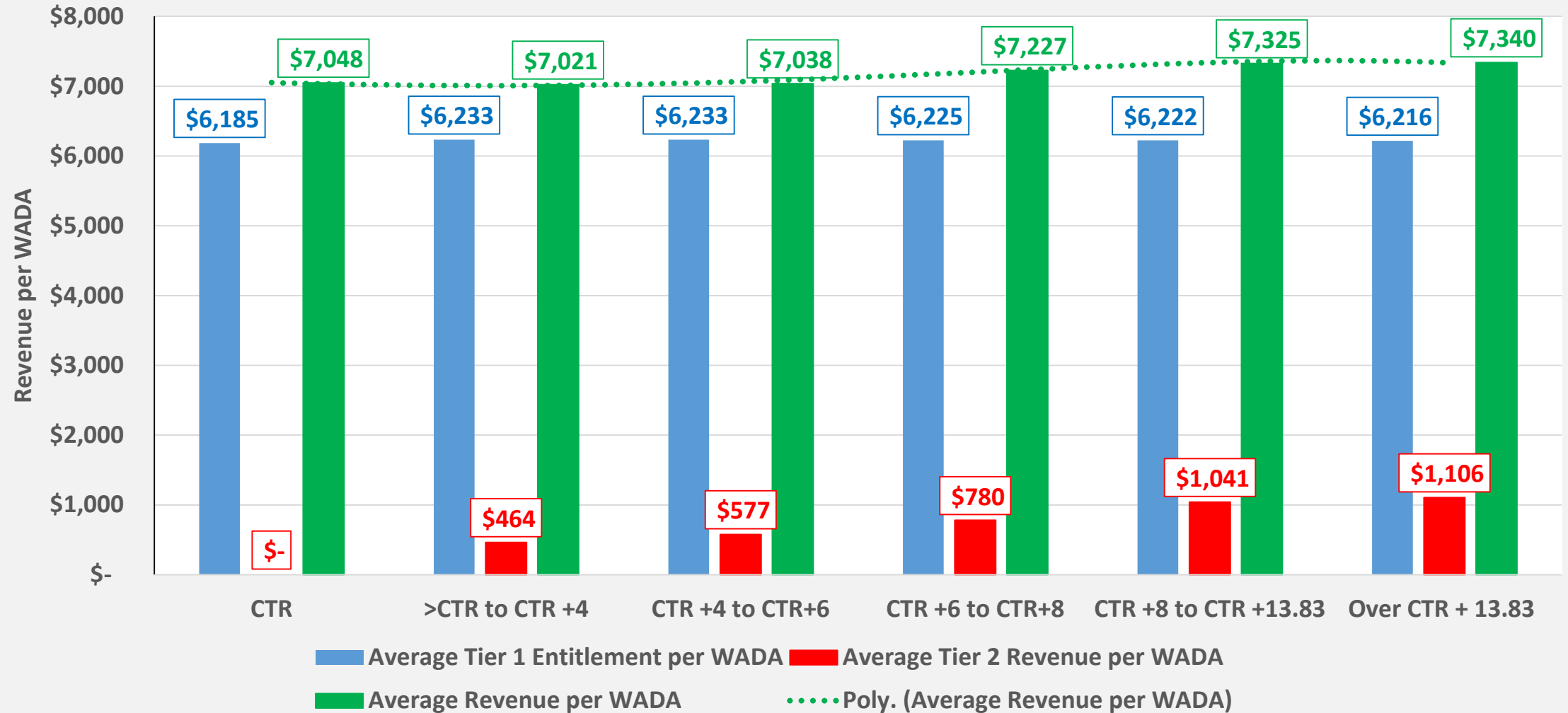
- Smoke and Mirrors
- What is in that pile in the middle of OUR floor?
- It looks like what?

FY 21 District Revenue Data Grouped by Pennies of M&O Tax Rate Above District Compressed Tax Rates (CTR)—TEA Near Final

	Number of Districts	Average Tier 1 Entitlement per WADA	Average Tier 2 Revenue per WADA	Average Revenue per WADA	Average Tier 1 Entitlement per WADA per Penny of CTR	Average Tier 2 Revenue per WADA per Penny of Tier 2 Tax Effort	Average Revenue per WADA per Penny of ATR
CTR	2	\$ 6,185	\$ -	\$ 7,048	\$ 73.06	\$ -	\$ 83.10
>CTR to CTR +4	47	\$ 6,233	\$ 464	\$ 7,021	\$ 69.69	\$ 119.19	\$ 75.39
CTR +4 to CTR+6	411	\$ 6,233	\$ 577	\$ 7,038	\$ 69.74	\$ 115.40	\$ 74.68
CTR +6 to CTR+8	54	\$ 6,225	\$ 780	\$ 7,227	\$ 69.09	\$ 123.08	\$ 74.95
CTR +8 to CTR +13.83	464	\$ 6,222	\$ 1,041	\$ 7,325	\$ 69.91	\$ 78.82	\$ 71.65
Over CTR + 13.83	37	\$ 6,216	\$ 1,106	\$ 7,340	\$ 69.04	\$ 73.38	\$ 69.75

FY 21 Average Revenues per WADA--Tier 1, Tier 2, & Total

Per Adopted Tax Rates (ATR)



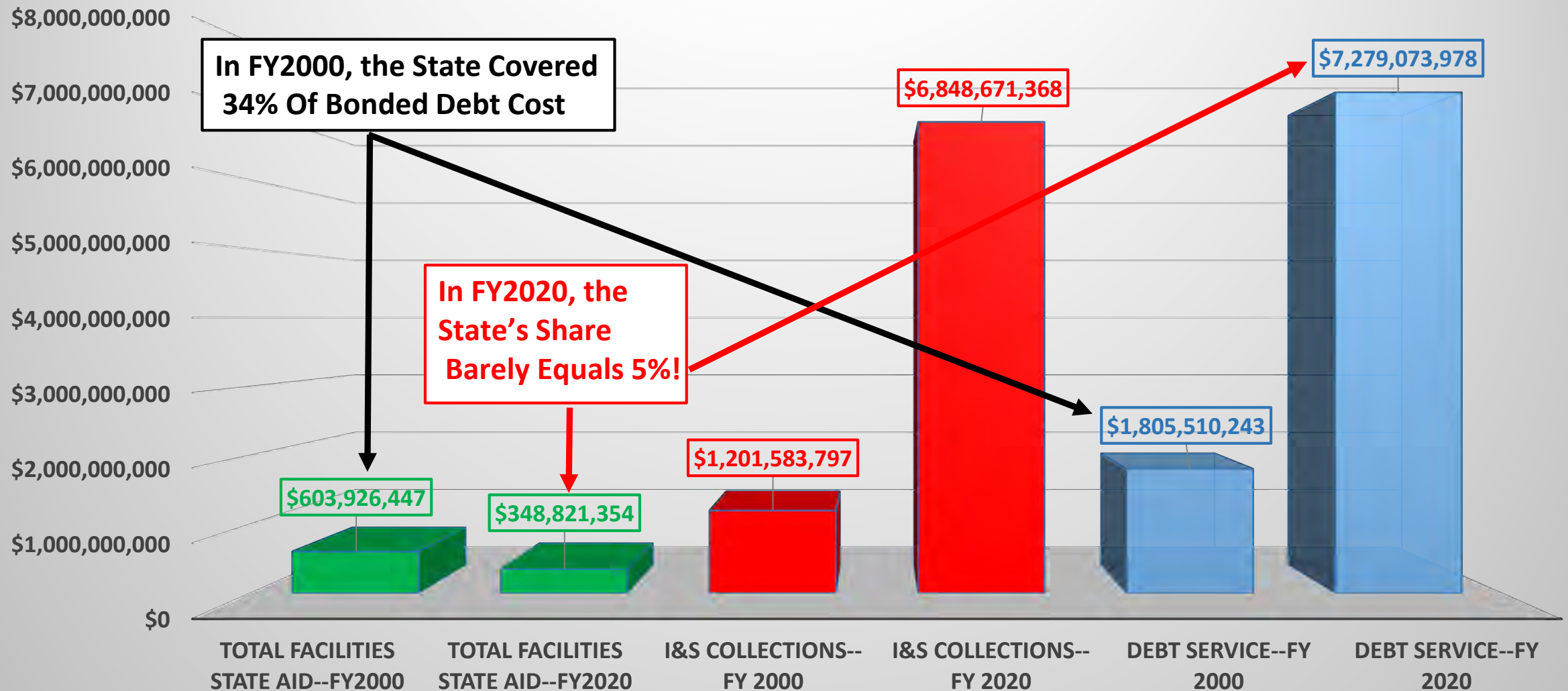
Gearing Up for the 2023 Regular Session?

What Still Must be Done!

- **I&S/Facilities**
- Cost Adjustment (Driver) for the Basic Allotment
- Current Year Collections/Full Tier 1 Entitlement for Some but not for All/LOHE Funding
- Variations in Tier 1 Tax Rates/Tier 2 Yield Gaps
- Hold-harmlesses

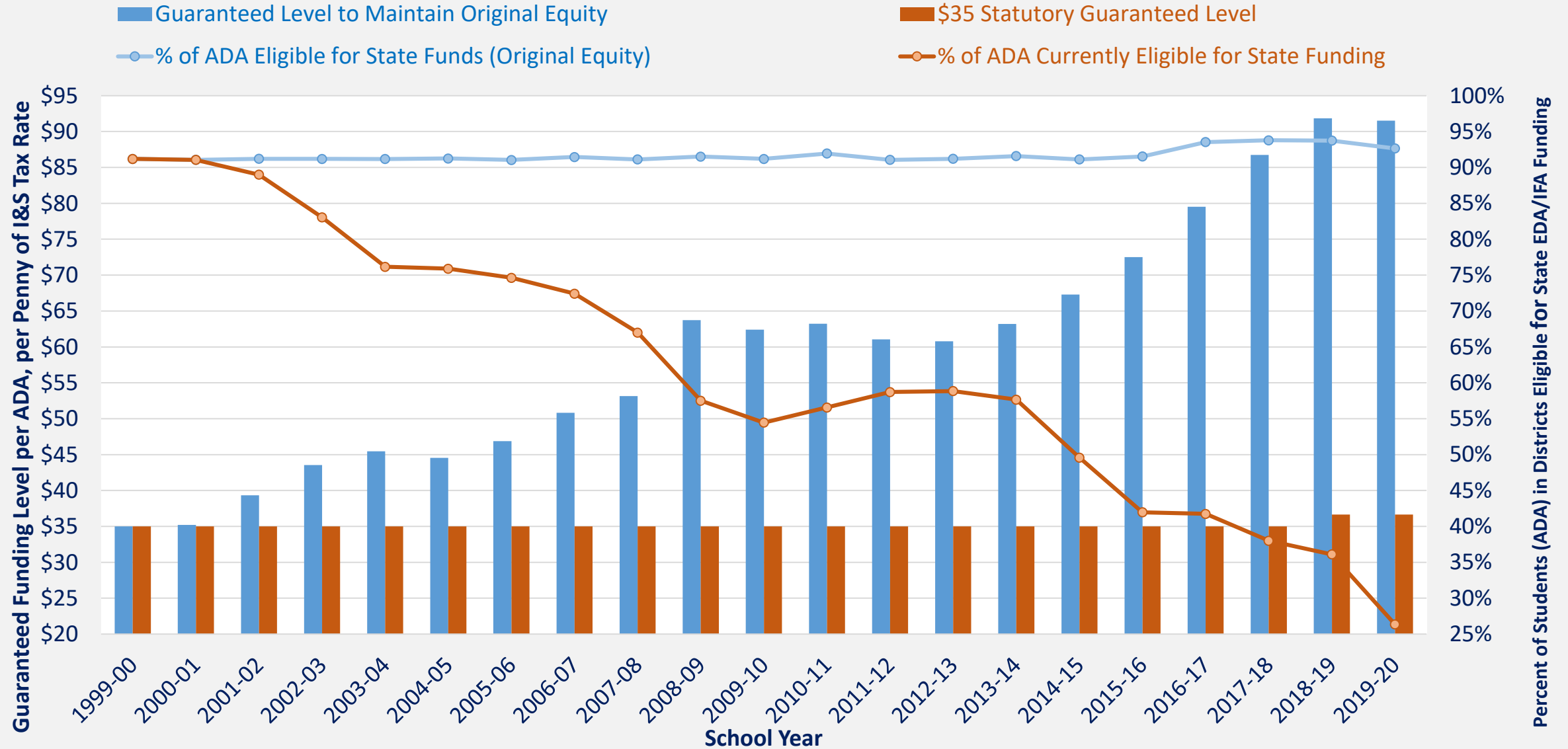
State & Local I&S Comparative Expenditures

FY2000 & FY2020-20 Years of Neglect



Comparison of EDA/IFA Funding Levels and Percent of ADA in Eligible Districts

Statutorily Frozen at a \$35 Guaranteed Level vs. Original Equity Level Maintained

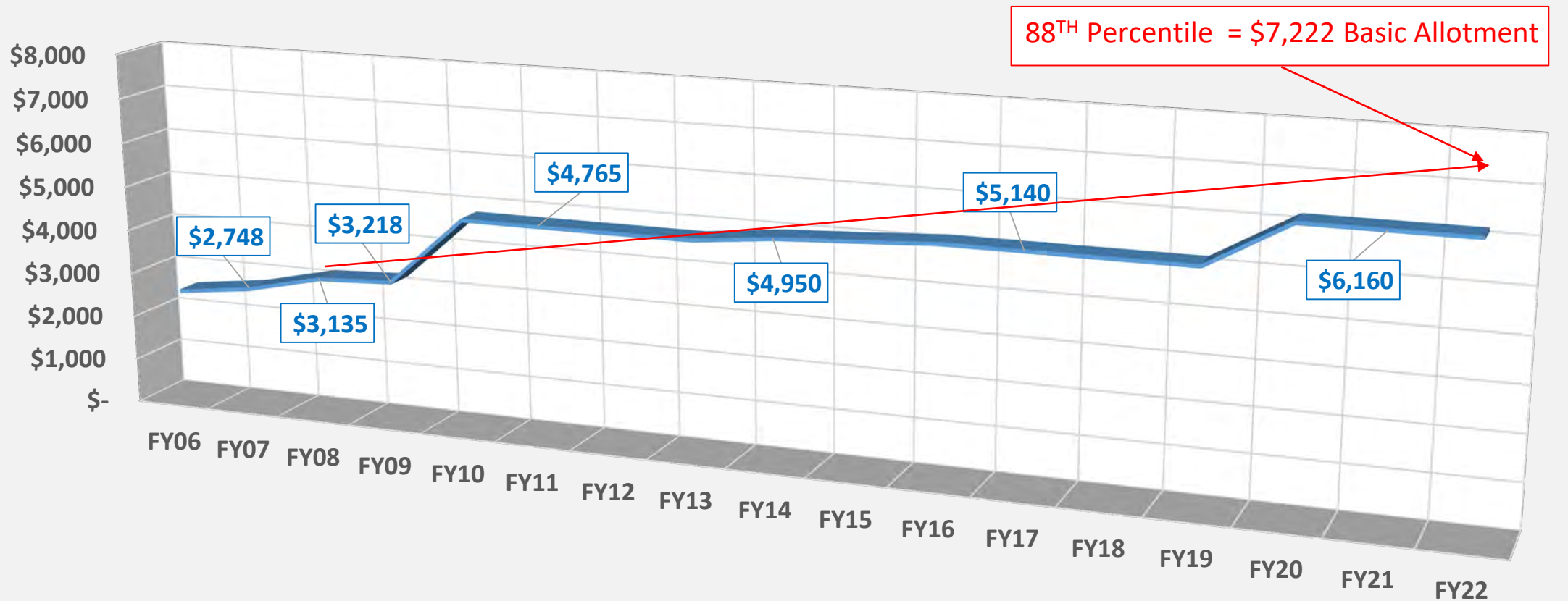


Gearing Up for the 2023 Regular Session?

What Still Must be Done!

- I&S/Facilities
- **Cost Adjustment (Driver) for the Basic Allotment**
- Current Year Collections/Full Tier 1 Entitlement for Some but not for All/LOHE Funding
- Variations in Tier 1 Tax Rates/Tier 2 Yield Gaps
- Hold-harmlesses

Basic Allotment Trend Over Last 15 Years— Over \$1,000 Below What Could Have Been



Gearing Up for the 2023 Regular Session?

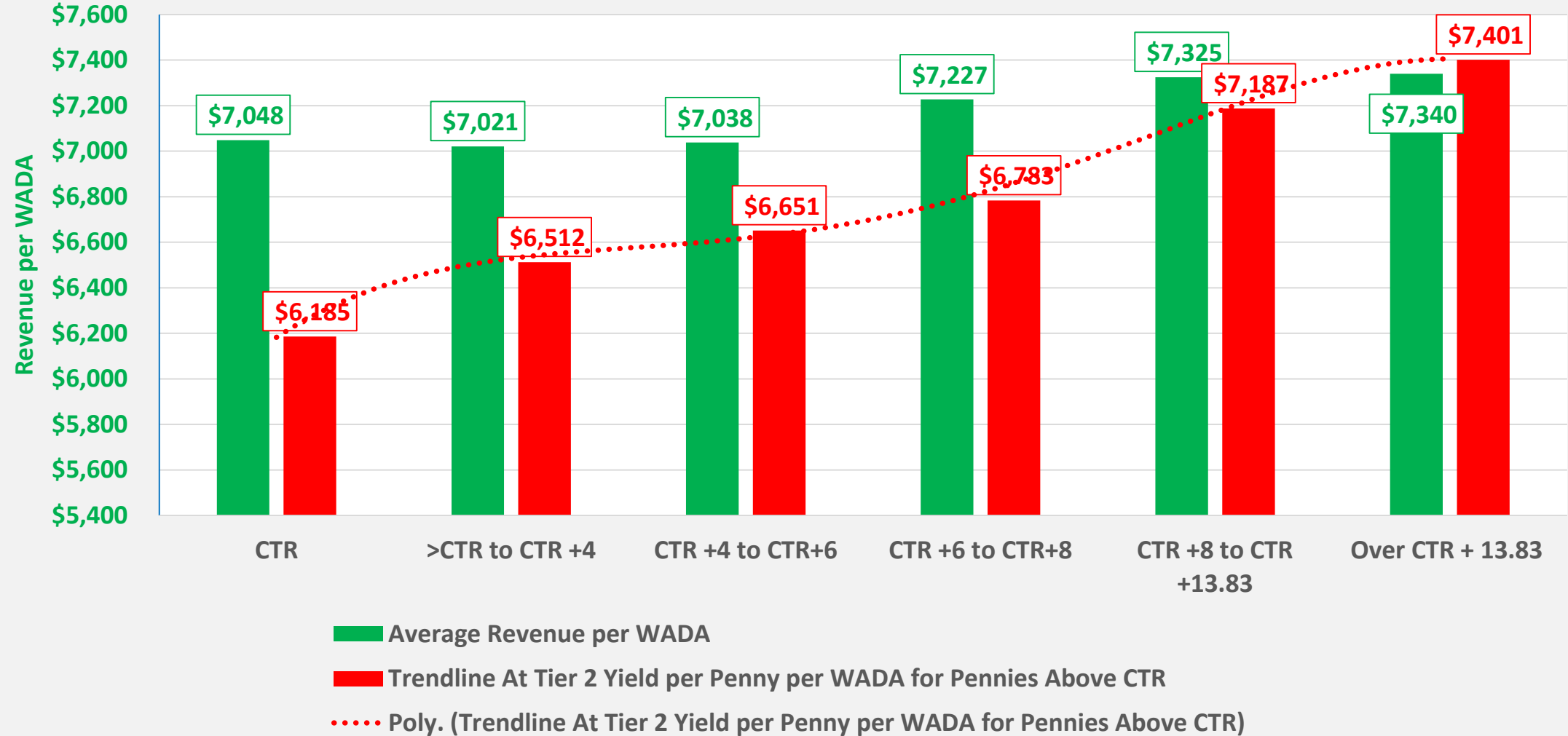
What Still Must be Done!

- I&S/Facilities
- Cost Adjustment (Driver) for the Basic Allotment
- Current Year Collections/Full Tier 1 Entitlement for Some but not for All/LOHE Funding
- Variations in Tier 1 Tax Rates/Tier 2 Yield Gaps
- Hold-harmlesses

FY 21 District Funding per WADA at Various M&O Adopted Tax Rates— Impact of Local Fund Assignment—Tier 1 Guarantee for “Excess to Entitlement Districts”, Only—LOHE Funded for Some But Not All

	Number of Districts	Average Tier 1 Entitlement per WADA	Average Revenue per WADA	Trendline At Tier 2 Yield per Penny per WADA for Pennies Above CTR	Districts Where Tier 1 LFA Exceeds Collections	Districts with Tier 1 Funding loss due to Collections less than LFA	Districts Where Tier 1 LFA Made Whole by Reduction in Excess to Entitlement	Districts with LOHE Where Tier 1 LFA Made Whole by Reduction in Excess to Entitlement	Districts with additional Tier 1 Funding loss due to LOHE
CTR	2	\$ 6,185	\$ 7,048	\$ 6,185	0	0	0	0	0
>CTR to CTR +4	47	\$ 6,233	\$ 7,021	\$ 6,512	39	30	11	5	6
CTR +4 to CTR+6	411	\$ 6,233	\$ 7,038	\$ 6,651	318	278	86	27	55
CTR +6 to CTR+8	54	\$ 6,225	\$ 7,227	\$ 6,783	45	26	17	14	4
CTR +8 to CTR +13.83	464	\$ 6,222	\$ 7,325	\$ 7,187	344	333	68	8	59
Over CTR + 13.83	37	\$ 6,216	\$ 7,340	\$ 7,401	31	29	11	2	10
	1015				777	696	193	56	134

FY 21 Actual Revenue per WADA & Revenue per WADA at Comparable Tier 2 Penny Yields

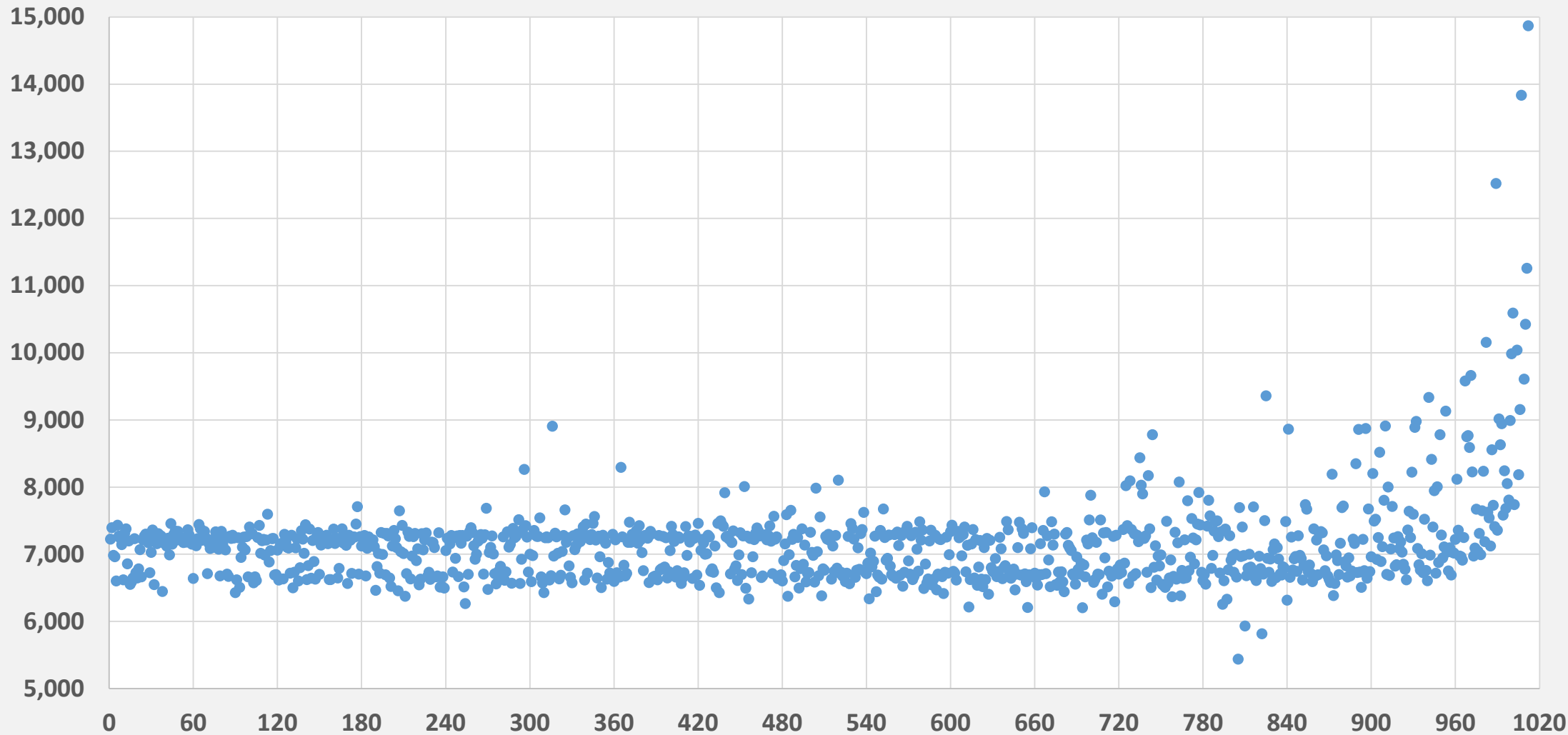


Gearing Up for the 2023 Regular Session?

What Still Must be Done!

- I&S/Facilities
- Cost Adjustment (Driver) for the Basic Allotment
- Current Year Collections/Full Tier 1 Entitlement for Some but not for All/LOHE Funding
- **Variations in Tier 1 Tax Rates/Tier 2 Yield Gaps**
- Hold-harmlesses

**FY 21 Revenue per WADA--Sorted by Wealth per WADA—
Poorest to Wealthiest--Near Final**



Gearing Up for the 2023 Regular Session?

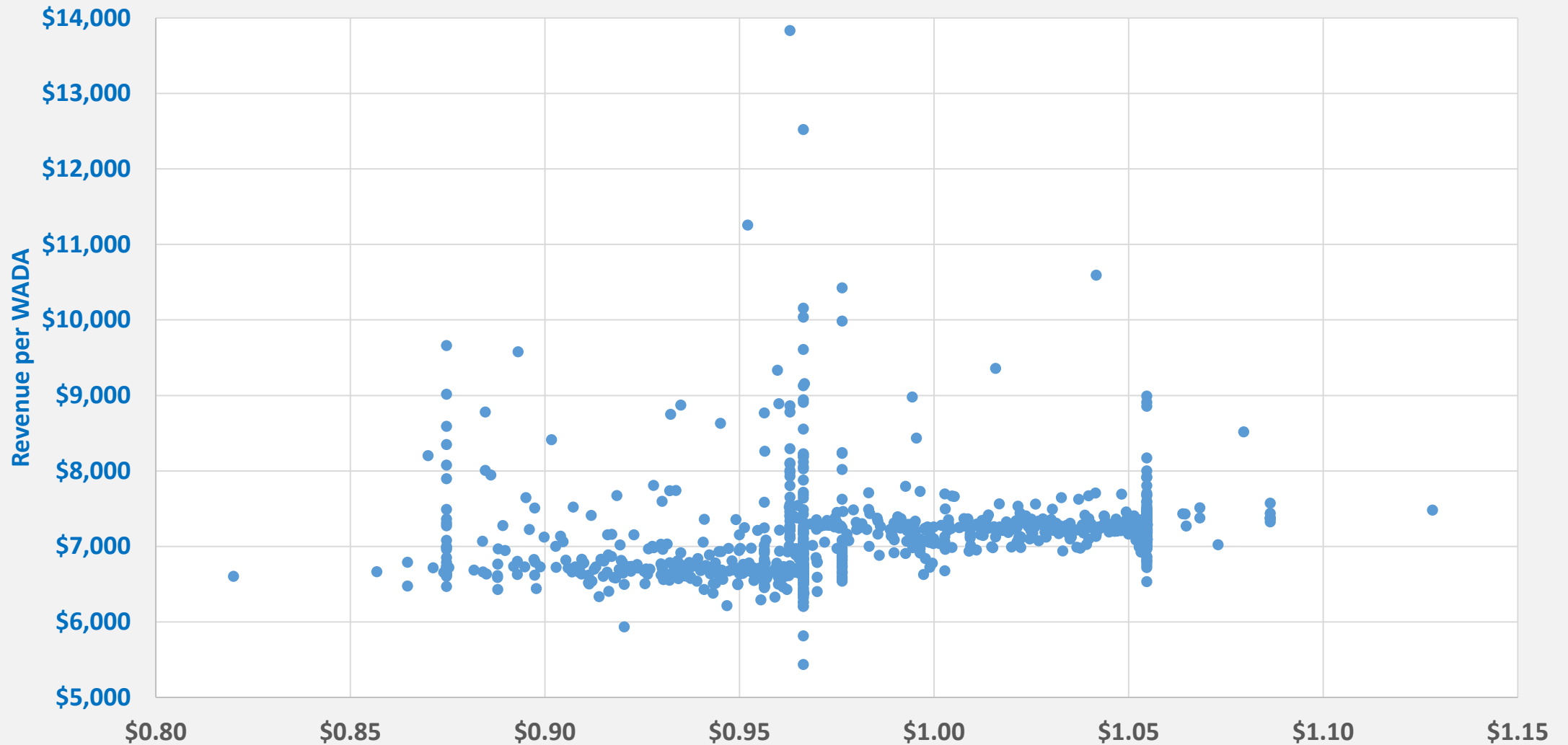
What Still Must be Done!

- I&S/Facilities
- Cost Adjustment (Driver) for the Basic Allotment
- Current Year Collections/Full Tier 1 Entitlement for Some but not for All/LOHE Funding
- Variations in Tier 1 Tax Rates/Tier 2 Yield Gaps
- **Hold-harmlesses**

FY 21 Districts Funded in Excess of Entitlement (Formula) Because of 1 or More Hold-harmless

	Number of Districts	Trendline At Tier 2 Yield per Penny per WADA for Pennies Above CTR	Average Revenue per WADA	Districts Receiving Transition Aid	Districts Receiving both	Receiving 1993 Wealth Hold- harmless
CTR	2	\$ 6,185	\$ 7,048	1	0	1
>CTR to CTR +4	47	\$ 6,512	\$ 7,021	23	1	1
CTR +4 to CTR+6	411	\$ 6,651	\$ 7,038	105	4	21
CTR +6 to CTR+8	54	\$ 6,783	\$ 7,227	12	1	4
CTR +8 to CTR +13.83	464	\$ 7,187	\$ 7,325	97	0	6
Over CTR + 13.83	37	\$ 7,401	\$ 7,340	4	0	1
Totals	1015			242	6	34
				270		

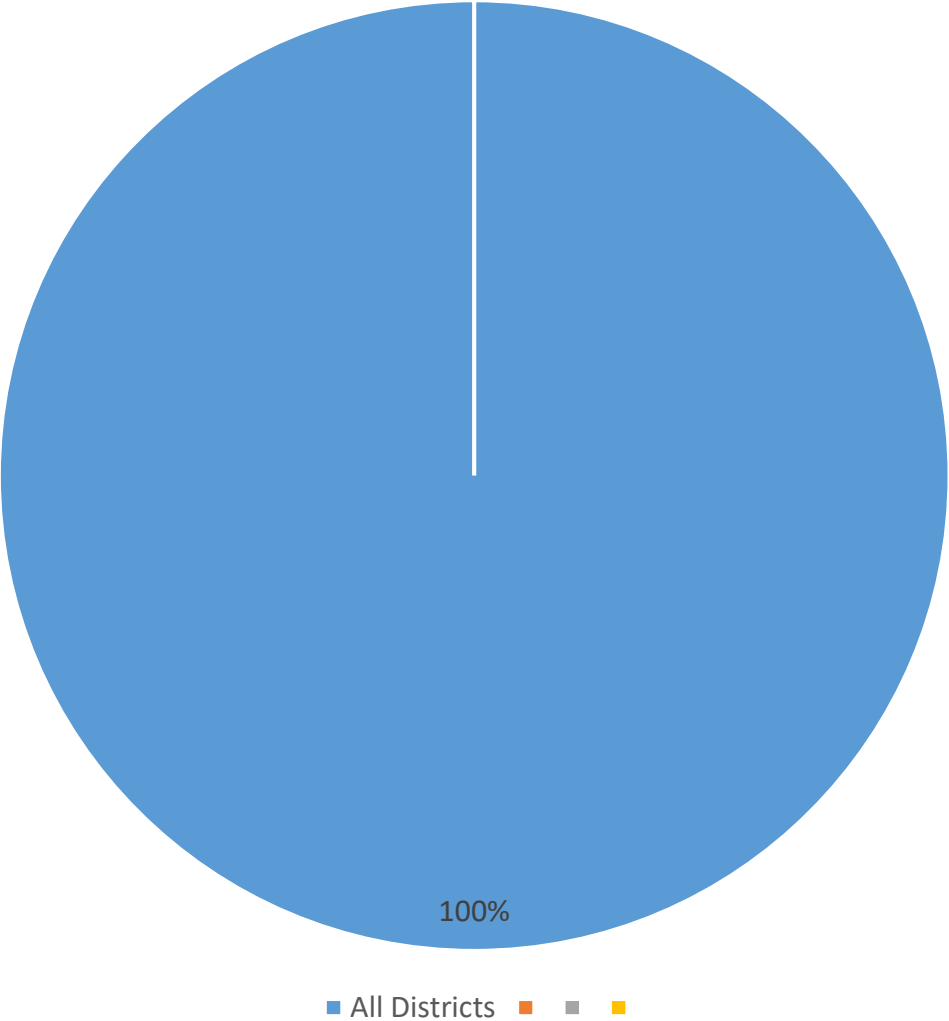
FY 21 Revenue per WADA at M&O Adopted Tax Rate (ATR)— Near Final



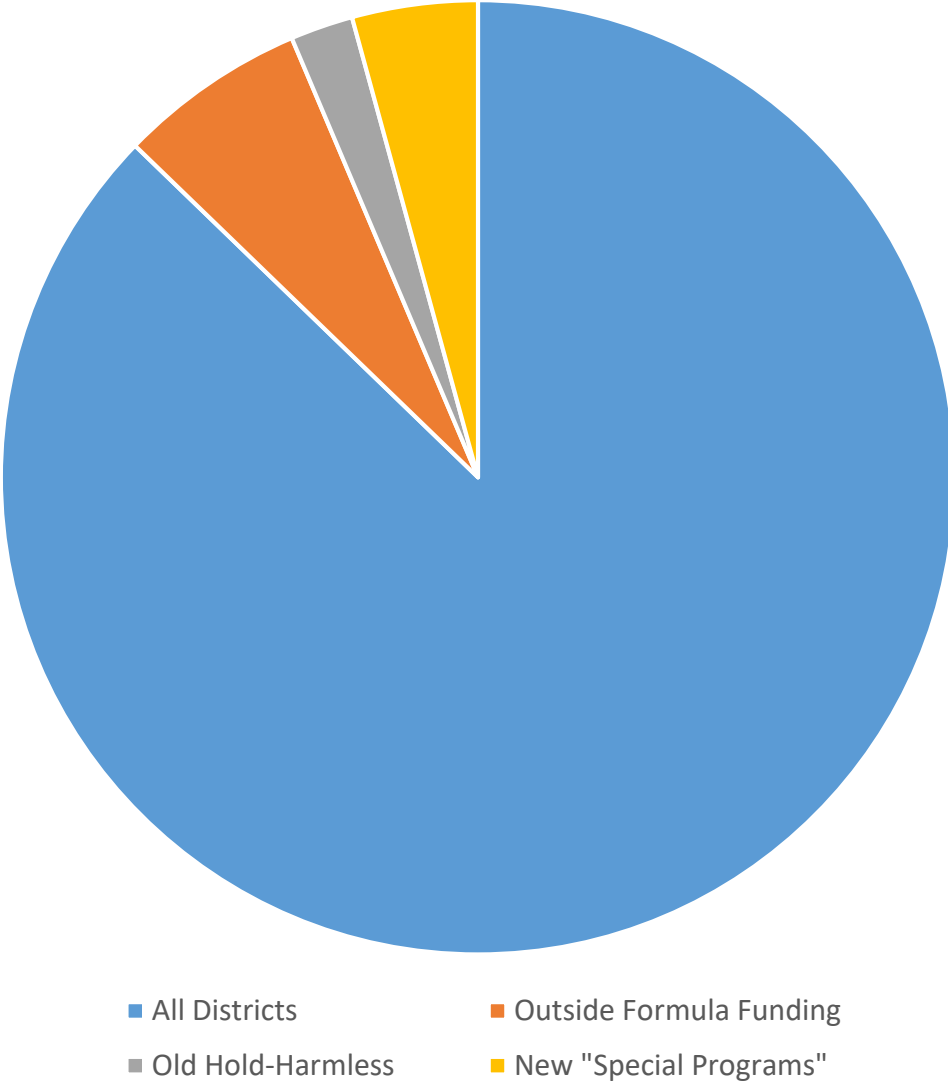
Principles of an Efficient Funding System

- Makes sense for everyone
 - Not based on one district's crisis
 - And especially not on a set of runs
- Based on actual costs
 - Can't have equity without efficiency
 - Can't have efficiency without equity
 - Can't have adequacy without everyone being together!
- Fair to Texas' taxpayers
 - Your tax dollar should generate the same level of state & local funding for your children as **my dollar** does for mine.

Funding Available for Public Education in Texas



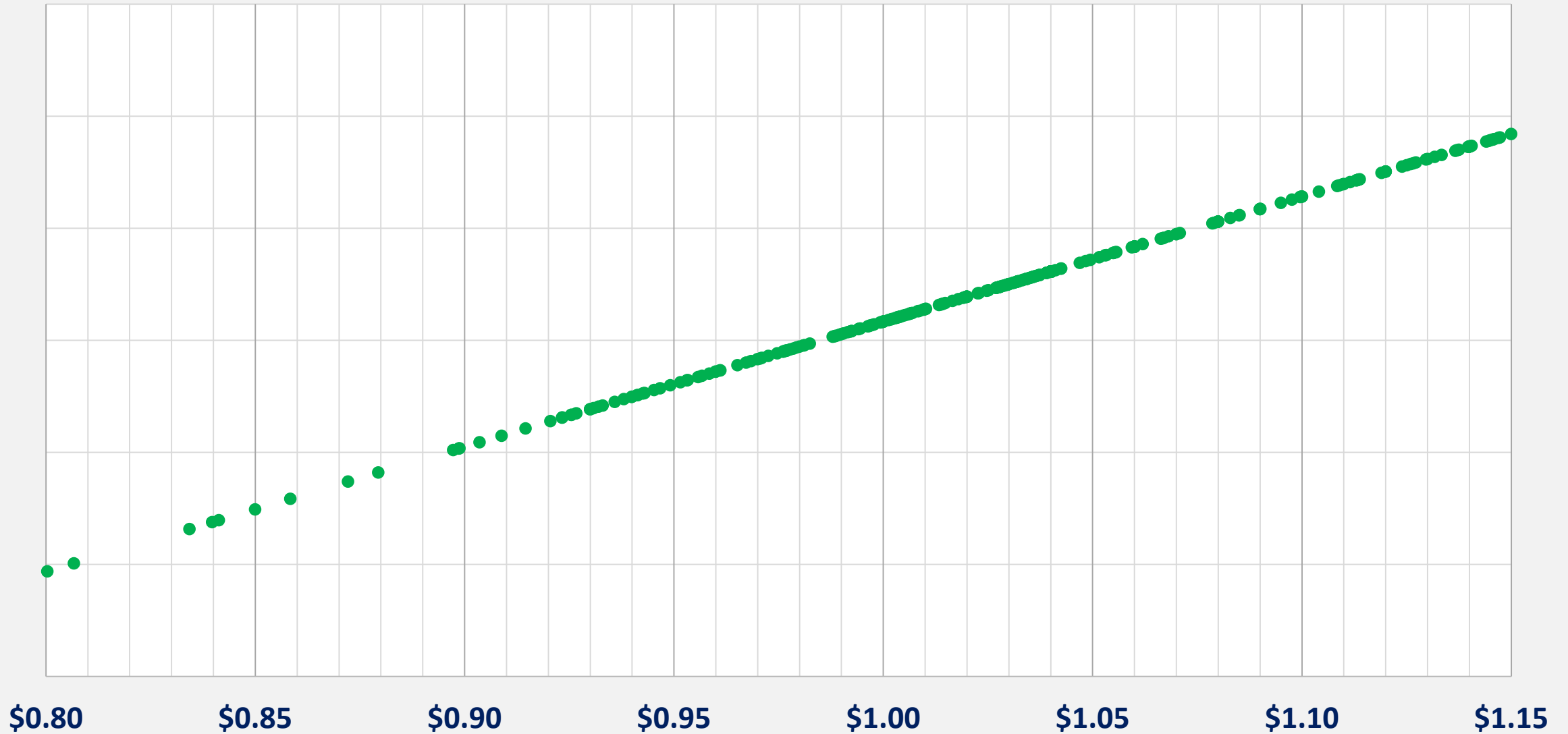
Funding Available for Public Education in Texas



School Finance Shouldn't Look Like This!



Texas School Finance—It Should Look Like This!



School Finance Shouldn't Look Like This!



and that's why equity matters