

## HB3 BILL SUMMARY

### Supporting the Neediest Students

- For educationally disadvantaged students, increase compensatory education weight from 0.2 to one of five values from 0.225 - 0.275 based upon the census tier (HB3 Section 1.028)
  - *Students' census block groups are determined from their home address, and census block groups are put into one of 5 tiers based on the severity of poverty using four factors: poverty measured by median household income, average educational attainment of population, percentage of single parent households, and rate of home-ownership*
  - *These same census tiers are used for the teacher incentive allotment*
  - *Requires commissioner to establish an advisory committee on compensatory education (1.029)*
- Adds a new allotment of \$275 per student in ADA in a Residential Placement Facility or Dropout Recovery School (1.034)

### Blended Learning

- Establishment of blended learning grant program, including through Math Innovation Zones, with priority for program for high populations of educationally disadvantaged students (2.033)

### Improving Special Education

- Increases Mainstream Special Education weight from 1.1 to 1.15 (1.025)
- Requires the Commissioner to establish the Special Education Allotment Advisory Committee and provide a report with assistance from the Legislative Budget Board, Governor's office, and the Legislature by May 2020 (1.026)
- Specifically allows for districts and charters to provide an incentive for teachers who complete training provided by an ESC on Autism (2.010)

## HB3 BILL SUMMARY

### Supporting the Teaching Profession

- Basic Allotment (BA) is increased from \$5,140 to \$6,160 (1.021, 1A.005), which increases the minimum salary schedule (MSS) roughly \$3,000 per creditable year of service (CYS)
- Any year the BA is increased, districts are required to allocate 30% of their year-over-year budget increase toward full-time employee compensation increases - 75% for teachers, counselors, nurses, and librarians (1.021, 1A.005)
  - *Districts must report to the Legislature by December 1, 2020 on salary and wage increases for the 2019-2020 school year (5.008)*
- The increase MSS means the state will pay more for TRS retirement contributions for teachers, so districts pay less out of their own budgets
  - *Amends language to specifically require DOIs and charters to pay the TRS state contribution on the amount above MSS (1.062)*
- Establishes Teacher Incentive Program with stated goal of six figure salary for teachers and to prioritize high needs areas and rural district campuses. (1.031)
  - *Districts designate Master, Exemplary, or Recognized teachers for a five-year period if they meet established criteria (2.008)*
    - *Designations based on TTESS or alternative local appraisal, given standards adopted by TEA and overseen by Texas Tech University (2.008, 2.007)*
    - *Automatic designation as Recognized if a teacher is Nationally Board Certified. (2.008)*
  - *Master Teacher = \$12K to \$32K; Exemplary Teacher = \$6K to \$18K; and, Recognized Teacher = \$3K to \$9K, based on teacher's placement in a campus that is rural or that has a higher compensatory education weight. (1.031)*
    - *Prior Master Teacher certificates have been repealed (2.006; 4.001)*
- Establishes a Teacher Mentorship program to fund stipends to mentors and other costs associated with mentoring teachers in their first two years (1.031)
  - *Districts must meet certain quality requirements when implementing their mentoring programs, including training mentors, and the areas of focus for the mentor/mentees including data driven instruction (DDI) practices. (2.009)*
- Further protects students and the integrity of the teaching profession by creating a Do-Not-Hire Registry which ensures non-certified personnel may not work at schools when certified personnel would be prohibited. This applies to districts, charters, and DOIs (2.001; Article 2A)

## HB3 BILL SUMMARY

### Improving Reading Outcomes

- Requires Boards of Trustees to develop & post early childhood literacy and mathematics proficiency plans that set specific annual goals (2.003, 2.035)
- Requires full day PreK for 4-year-olds and the programs to comply with High Quality measures in statute, with waivers allowed and new reporting requirements (2.019 – 2.030, 4.001)
  - *Requires districts to consider partnerships with high quality providers prior to building or leasing new facilities for PreK (2.019, 2.029)*
  - *Kindergarten Readiness – Requires TEA to make available up to two diagnostic tools to determine early literacy readiness at the beginning of Kindergarten, and allow optional diagnostic of mathematics and other school readiness domains. TEA must also publish Kindergarten readiness data in new ways (2.012)*
- Establishes an Early Education Allotment for students in grades K-3 who are educationally disadvantaged (i.e. eligible for free and reduced lunch) or limited English proficiency funded at 0.1 per ADA. (1.031)
  - *Eligible uses of funds include programs and services designed to improve performance in PreK through 3rd grade reading and math (1.031)*
- Establishes a new Dyslexia Allotment of 0.1 per ADA (1.027)
- Adds an extra 0.05 weight for dual language immersion/one-way or two-way programs, applicable to both English & non-English speakers (1.030)
  - *Requires TEA to develop tools to assist districts and charters in bilingual education (2.016)*
- Extended-Year Incentive for districts that provides funding on a half-day basis for up to 30 additional instructional days over 180 days in grades PK-5 (1.014, 1.003)
  - *Optional for districts and students; Requires TEA to provide technical assistance (2.011)*
- Requires several reading practice improvements (2.013)
  - *Requires all districts and charters provide for the use of a phonics curriculum that uses systematic direct instruction in K-3 (2.013)*
  - *Requires all K-3 teachers and principals to go through reading academies (ESCs offer this training) (2.013)*
  - *Requires districts to prioritize the placement of highly effective teachers in K-2 (2.013)*
  - *Requires districts to integrate reading diagnostics in PreK-3 (2.013)*
  - *Requires TEA to create an early reading advisory committee (2.013)*
- Requires SBEC to adopt rules that require all new PreK-6 teachers to pass a science of teaching reading exam effective January 1, 2021 (2.005)

## HB3 BILL SUMMARY

### Improving College, Career, and Military Readiness (CCMR)

- Requires Boards of Trustees to develop & post CCMR plans that set specific annual goals (2.003, 2.035)
- Establishes a CCMR Outcomes Bonus. Funding paid for each annual graduate above a certain threshold percentage. (1.031) The amounts and likely threshold percentages are:
  - *Educationally disadvantaged - \$5,000 each above the first 13% of CCMR graduates*
  - *Non-educationally disadvantaged - \$3,000 each above the first 25% of CCMR graduates*
  - *Special Education - \$2,000 for each CCMR graduate (above 0%)*
  - *Commissioner shall conduct a study on alternative career readiness measures for small and rural districts for the bonus (1.031)*
- Reimburses districts to ensure students are given at least one college preparation assessment (TSIA, SAT, ACT) and at least one industry certification exam by graduation (1.035, 1.036, 2.031; 2.034)
- Expands CTE funding from 9-12th grade to 7-12th grade and adds technology application courses (like computer science) for funding (1.030)
- Districts receive an extra \$50 per advanced CTE class in P-TECH and New Tech High School models (1.030)
- Requires completion of a FAFSA prior to graduation (2.014, 2.015)
  - *Allows for a parental, counselor or self (over 18) opt out (2.015)*
  - *Commissioner must establish an advisory committee (2.015)*
- Allows the Commissioner to establish a grant program with a private entity for summer programs offering CTE courses (2.032)
- The High School Allotment has been repealed, with funding available for these other CCMR investments. (4.001)

## HB3 BILL SUMMARY

### Other Formula Revisions

- Eliminates the Cost of Education Index, so all districts are funded equally (4.001), with funding redirected to the basic allotment
  - *Requires TEA to study geographic variations in resource costs and costs of education including transportation (1.019)*
- Amends statute from previous year to current year property values (1.040), with funding redirected to the basic allotment
  - *This has the effect of funding all districts in Tier One the same based on formulas regardless of property wealth*
- Gifted & Talented (GT) funding is no longer provided based on identification, and instead all districts receive funding through the basic allotment. (2.017, 2.018)
  - *Requires each district to adopt a policy regarding use of funds for GT programs & certify compliance (2.017, 2.018)*
  - *Requires Commissioner to reduce funds to any district in non-compliance by an amount equal to the prior GT allotment (2.018)*
- Transportation allotment is now given to all districts (including recapture ISDs)
  - *Funding is provided as a per-mile reimbursement rather than a linear density calculation as well as funding for transit to colleges for dual credit and workplaces for work based learning (1.033)*
- The Available School Fund now equally funds all schools (including non-recapture ISDs) (1.041)
- Establishes the Fast Growth Schools Allotment for districts in the top 25% of enrollment growth at a 0.04 weight per ADA (1.031)
- Increases the cap allowed annually for NIFA from \$25M to \$100M (1.033)
- 1992/93 Hold Harmless provision is phased out 20% per year over 5 years (Equalized Wealth Transition Grants) (1.043)
- Amends statute so that disaster aid, when appropriated, applies equally to recapture & non-recapture districts. (Recapture offset is no longer a funding source). (1.015, 1.042, 4.001)
  - *Disaster aid for facility repair now includes vehicles and computer equipment (1.042)*
- The Small District Allotment factor increase for sub-300 sq. mile districts was accelerated to take effect immediately. (1.024; 4.001)
- A new Small District Allotment factor for districts which are the only district in a county and have fewer than 300 students is created. (1.024)
- The Small/Mid-Sized District Allotment has been adjusted so that it doesn't multiply other student factors, except for special education (1.024; 1.025; 4.001)
- Charter schools are now funded on a weighted average funding amount for the Small & Mid-Sized Allotment, as opposed to a simple state average (1.002)
- Recapture calculations have been amended to ensure no district has funds recaptured below their formula entitlement (1.041, 1.018, 1.049)
  - *Early Agreement Credit was repealed (4.001), with funding redirected to the basic allotment*
- Staffing Allotment has been repealed (4.001), with funding redirected to the basic allotment

## HB3 BILL SUMMARY

### Reducing Property Taxes & Tax Policy Changes

- Converts first two Copper Pennies to Golden Pennies, meaning there will be eight golden pennies and nine copper pennies, and “re-orders” pennies so that Tier One is used first, then golden, then copper. (1.009; 1.038)
- Shifts one penny of taxation below the TRE limit, allowing boards to access up to 5 golden pennies with a TRE. (1.063)
  - *Requires unanimous board consent for M&O tax hike in 2021. (1.063)*
- Sets the golden penny yield at 160% of the basic allotment, with a floor of the 96<sup>th</sup> percentile of wealth, as opposed to Austin ISD’s wealth level (1.038)
- Increases the copper penny yield by almost half, and as a result, cuts the number of copper pennies districts already accessed by roughly half (1.038)
- Beginning in tax year 2019, compresses Tier One tax rates, multiplying by a factor of 93%. (1.040; 1.063; 5.002)
  - *Requires home mortgage escrow accounts to be adjusted to account for the lower tax rate (1.064)*
- Beginning in tax year 2020, limits the amount of increased property tax collections to 2.5% per year, by automatically lowering M&O Tier One tax rates statewide for all districts given statewide property value growth above 2.5%, and locally for each district given local value growth about 2.5% (Article 1A)
  - *No district Tier One M&O can be compressed more than 10% lower than the highest Tier One M&O rate. (1A.007)*
  - *Requires LBB to study this 2.5% property tax growth limitation (1A.007)*
  - *Sets up a mechanism to allow higher rates of local taxation in the event the basic allotment is reduced (1A.007)*
- Prohibits districts from raising maintenance and operation (M&O) taxes for tax year 2019 unless already planning to do so by January 1, 2019 or are under \$0.93 for Tier One. (1.008)
- Requires Tax Ratification Elections (TREs) to be conducted on uniform election dates (1.063)
- Requires Boards of Trustees to conduct an efficiency audit prior to going out for a TRE starting in January 2020. (1.001)
- Adds ballot language stating “THIS IS A PROPERTY TAX INCREASE” for bond elections (1.008)
- Reinforces prior law so that M&O / Interest & Sinking (I&S) tax swaps are illegal (1.006, 1.007)
- Reimburses district the interest included on a refund for FY 2018 and FY 2019 (1.042)
- Creates Tax Reduction & Excellence in Education Fund for certain dedicated state funding sources, including Wayfair sales tax collections (1.010)
- M&O hold harmless for the 2015 homestead exemption was eliminated (4.001)

## HB3 BILL SUMMARY

### New Law Transition Safeguards

- A transition provision to the new HB 3 formulas ensures that all districts get at least 3% more funding than they would have under prior law, or for those districts who had been funded way above average, they remain funded at least at 128% of state average per ADA (1.043)
- Commissioner may modify entitlement amounts and/or dates for tax rate with Legislative Budget Board and the Governor's office approval to implement HB 3 (1.019)

### Other Changes

- Requires the Commissioner to enter into an MOU with an institute of higher education to conduct a study on the state assessment to determine whether reading passages are at the appropriate reading level, due by December 1, 2019 (2.036)
- Whistleblower protections now apply at charters (2.004)
- Allotment spending requirements have been standardized (for Special Education, Compensatory Education, Bi-Lingual, CTE, CCMR Outcomes) at 55% of funding from the allotment, with certain reporting requirements established (1.025, 1.028, 1.030, 1.031)
- Requires tracking of pregnancy as a reason for drop-out (1.017)
- Sets up a GED reimbursement program in coordination with the Texas Workforce Commission (1.046)
- The Commissioner continues to have waiver authority when necessary to support districts with respect to requirements to maintain minimum minutes of instruction (1.013)
- Clarifies Commissioner data sharing authority (2.002)
- A number of conforming changes were made (Article 3, and list below), including moving chapter 41 & 42 to 48 and 49, and certain specific changes supporting transfer students, annexation/consolidation, and statutory districts like TSBVD/TSD (1.003, 1.005, 1.022, 1.035, 1.050 - 1.056, 1A.001, 1A.002)
  - 1.011, 1.012, 1.016, 1.020, 1.023, 1.032, 1.037, 1.039, 1.044, 1.045, 1.047, 1.048, 1.057 – 1.060, 1.065)