



# TEXAS SCHOOL COALITION

*Committed to sustainable, meaningful investments in all Texas students!*



## **Priorities & Expectations for the 88th Legislative Session**

**May 1, 2023**

# Legislative Priorities for the 88th Legislative Session

- **Enable public schools to meet students' needs**
- **Control the cost of recapture**
- **Protect sustainability of public education funding**
- **Ensure public accountability of public dollars**
- **Preserve local decision-making**



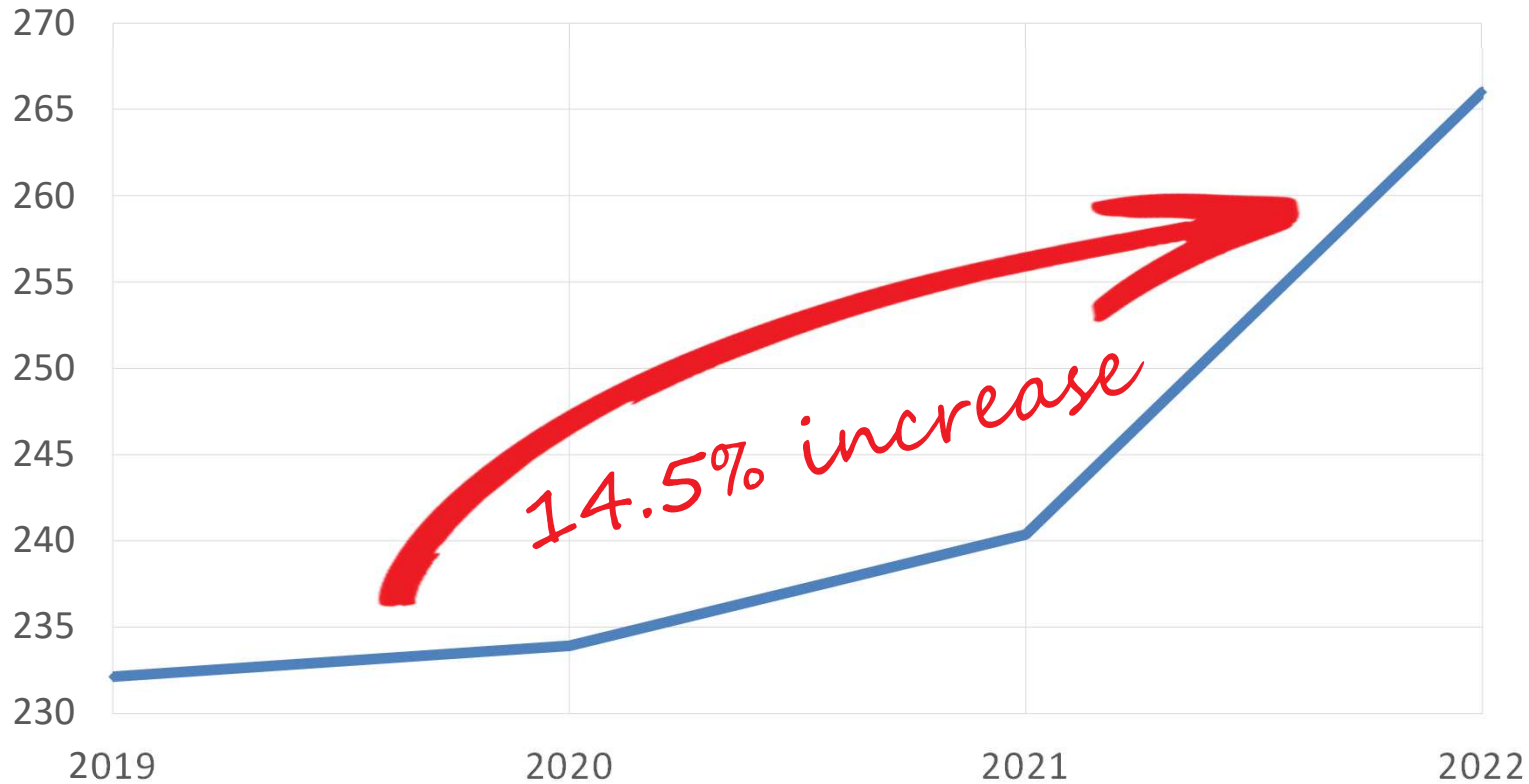
## Enable public schools to meet students' needs



- Increase Basic Allotment to address cost of inflation
- Support increased funding through Golden Penny Yield, Cost of Education & Transportation Adjustments, enrollment-based funding
- Provide increased funding for school safety and staff salary increases in a manner that allows local district discretion to meet local needs



## AVERAGE CONSUMER PRICE INDEX FOR TEXAS



Since 2019, the Basic Allotment remains at the same level: \$6,160

*CPI data through December 2022 retrieved from Data.Texas.Gov*

# Appropriations Bills

General Appropriations Act – HB 1 includes:

- \$2.5 billion for enrollment growth
- \$2.4 billion to increase the golden penny yield
- \$5 billion for other school funding increases

FY 23: \$98.56  
FY 24: \$126.21  
FY 25: \$129.52

Uses for \$5 billion in House:

- Teacher compensation
- Teacher Incentive Allotment
- Basic Allotment
- School Safety
- IMTA
- Special Education

Uses for \$5 billion in Senate:

- SB 8: Private School Vouchers
- SB 9: Teacher Compensation
- SB 11: School Safety
- SB 2565: IMTA
- SB 1474: Special Education

**Note: Each \$100 increase in the BA costs \$1.4 billion for the biennium**



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# Teacher Compensation Increases

## Senate Bill 9

For the 2023-24 school year:

- \$2,000 for each teacher/nurse/counselor/librarian in districts with 20,000 or more enrolled
- \$6,000 for each teacher/nurse/counselor/librarian in districts with fewer than 20,000 enrolled

## House Bill 100

- Significant increase to the Minimum Salary Schedule with salary transition grant
- \$90 increase to BA in FY24 and another \$50 in FY25; 50% must go towards compensation increases (at least 75% for teachers/nurses/counselors/librarians, 25% for other staff)



A photograph of a school hallway with yellow doors and a blue door, receding into the distance under fluorescent lights.

# School Safety Funding

## **SB 30 (Supplemental Appropriations Act)**

Senate: \$60 million/House: \$1.6 billion for safety in current school year

## **Senate Bill 11 (Nichols)**

School Safety Allotment is \$15,000-\$16,800 per campus  
TEA monitoring/sanctions; restrictions for technology purchases; truancy changes

## **House Bill 3 (Burrows) - \$293 million**

\$100/ADA School Safety Allotment + \$15,000 per campus  
Requires armed security officer on each campus; restrictions for technology purchases; TEA monitoring/audits/sanctions; bond proceeds spent on safety 1st

## **House Bill 13 (Ken King) - \$1.7 billion**

\$100/ADA School Safety Allotment  
Allows more local control; requires mental health training; school guardian stipends





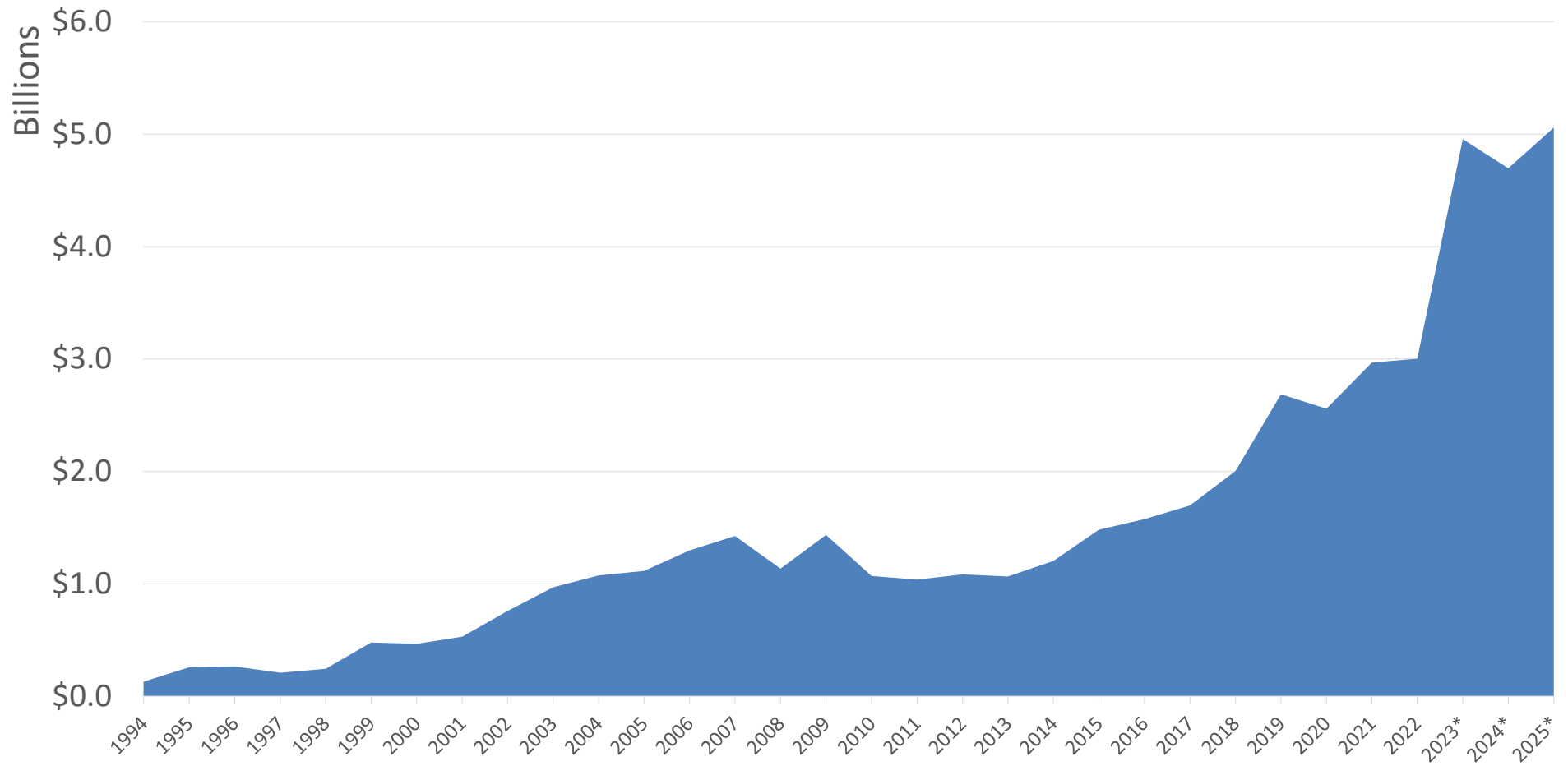
## Control the cost of recapture

- Reduce and control the increase of recapture
- Increase the Basic Allotment
- Stop the shell game and be transparent about where recapture dollars go
- Provide the option to pay recapture early, with the incentive of an early payment discount
- Oppose any measure that increases recapture





# Total Recapture 1994-2023



Source: 1994-2022 TEA Summary of Finance data; \*2023 from Comptroller's Biennial Revenue Estimate issued January 9, 2023, and 2024-2025 from Introduced version of HB 1 (88R).

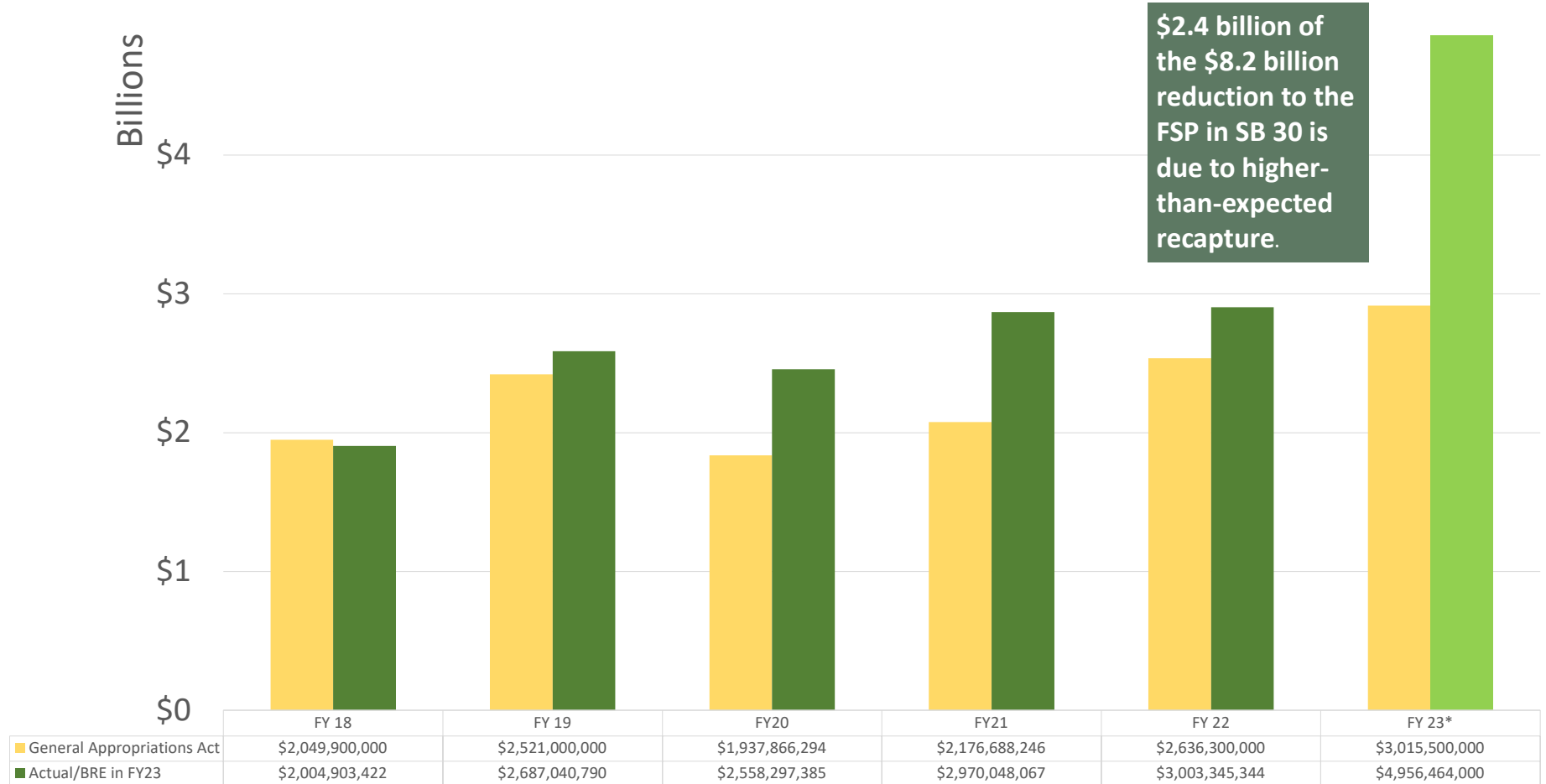


**In 2021, supplemental appropriations reduced funding for the FSP by \$5.2 billion for FY 20-21. \$1.4 billion of that was due to higher-than-expected recapture. In 2023, SB 30 reduces FSP funding by \$8.2 billion. \$2.4 billion due to higher-than-expected recapture.**

# The Appropriations Shell Game

Every two years, legislators underestimate the total amount that districts will pay in recapture. Then, when districts pay more than projected, legislators use those recapture dollars to replace other state funding that would have gone to schools.

# Appropriated vs. Actual Recapture



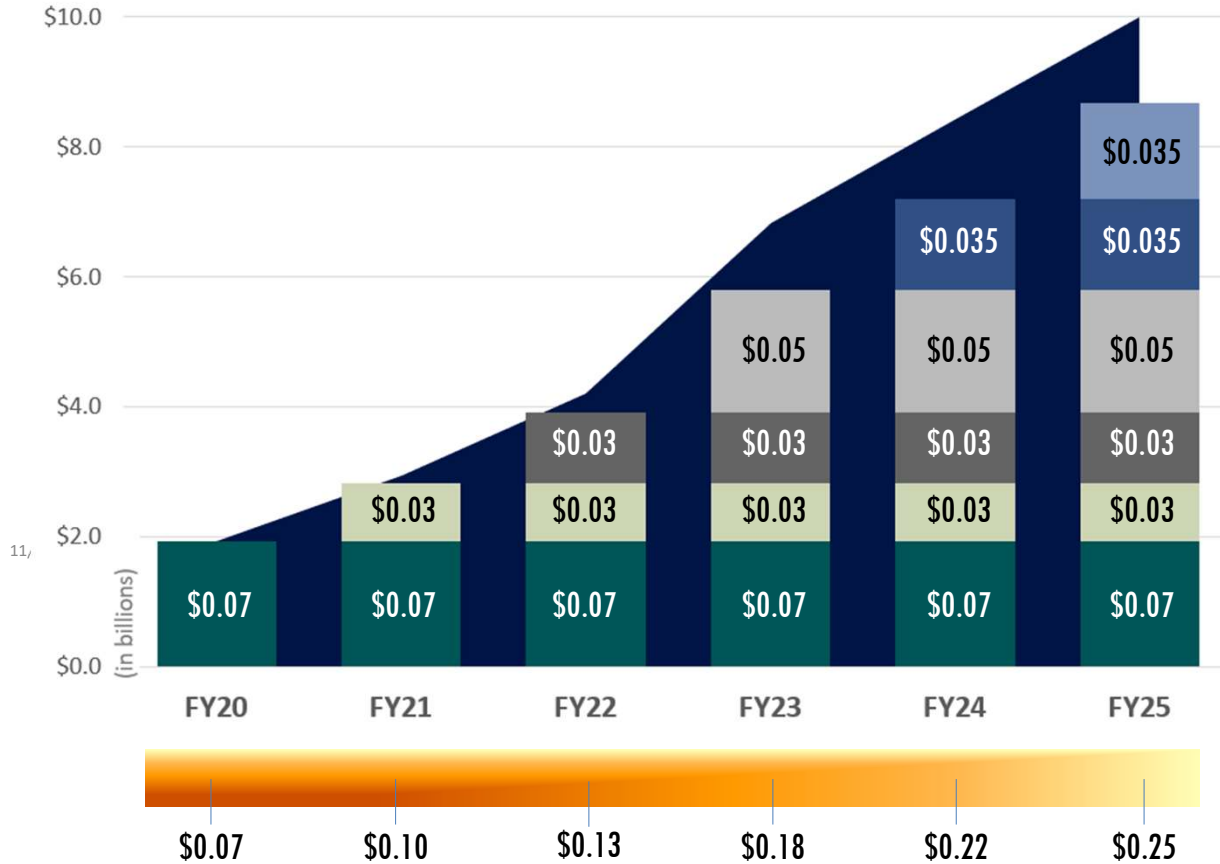
# Protect sustainability of public education funding



- Support balanced approach to continued property tax relief that is sustainable over time
- Protect districts from loss of funding due to expiration of Formula Transition Grant
- Support measures to provide increased revenue to provide for increased school funding and ongoing property tax relief



# Cost of Tax Rate Compression



Year	Pennies Compressed	Cost (in billions)
2019-20	\$0.07	\$1.92
2020-21	\$0.03	\$0.90
2021-22	\$0.03	\$1.09
2022-23	\$0.05	\$1.89

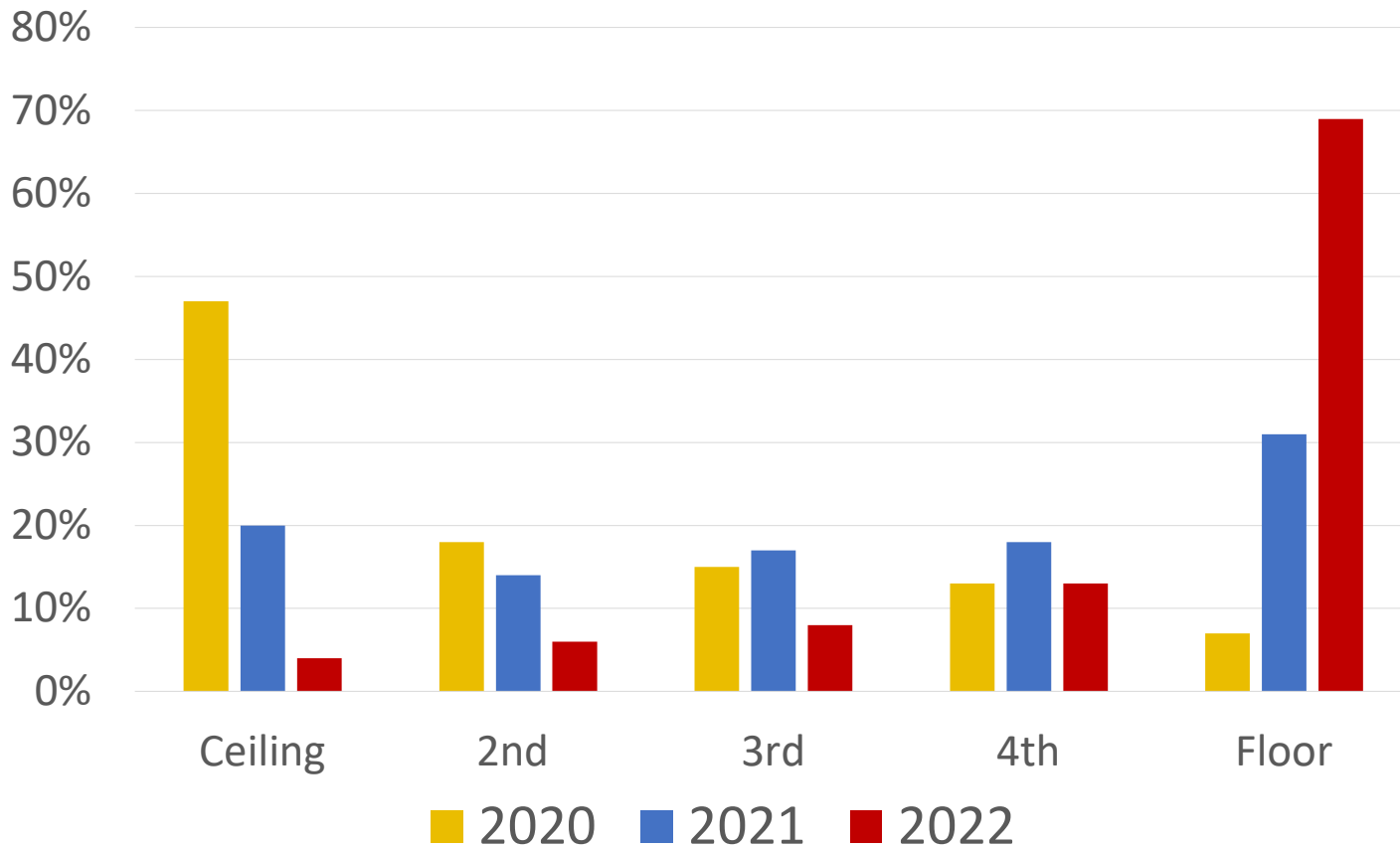
The columns show the original cost of each round of compression at the time it occurs.

The area behind the columns shows the cumulative cost of compression. Cumulative cost is higher because of growth in the tax base over time and represents the difference between Tier 1 local share at the Tax Year 2018 Tier 1 rate vs Tier 1 local share at the Tier 1 Rate (MCR) for the year shown.

The cumulative number of pennies "purchased" through compression is shown below the graph.

**Amounts for FY24 & FY25 are hypothetical and are based on long-term value growth trend**

# Tax Rate Compression



HB 3 (2019) set ongoing tax rate compression in place tied to either statewide or local property values (whichever is growing faster).

A ceiling exists for school districts with the highest rate so their tax rates continue to be compressed.

A floor exists to prevent school district tax rates from falling lower than 90% of the tax rate ceiling.

# Property Tax Relief



## House Bill 2

- Additional \$0.15 of compression
- 5% appraisal cap on all real property
- Cost of HB 2 + current law: \$17.3 billion
- Reduces recapture by \$4.5 billion for the biennium

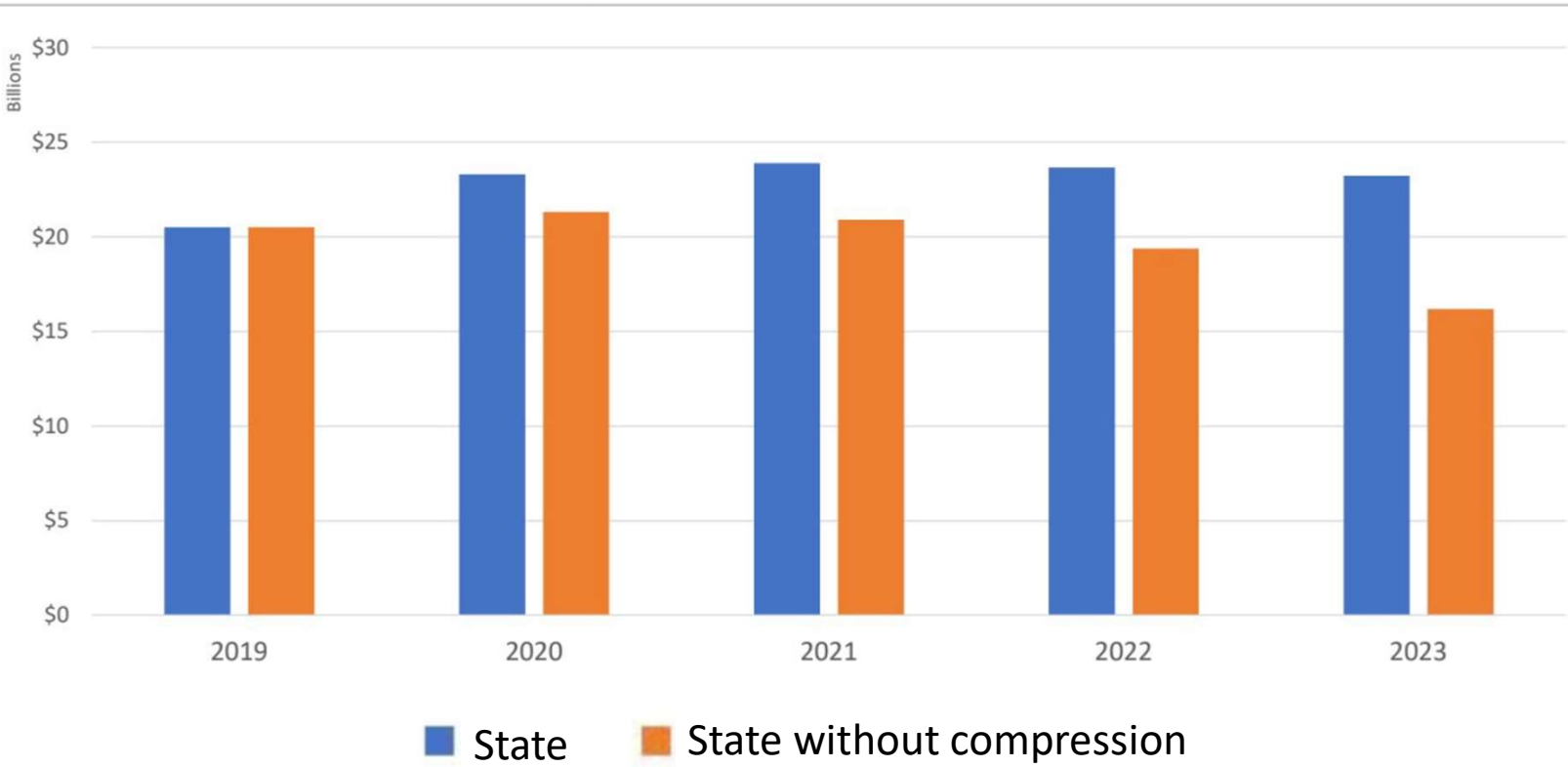
## Senate Bills 3, 4, & 5

- Increases Homestead Exemption to \$70K & to \$30K for 65+
- Additional Tier 1 tax rate compression
- Business Personal Property Tax Exemption (no rendition if <\$25K)
- Cost of SB 3, 4, & 5 + current law: \$16.5 billion
- Reduces recapture by at least \$1 billion



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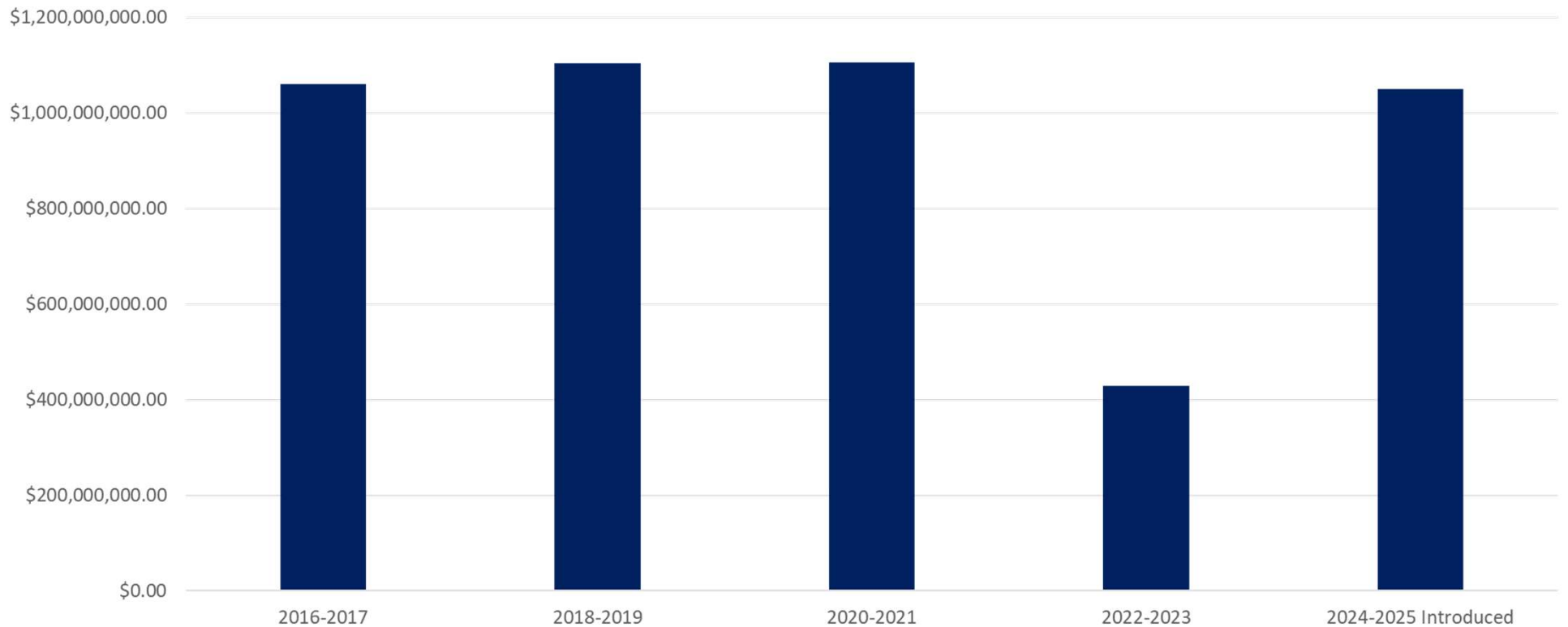
State appropriations for the FSP have not necessarily increased year over year even as property tax rates have been cut, because spending increases are dependent upon enrollment growth





# Instructional Materials Funding

## Budget Bill: TIMA Appropriation by Session



# Formula Transition Grants

- HB 3 provided for districts to be entitled to at least a 3% gain compared to funding under the old law (pre-HB 3)
- 228 school districts and charter schools currently rely on FTG funding, for more than what the \$400 million cap allows.
- FTG expires following the 2023-24 school year, setting up school districts for a funding loss in fall 2024.
- Salary increase requirements that accompanied the 3% funding increase do not expire when the funding does, and new compensation increases could be required without new funding to pay for them.
- HB 100 includes extension of expiration date to 2029-30



## Ensure public accountability of public dollars



- Oppose private school vouchers, scholarships, or tax credits in any form.
- Maintain authority of locally-elected trustees
- Support increased transparency for taxpayers
- Improve clarity of ballot language for voters



# Education Savings Accounts

## Senate Bill 8

- Participating student would receive \$8,000 per year to be used for private school education, overseen by “educational assistance organization.”
- School districts with 20,000 or fewer students, would receive \$10,000 for the first two years a student participates in the program.
- Provides constraints around districts transfer policies, including eliminating tuition, regulating reasons for rejecting transfers



## Preserve local decision-making



- Support governance through locally-elected trustees
- Support the elimination of unfunded mandates and guard against the creation of new mandates
- Oppose measures that seek to limit local elections
- Oppose measures that seek to control or limit school district fund balances
- Support economic development incentives in which school districts have discretion and the ability to negotiate a means to grow the local economy



# Economic Development Agreements – HB 5

- With Chapter 313 expired, new agreements needed
- HB 5 allows for agreements with school boards deciding whether to offer tax abatement to attract entities for the purpose of economic development and jobs
- Schools to receive share of tax savings



Thank you!

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