

Section 1

Texas Education Agency
Summary of Recommendations - House

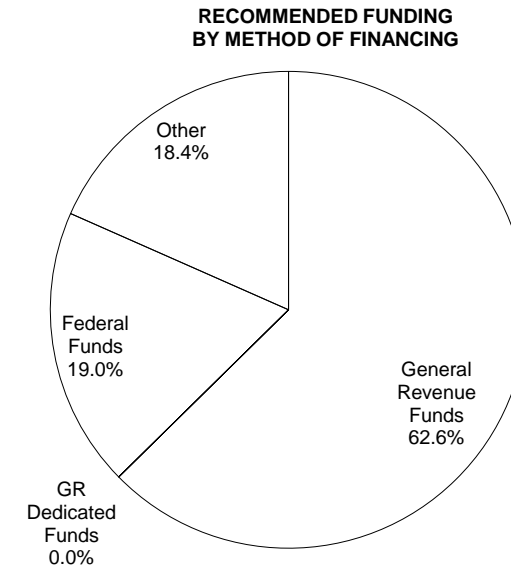
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Michael Williams, Commissioner of Education

Andrea Winkler, LBB Analyst (Program and Administration)
Aaron Henricksen, LBB Analyst (FSP)

FSP Only (Less Set-Asides)				
Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$31,652,100,000	\$31,652,100,000	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$31,652,100,000</i>	<i>\$31,652,100,000</i>	<i>\$0</i>	<i>0.0%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$7,971,300,000	\$9,731,200,000	\$1,759,900,000	22.1%
All Funds	\$39,623,400,000	\$41,383,300,000	\$1,759,900,000	4.4%

Non-FSP Program and Administrative Budget				
Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$2,076,869,591	\$1,793,241,646	(\$283,627,945)	(13.7%)
GR Dedicated Funds	\$65,402	\$65,402	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$2,076,934,993</i>	<i>\$1,793,307,048</i>	<i>(\$283,627,945)</i>	<i>(13.7%)</i>
Federal Funds	\$9,731,764,629	\$10,142,218,530	\$410,453,901	4.2%
Other	\$76,410,753	\$85,719,832	\$9,309,079	12.2%
All Funds	\$11,885,110,375	\$12,021,245,410	\$136,135,035	1.1%

TEA Total				
Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$33,728,969,591	\$33,445,341,646	(\$283,627,945)	(0.8%)
GR Dedicated Funds	\$65,402	\$65,402	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$33,729,034,993</i>	<i>\$33,445,407,048</i>	<i>(\$283,627,945)</i>	<i>(0.8%)</i>
Federal Funds	\$9,731,764,629	\$10,142,218,530	\$410,453,901	4.2%
Other	\$8,047,710,753	\$9,816,919,832	\$1,769,209,079	22.0%
All Funds	\$51,508,510,375	\$53,404,545,410	\$1,896,035,035	3.7%



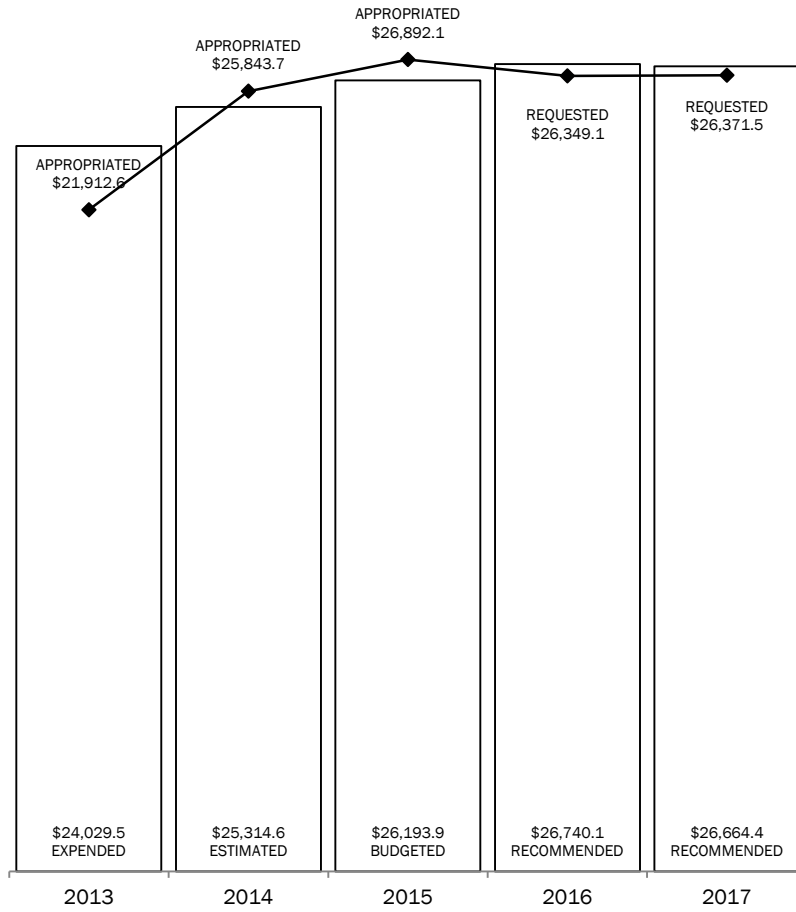
	FY 2015 Budgeted	FY 2017 Recommended	Biennial Change	% Change
FTEs	844.0	817.0	(27.0)	(3.2%)

The bill pattern for this agency (2016-17 Recommended) represents an estimated 63.9% of the agency's estimated total available funds for the 2016-17 biennium.

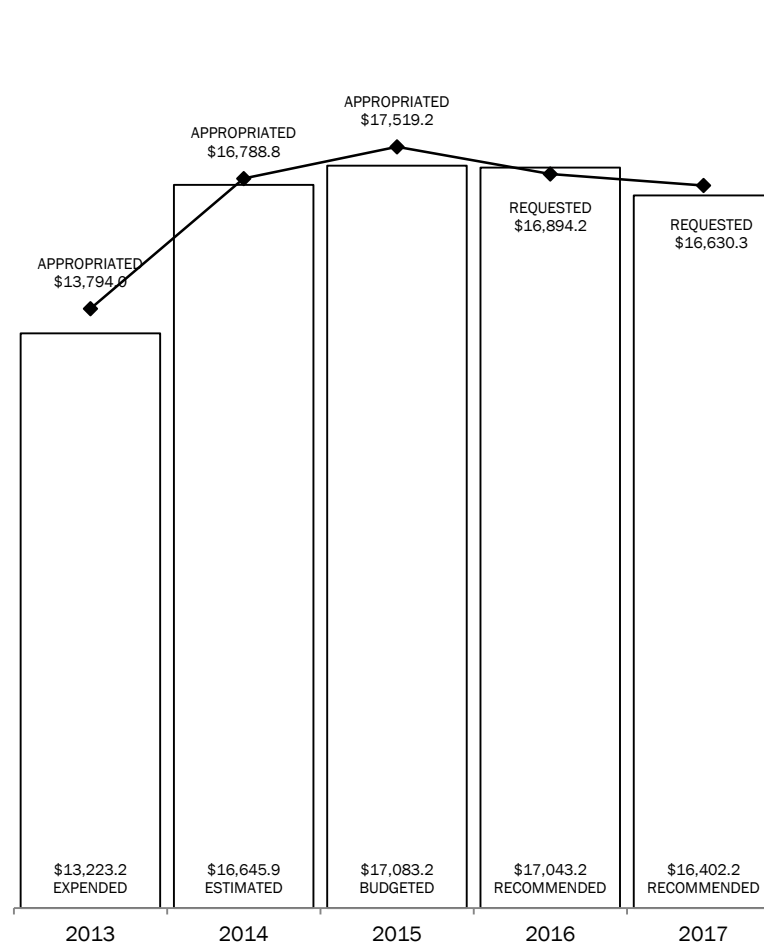
Section 1
Texas Education Agency
2016-2017 BIENNIUM
 IN MILLIONS

TOTAL= \$53,404.5 MILLION

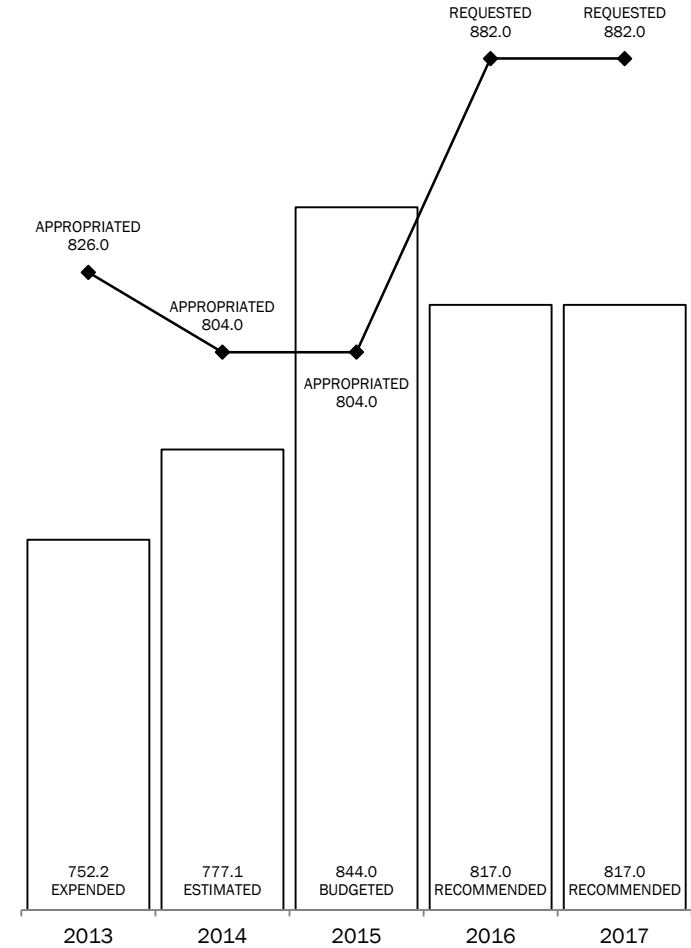
ALL FUNDS



**GENERAL REVENUE AND
 GENERAL REVENUE-DEDICATED FUNDS**



FULL-TIME-EQUIVALENT POSITIONS



Section 2

Texas Education Agency
Summary of Recommendations - House, By Method of Finance -- Supplemental

Strategy/Fund Type/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
FSP - EQUALIZED OPERATIONS A.1.1	\$38,750,434,316	\$40,280,300,000	\$1,529,865,684	3.9%	<p>All Funds FSP funding is increased by \$1.8 billion, or 4.4 percent, from the 2014-15 biennium. The All Funds biennial increase is attributable to an anticipated increase in revenues from the Property Tax Relief Fund (\$610.0 million) and recapture payments (\$1.2 billion), both of which are classified as Other Funds.</p> <p>General Revenue funding is increased by \$2.2 billion above the amount estimated to be required to fully fund the current law FSP entitlement, including anticipated enrollment growth. This level of General Revenue funding represents level funding from the 2014-15 biennium. (See Selected Fiscal and Policy Issues #2 and #3.)</p> <p>General Revenue funding in Strategy A.1.1., FSP - Equalized Operations is decreased by an additional \$334.0 million due to the removal of one-time funding appropriated in the 2014-15 biennium.</p>
GENERAL REVENUE FUNDS	\$30,779,134,316	\$30,549,100,000	(\$230,034,316)	(0.7%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$7,971,300,000	\$9,731,200,000	\$1,759,900,000	22.1%	
FSP - EQUALIZED FACILITIES A.1.2	\$1,207,100,000	\$1,103,000,000	(\$104,100,000)	(8.6%)	
GENERAL REVENUE FUNDS	\$1,207,100,000	\$1,103,000,000	(\$104,100,000)	(8.6%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
STATEWIDE EDUCATIONAL PROGRAMS A.2.1	\$334,921,166	\$307,368,816	(\$27,552,350)	(8.2%)	<p>Includes \$28.8 million decrease for Student Success Initiative (See Selected Fiscal and Policy Issue #13), \$4.5 million decrease for Reasoning Mind, and \$1.0 million decrease for Online College Preparation Technical Assistance Program. The decreases are partially offset by an increase of \$1.0 million for the Adult Charter School (moved from Strategy A.1.1).</p> <p>Increase primarily attributable to anticipated \$5.5 million increase in Vocational Ed Basic Grant.</p>
GENERAL REVENUE FUNDS	\$153,600,000	\$119,625,000	(\$33,975,000)	(22.1%)	
GR DEDICATED	\$65,402	\$65,402	\$0	0.0%	
FEDERAL FUNDS	\$156,205,764	\$162,628,414	\$6,422,650	4.1%	
OTHER FUNDS	\$25,050,000	\$25,050,000	\$0	0.0%	

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Summary of Recommendations - House, By Method of Finance -- Supplemental

Strategy/Fund Type/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
ACHIEVEMENT OF STUDENTS AT RISK A.2.2	\$3,049,075,491	\$3,060,049,874	\$10,974,383	0.4%	Recommendations maintain baseline funding.
GENERAL REVENUE FUNDS	\$2,500,000	\$2,500,000	\$0	0.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$3,046,575,491	\$3,057,549,874	\$10,974,383	0.4%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
STUDENTS WITH DISABILITIES A.2.3	\$2,014,490,988	\$2,084,456,008	\$69,965,020	3.5%	
GENERAL REVENUE FUNDS	\$112,797,740	\$112,797,740	\$0	0.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$1,901,693,248	\$1,971,658,268	\$69,965,020	3.7%	Increase attributable to anticipated \$69.8 million increase in federal Individuals with Disabilities Education Act (IDEA), Part B funding.
OTHER FUNDS	\$0	\$0	\$0	0.0%	
SCHOOL IMPROVEMENT & SUPPORT PGMS A.2.4	\$296,151,242	\$298,948,503	\$2,797,261	0.9%	
GENERAL REVENUE FUNDS	\$62,996,740	\$62,843,631	(\$153,109)	(0.2%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$233,154,502	\$236,104,872	\$2,950,370	1.3%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
Total, Goal A, PROVIDE ED SYS LDRSP GUID'CE RES'S	\$45,652,173,203	\$47,134,123,201	\$1,481,949,998	3.2%	
GENERAL REVENUE FUNDS	\$32,318,128,796	\$31,949,866,371	(\$368,262,425)	(1.1%)	
GR DEDICATED	\$65,402	\$65,402	\$0	0.0%	
FEDERAL FUNDS	\$5,337,629,005	\$5,427,941,428	\$90,312,423	1.7%	
OTHER FUNDS	\$7,996,350,000	\$9,756,250,000	\$1,759,900,000	22.0%	
ASSESSMENT & ACCOUNTABILITY SYSTEM B.1.1	\$166,133,593	\$170,058,924	\$3,925,331	2.4%	
GENERAL REVENUE FUNDS	\$104,346,031	\$104,346,032	\$1	0.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$61,787,562	\$65,712,892	\$3,925,330	6.4%	Increase attributable to anticipated increases of \$3.1 million in IDEA Part B Discretionary Grants and \$0.8 million in Title IV State Assessment Grants.
OTHER FUNDS	\$0	\$0	\$0	0.0%	

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Texas Education Agency
Summary of Recommendations - House, By Method of Finance -- Supplemental

Strategy/Fund Type/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
TECHNOLOGY/INSTRUCTIONAL MATERIALS B.2.1	\$959,937,675	\$1,062,869,326	\$102,931,651	10.7%	
GENERAL REVENUE FUNDS	\$959,937,675	\$1,062,869,326	\$102,931,651	10.7%	Includes \$102.9 million increase for instructional materials based on a distribution rate of 50 percent of the PSF to the ASF and applying the 2016-17 SBOE adopted PSF transfer rate of 3.5 percent to the \$30.1 billion PSF corpus (See Selected Fiscal and Policy Issue #11).
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
HEALTH AND SAFETY B.2.2	\$32,506,385	\$20,791,707	(\$11,714,678)	(36.0%)	
GENERAL REVENUE FUNDS	\$32,506,385	\$20,791,707	(\$11,714,678)	(36.0%)	Eliminates funding for FitnessGram (\$5.0 million) and Steroid Testing (\$1.0 million). Includes \$1.0 million decrease for the Texas Juvenile Justice Department (reflecting projected population decreases) and \$4.7 million decrease for Juvenile Justice Alternative Education programs (reflecting projected population decreases and a reduction in the amount distributed to school districts in 2014-15).
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
CHILD NUTRITION PROGRAMS B.2.3	\$3,811,228,401	\$4,132,870,680	\$321,642,279	8.4%	
GENERAL REVENUE FUNDS	\$29,236,682	\$29,236,682	\$0	0.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$3,781,991,719	\$4,103,633,998	\$321,642,279	8.5%	Increase attributable to a projected increase in the number of Child Nutrition program recipients.
OTHER FUNDS	\$0	\$0	\$0	0.0%	
WINDHAM SCHOOL DISTRICT B.2.4	\$103,000,000	\$103,000,000	\$0	0.0%	
GENERAL REVENUE FUNDS	\$103,000,000	\$103,000,000	\$0	0.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	

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Texas Education Agency
Summary of Recommendations - House, By Method of Finance -- Supplemental

Strategy/Fund Type/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
IMPROVING EDUCATOR QUALITY/LDRSP B.3.1	\$517,759,685	\$514,586,778	(\$3,172,907)	(0.6%)	
GENERAL REVENUE FUNDS	\$47,000,000	\$44,400,000	(\$2,600,000)	(5.5%)	Includes a \$1.5 million decrease of one-time autism training funding and eliminates funding for the Public School Teachers Survey and Audit (\$1.1 million).
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$470,759,685	\$470,186,778	(\$572,907)	(0.1%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
AGENCY OPERATIONS B.3.2	\$121,313,930	\$131,776,650	\$10,462,720	8.6%	
GENERAL REVENUE FUNDS	\$37,614,156	\$37,051,134	(\$563,022)	(1.5%)	Includes \$9.4 million increase in Permanent School Funds to reflect the authorized hiring of 31 FTEs for agency operations related to the management and administration of the Permanent School Fund.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$40,569,412	\$42,178,042	\$1,608,630	4.0%	
OTHER FUNDS	\$43,130,362	\$52,547,474	\$9,417,112	21.8%	
STATE BOARD FOR EDUCATOR CERT B.3.3	\$9,127,047	\$9,159,334	\$32,287	0.4%	
GENERAL REVENUE FUNDS	\$9,127,047	\$9,159,334	\$32,287	0.4%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
CENTRAL ADMINISTRATION B.3.4	\$27,827,329	\$27,740,862	(\$86,467)	(0.3%)	
GENERAL REVENUE FUNDS	\$16,044,232	\$16,125,392	\$81,160	0.5%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$9,779,484	\$9,624,004	(\$155,480)	(1.6%)	
OTHER FUNDS	\$2,003,613	\$1,991,466	(\$12,147)	(0.6%)	

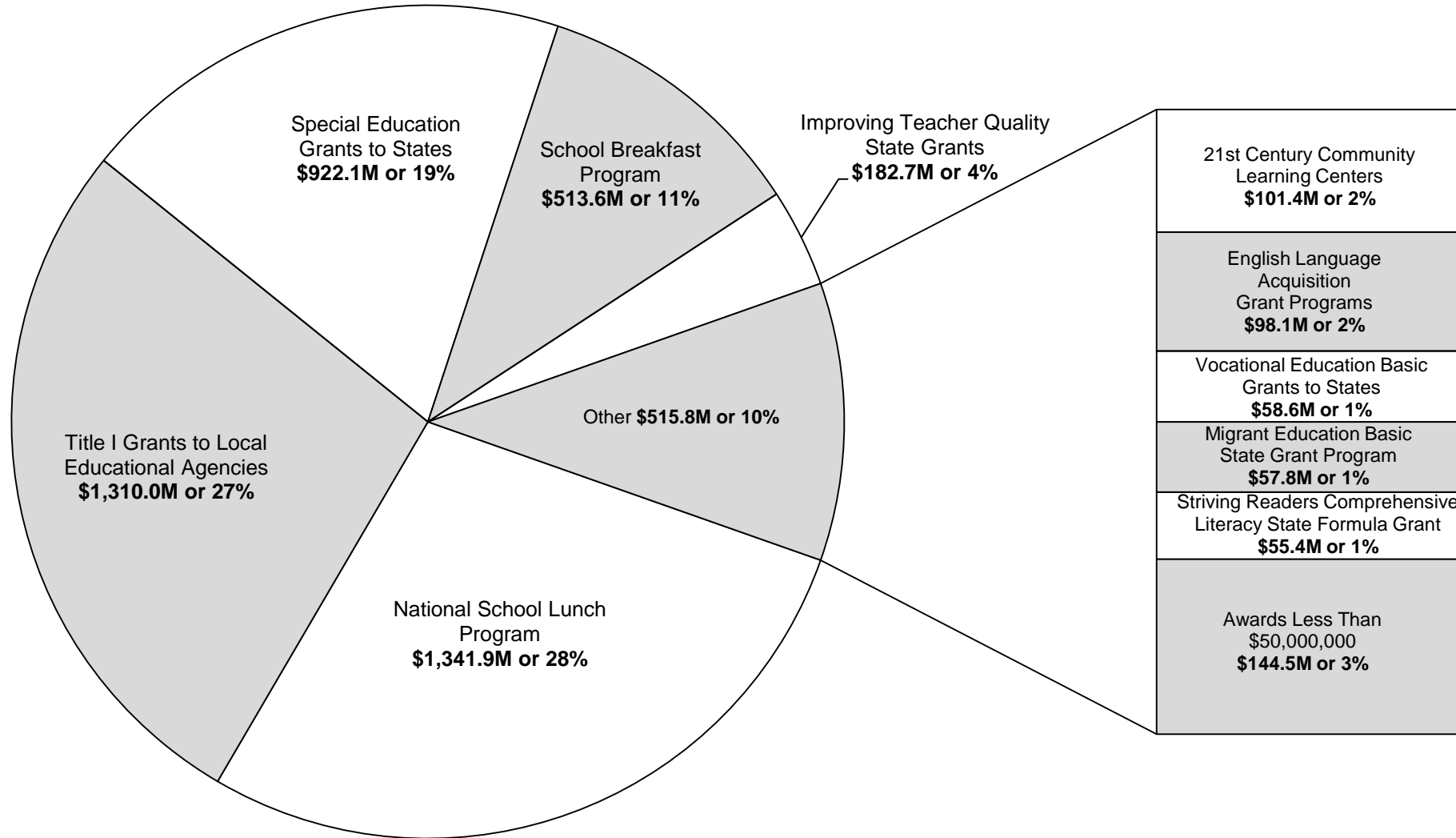
Section 2

Texas Education Agency
Summary of Recommendations - House, By Method of Finance -- Supplemental

Strategy/Fund Type/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
INFORMATION SYSTEMS - TECHNOLOGY B.3.5	\$75,133,951	\$65,198,772	(\$9,935,179)	(13.2%)	Decrease reflects the elimination of one-time funding sources for the Texas Student Data System (TSDS) project listed below.
GENERAL REVENUE FUNDS	\$39,659,411	\$36,126,492	(\$3,532,919)	(8.9%)	Includes \$3.5 million decrease due to the end of the Michael and Susan Dell Foundation Grant.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$29,247,762	\$22,941,388	(\$6,306,374)	(21.6%)	Includes \$6.3 million decrease due to the end of the State Longitudinal Data Systems-related grants and NCLB consolidated administration funds.
OTHER FUNDS	\$6,226,778	\$6,130,892	(\$95,886)	(1.5%)	
CERTIFICATION EXAM ADMINISTRATION B.3.6	\$32,369,176	\$32,369,176	\$0	0.0%	
GENERAL REVENUE FUNDS	\$32,369,176	\$32,369,176	\$0	0.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
Total, Goal B, PROVIDE SYSTEM OVERSIGHT & SUPPORT	\$5,856,337,172	\$6,270,422,209	\$414,085,037	7.1%	
GENERAL REVENUE FUNDS	\$1,410,840,795	\$1,495,475,275	\$84,634,480	6.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$4,394,135,624	\$4,714,277,102	\$320,141,478	7.3%	
OTHER FUNDS	\$51,360,753	\$60,669,832	\$9,309,079	18.1%	
Grand Total, All Agency	\$51,508,510,375	\$53,404,545,410	\$1,896,035,035	3.7%	
GENERAL REVENUE FUNDS	\$33,728,969,591	\$33,445,341,646	(\$283,627,945)	(0.8%)	
GR DEDICATED	\$65,402	\$65,402	\$0	0.0%	
FEDERAL FUNDS	\$9,731,764,629	\$10,142,218,530	\$410,453,901	4.2%	
OTHER FUNDS	\$8,047,710,753	\$9,816,919,832	\$1,769,209,079	22.0%	

Section 3

Texas Education Agency
Summary of Federal Funds (Estimated 2014)-House
TOTAL = \$4,786.1M



Note: Percentages shown may sum greater/less than actual total due to rounding.

Section 3

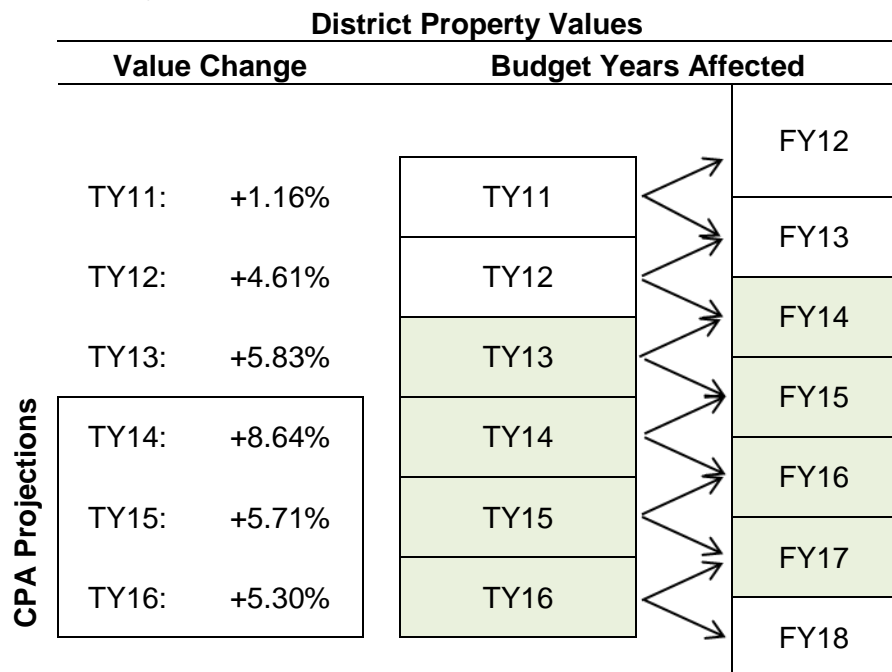
**Texas Education Agency
Summary of Significant Federal Funds - House**

CFDA No.	Program Name	2014-15 Base	2016-17 Recommended	Recommended Over/(Under) Base
10.555.000	National School Lunch Program	\$2,732,728,977	\$2,950,688,951	\$217,959,974
84.010.000	Title I Grants to Local Educational Agencies	\$2,629,069,923	\$2,636,363,396	\$7,293,473
84.027.000	Special Education Grants to States	\$1,914,798,992	\$1,989,371,058	\$74,572,066
10.553.000	School Breakfast Program	\$1,049,262,742	\$1,152,945,047	\$103,682,305
84.367.000	Improving Teacher Quality State Grants	\$365,257,087	\$364,847,822	(\$409,265)
84.287.000	21st Century Community Learning Centers	\$207,426,916	\$211,799,788	\$4,372,872
84.365.000	English Language Acquisition Grant Programs	\$201,523,804	\$206,439,288	\$4,915,484
84.048.000	Vocational Education Basic Grants to States	\$122,644,571	\$128,110,216	\$5,465,645
84.011.000	Migrant Education Basic State Grant Program	\$115,842,340	\$115,916,480	\$74,140
84.371.000	Striving Readers Comprehensive Literacy State Formula Grant	\$110,436,967	\$110,065,410	(\$371,557)
84.377.000	School Improvement Grants	\$91,666,591	\$89,056,096	(\$2,610,495)
84.369.000	State Assessments and Enhanced Assessment Instruments	\$44,513,269	\$45,312,892	\$799,623
84.173.000	Special Education-Preschool Grants	\$41,570,956	\$41,739,008	\$168,052
84.366.000	Mathematics and Science Partnerships	\$28,541,561	\$29,345,276	\$803,715
84.358.000	Rural and Low Income Schools Program	\$12,734,723	\$12,696,792	(\$37,931)
84.196.000	Education for Homeless Children and Youth	\$11,662,186	\$11,667,700	\$5,514
84.334.000	Gaining Early Awareness & Readiness for Undergraduate Programs	\$9,854,325	\$9,999,084	\$144,759
93.630.000	Developmental Disabilities Basic Support & Advocacy Grants	\$9,288,221	\$9,001,486	(\$286,735)
93.558.000	Temporary Assistance for Needy Families	\$9,069,294	\$8,936,590	(\$132,704)
84.282.000	Public Charter Schools	\$8,346,227	\$6,987,914	(\$1,358,313)
84.013.000	Title I Program for Neglected & Delinquent Children	\$4,031,413	\$2,581,248	(\$1,450,165)
84.368.000	Grants for Enhanced Assessment Instruments-Kindergarten Entry	\$1,934,470	\$2,029,150	\$94,680
84.372.000	Statewide Data Systems	\$1,817,779	\$0	(\$1,817,779)
84.384.000	Statewide Longitudinal Data Systems Grant Program-Stimulus	\$1,423,457	\$0	(\$1,423,457)

**Texas Education Agency
Selected Fiscal and Policy Issues - House**

1. Foundation School Program Major Budget Driver Assumptions and Yields

(NOTE: An FSP Glossary of Terms is included in Supplemental Material #1.)



District Property Values (DPV)

- The Comptroller projects robust property value growth primarily due to stronger residential and mineral values.
- Under current law, DPV growth reduces the level of state aid needed to meet entitlement.

Tax Effort

Assumption: On a statewide level, approximately 40 districts will successfully pass tax ratification elections each year, drawing roughly \$35 million in additional state aid in FY2016, and \$65 million in FY2017. Currently, 288 school districts have adopted the statutory maximum rate of \$1.17. About 56 percent of taxing districts (572) have adopted M&O rates of \$1.04.

Yields

Basic Allotment: \$5,040

Equalized Wealth Level: \$504,000

Austin ISD Yield: \$72.94 per penny per WADA in FY2016 and \$76.75 in FY2017.

Statute establishes the Basic Allotment at \$4,765, but allows a higher Basic Allotment to be established in the GAA. The Basic Allotment was set at \$4,950 in FY2014 and \$5,040 in FY2015. The recommendations continue the Basic Allotment at the FY2015 level. The Equalized Wealth Level is statutorily tied to the Basic Allotment.

The Austin ISD yields, which apply to the golden pennies in the enrichment tier (the first six pennies levied above the compressed tax rate), are projected to increase to \$72.94 per penny per Weighted Average Daily Attendance (WADA) in FY2016 and \$76.75 per penny per WADA in FY2017, up from \$59.97 in FY 2014 and \$61.86 in FY 2015.

Based on Tax Year 2014 appraisal district values and TEA's projected student counts for Austin ISD, robust property value growth combined with modest student growth is sufficient to increase the yield. An updated yield calculation will be made when revised projections are received in March 2015.

Student Growth		
	Number of Students	Rate of Growth
FY14	82,047 ADA	1.75%
FY15	81,440 ADA	1.70%
FY16	83,620 ADA	1.72%
FY17	85,058 ADA	1.72%

TEA Projections

Student Growth

TEA projects strong growth in compensatory education (2.5%), bilingual education (2.40%), and career & technical education (4.1%).

TEA projects relatively flat growth in FTEs served in special education settings (0.3%) and a slight decline in special education mainstream Average Daily Attendance (ADA) (-0.8%).

10-year average ADA growth is 1.76%.

An 85,000 annual increase in ADA roughly translates to an increase of 117,000 weighted ADA (WADA) per year. With a statewide average revenue of about \$5,923 per WADA for the biennium, this increase generates an additional ~\$700 million in state

Driver	Agency	Statutory Deadline
ADA, Special Program ADA, and FTEs	TEA	October 1 - even year March 1 - odd year
Tax Rate of Each District	CPA	February 1 - each year
Total Taxable Value in State for Following Biennium	CPA	October 1 - even year March 1 - odd year

2. **2016-17 Current Law Cost Compared to 2014-15 Appropriation and 2014-15 Adjusted Base**

	GR	All Funds
2014-15 FSP APPROPRIATION	\$32,362	\$40,364
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2014-15 All Funds BASE ADJUSTMENTS FROM 2014-15 APPROPRIATED		
<hr/>		
New Costs/(Savings)		
1		
Settle-Up. FY2013 and FY2014 overpayments led to larger than projected savings in FY2014 and FY2015.	(\$370)	(\$370)
2		
Updated Drivers. TY13 DPV, budgeted at 4.77%, was actually 5.83%. Student enrollment in ISDs was slightly lower than projected. TEA also made prior year and other adjustments, including DPV and collections adjustments and payments associated with local economic development agreements.	(\$370)	(\$370)
<hr/>		
TOTAL, 2014-15 ALL FUNDS COST ADJUSTMENT OVER 2014-15 APPROPRIATION	(\$740)	(\$740)
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MOF Shifts		
3		
Property Tax Relief Fund (PTRF). 2014-15 Revenue lower than appropriated due to impact of franchise tax exemption in HB 500, increasing GR draw.	\$290	\$0
4		
Recapture. Revenue higher than appropriated due to property value growth, decreasing GR draw.	(\$260)	\$0
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Total, MOF Shifts	\$30	\$0
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TOTAL, 2014-15 BASE ADJUSTMENTS	(\$710)	(\$740)
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2014-15 FSP BASE (ADJUSTED)	\$31,652	\$39,624

Payments to districts are subject to settle-up. State overpayments are recouped over the subsequent year; state underpayments are owed in September.

2016-17 FSP COSTS OVER 2014-15 BIENNIAL BASE (ADJUSTED)			
Costs		GR	All Funds
1	Enrollment Growth. 83,000 additional ADA in FY2016 and 85,000 additional ADA in FY2017.	\$2,500	\$2,500
2	District Property Value Change. Projected DPV growth results in reduced state aid.	(\$4,500)	(\$4,500)
3	Increase in Formula Costs. Additional cost related to a Basic Allotment of \$5,040 in both fiscal years, as opposed to \$4,950 in first fiscal year of biennium and \$5,040 in second year of biennium as in the 2014-15 biennium (\$530 million). Additional cost of increased Austin ISD Yield growth (\$900 million).	\$1,430	\$1,430
4	Settle Up. Due to stronger than anticipated DPV growth, 2014-15 base includes \$80 million more in settle-up savings than is anticipated in the 2016-17 biennium.	\$80	\$80
5	Enrichment Tax Effort and Prior Year and Other Adjustments. Recommendation assumes a net \$34 million in additional state cost due to tax effort increase and assumed cost for prior year adjustments for DPV, collections, and current year payments associated with local economic development agreements.	\$34	\$34
MOF Shifts			
6	Recapture Revenue over base	(\$1,150)	\$0
7	14-15 PTRF increase over base	(\$610)	\$0
TOTAL 2016-17 CURRENT LAW COSTS OVER 2014-15 BASE		(\$2,216)	(\$456)
ADDITIONAL FSP CHANGE IN HB 1			
8	HB 1 FSP appropriations in addition to funding needed for anticipated enrollment growth and all other statutory obligations	\$2,216	\$2,216
	HB 1 FSP Cost Over 2014-15 Base	\$0	\$1,760
2016-17 FSP Recommendations in HB 1		\$31,652	\$41,384

Note: Totals may not sum due to rounding.

3. Additional \$2.2 billion in General Revenue Funds Above Amounts Needed for Anticipated Enrollment Growth and All Other Statutory Obligations

House Bill 1 provides \$2.2 billion in General Revenue Funds in addition to the amounts estimated to be needed to fully fund 2016-17 student enrollment growth and all other statutory obligations. The additional funding will be delivered in a manner determined by the Legislature to improve equity, reduce recapture, and increase the state’s share of the school finance system. The level of General Revenue funding for the FSP in House Bill 1 represents level funding from the 2014-15 base.

4. Recapture Analysis

Due to strong property value growth projections, recapture revenue is estimated to increase from \$2,604.4 million in the 2014-15 biennium to \$3,750.4 million in the 2016-17 biennium, an increase of \$1,146.0 million (44 percent).

The Equalized Wealth Level (EWL) for Tier 1 is statutorily tied to the Basic Allotment. Since the recommendations continue the FY2015 Basic Allotment into the 2016-17 biennium, the EWL for Tier 1 is also unchanged. The table below provides the number of districts subject to Recapture in Tier 1, and the total amount of Tier 1 recapture projected for FY2014 through FY2017. The number of districts subject to recapture at the Tier 1 level is increasing, primarily related to strong property value growth in residential and mineral values.

Fiscal Year	FY2014	FY2015	FY2016	FY2017
Tier 1 Equalized Wealth Level (EWL)	\$495,000	\$504,000	\$504,000	\$504,000
Number of Districts Subject to Tier 1 Recapture	151	153	183	209
Total Tier 1 Recapture Amount (in millions)	\$1,154.6	\$1,319.9	\$1,645.3	\$1,943.0

Note: Amounts indicated above do not include any potential effect of \$2.2 billion in appropriations made in House Bill 1 above current law requirements.

5. Overview of Lawsuits

On August 28, 2014, the Travis County District Court ruled the Texas school finance system unconstitutional. Specifically, the court found that:

1. The school finance system effectively imposes a statewide property tax in violation of Article VIII, Section 1-e of the Texas Constitution because school districts do not have meaningful discretion over the levy, assessment, and disbursement of local property taxes;
2. The Legislature has failed to meet its constitutional duty to suitably provide for Texas public schools because the school finance system is structured, operated, and funded so that it cannot provide a constitutionally adequate education for all Texas schoolchildren;
3. The school finance system is constitutionally inadequate because it cannot accomplish a general diffusion of knowledge because of insufficient funding; and
4. The school finance system is financially inefficient because all Texas students do not have substantially equal access to the educational funds necessary to accomplish a general diffusion of knowledge.

The court denied claims based on taxpayer equity, qualitative efficiency, and all charter school claims other than adequacy. The judgment contained an injunction prohibiting the distribution of funds under Chapters 41 and 42 of the Education Code, but stays the injunction until July 1, 2015 to provide the Legislature reasonable opportunity to cure the constitutional deficiencies.

In September, 2014, the Attorney General appealed the ruling to the Supreme Court of Texas. The Supreme Court has agreed to hear the case. Oral arguments are anticipated to occur in the fall of 2015, with a decision likely in the spring of 2016.

6. Hold Harmless Expiration

The Eighty-second Legislature established a Hold Harmless Reduction Percentage to reduce the amount of state funding provided through Additional State Aid for Tax Reduction (ASATR), or hold harmless aid, and modified statute to have hold harmless aid expire at the end of FY2017. The Hold Harmless Reduction Percentage was set by the Eighty-third Legislature at 92.63 percent in each fiscal year of the 2014-15 biennium, and the recommendations continue this percentage into the 2016-17 biennium. In FY2017, 225 districts, or 22 percent of all districts are anticipated to receive hold harmless state aid at a cost to the state of \$370 million. In fiscal year 2017, the projected hold harmless state aid per WADA for districts subject to hold harmless is \$316.

The table below provides the total cost to the state, the number of districts, and percent of districts receiving hold harmless state aid.

Fiscal Year	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Hold Harmless Reduction Percentage	0.00%	92.35%	92.63%	92.63%	92.63%	92.63%
Total Cost to the State of Hold Harmless (in millions)	\$2,148.1	\$618.2	\$436.2	\$236.1	\$321.0	\$369.8
Number of ISDs Receiving Hold Harmless	784	325	293	200	223	225
Percent of ISDs Receiving Hold Harmless	76%	32%	29%	20%	22%	22%

Note: Amounts indicated above do not include any potential effect of \$2.2 billion in appropriations made in House Bill 1 above current law requirements.

7. FSP Formula Items Established by Appropriation

Item	Rider	Appropriated		Recommended	
		FY2014	FY2015	FY2016	FY2017
Basic Allotment	3	\$4,950	\$5,040	\$5,040	\$5,040
Hold Harmless Reduction Percentage	3	92.63%	92.63%	92.63%	92.63%
Austin ISD Yield	3	\$59.97	\$61.86	\$72.94	\$76.75
Tax Rate Compression Percentage	44	66.67%	66.67%	66.67%	66.67%
Transportation Allotment	5	Transportation allotment elements are established by rider #5			

Note: The basic allotment and the Austin ISD yield may be set higher than the amounts shown in the table by appropriation.

Items established by appropriation which are not currently funded in HB 1:

Item	Description	Program History		
		Fiscal Year Last Funded	Appropriated/ Authorized Amount	Number of Districts Affected
New Awards for Instructional Facilities Allotment (IFA)	While funding supporting on-going debt service for previous IFA awards is formula-driven, funding for new awards is determined by appropriation.	FY2011	\$75 million	87 Districts (104 applications funded with FY 11 funding)
New Instructional Facilities Allotment (NIFA)	An allocation of \$250 per ADA for students attending a new instructional facility in its first two years of operation. Statute caps the total annual statewide allocation at \$26 million per year.	2010–11 biennium	Up to \$52 million biennially	135 Districts and Charters
Average Daily Attendance Decline	Additional state aid through the FSP formula available to districts with ADA that declines more than 2 percent between years. Statute limits the total amount available through ADA adjustments under this provision to the sum certain amount appropriated for this purpose.	2010–11 biennium	Up to \$22 million biennially	134 Districts for school year 2009-10
Loss Due to Property Value Decline	Subject to appropriation, the commissioner is permitted to adjust DPVs for funding purposes for districts in which DPVs decline more than 4 percent compared to the previous year.	2010–11 biennium	Up to \$52 million biennially	None (provision not implemented recently)

EDA and IFA Yield Increase

In addition to the items listed above, the yields for both of the FSP facilities funding programs, the Existing Debt Allotment (EDA) and the IFA, can be increased by appropriation. The current yield for both programs is \$35 per ADA per penny of I&S tax effort for eligible debt service, which equates to about the 42nd percentile of wealth per ADA in fiscal year 2016.

8. **State Share of FSP Entitlement.** The state share of the total FSP entitlement has decreased in recent years, primarily due to strong property value growth.

Foundation School Program State and Local Share, in House Bill 1, as Introduced

Total State Share Calculation: Maintenance and Operations and Facilities

Fiscal Year	Local	State	Total	% State Share
2010	\$20,285	\$17,708	\$37,993	46.6%
2011	\$20,189	\$18,645	\$38,834	48.0%
2012	\$20,486	\$17,388	\$37,874	45.9%
2013	\$21,358	\$17,415	\$38,773	44.9%
2014	\$22,763	\$18,758	\$41,521	45.2%
2015	\$24,253	\$18,938	\$43,191	43.8%
2016	\$25,667	\$19,179	\$44,846	42.8%
2017	\$26,934	\$18,772	\$45,706	41.1%

Note: State funds are increased by \$1,108 million in both fiscal year 2016 and fiscal year 2017 for additional FSP funds over current law for improving equity, reducing recapture, and increasing state share. The allocation of these funds is to be determined by the 84th Legislature and the method of allocation could affect both the local and state totals for fiscal years 2016 and 2017.

9. **Strategic Fiscal Review**

Texas Education Agency (TEA) administration and non-Foundation School Program (FSP) state-funded programs are included in the Strategic Fiscal Review (SFR). Non-FSP state funded programs and administration make up 3.7 percent and total \$1,879.0 million of 2016-17 TEA recommendations in House Bill 1, Introduced. Please refer to the SFR packet for specific information and findings.

Significant observations and considerations include:

- **Strategic Fiscal Review consists of 63 programs totaling \$2.0 billion in All Funds, a \$55.0 million increase compared to 2014-15 base amounts.**
- **2016-17 Recommended Funding Levels.** Overall recommendations increase General Revenue by \$50.9 million. This increase is primarily attributable to a \$102.9 million increase in instructional materials funding based on the transfer rate between the Permanent School Fund to the Available School Fund. The remainder of the biennial change can be primarily attributed to the following program changes:
 - **Significant Decreases:** Student Success Initiative (\$28.8 million); FitnessGram (\$5.0 million); Juvenile Justice Alternative Education (\$4.7 million); Reasoning Mind (\$4.5 million); Autism Training (\$1.5 million); Public School Teachers Survey and Audit (\$1.1 million); Online College Preparation and Technical Assistance (\$1.0 million); Steroid Testing (\$1.0 million); and Texas Juvenile Justice Department (\$0.9 million).
- **SFR totals do not correspond exactly to Non-FSP totals reflected in the Summary of Recommendations packet.** SFR analysis excludes the following:
 - Thirteen federally funded programs totaling approximately \$10.1 billion in federal funds and \$29.8 million in General Revenue in 16-17;
 - Certain one-time 14-15 General Revenue appropriations including \$330 million for one-time transition aid (Rider 71) and \$3 million for appropriations related to one-time credits against the cost of recapture for certain school districts relating to fiscal year 2013 payments (Rider 77); and
 - Administrative costs are reflected in SFR program totals instead of shown within the corresponding administrative strategies.

10. **General Revenue Funding Comparison Across Four Biennia**

The table below provides biennial General Revenue funding amounts for non-FSP programs and administration across three biennia (2010-11, 2012-13, and 2014-15), in addition to 2016-17 recommended amounts. As shown, non-FSP General Revenue funding has ranged from \$2,568.0 million in 2010-11 to \$1,308.1 million in 2012-13. Recommended General Revenue appropriations total \$1,793.1 million for 2016-17, a \$283.6 million or 13.7 percent decrease compared to 2014-15. The biennial change is primarily attributable to a \$330 million decrease in 2014-15 one-time appropriations, an increase in instructional materials funding, and changes to program funding. Excluding 2014-15 one-time funding, the biennial increase is \$50.5 million.

Texas Education Agency: Non-FSP Program and Administration 2010-11 to 2016-17							
House Introduced, General Revenue (in millions)							
Program	2010-11 Biennium	2012-13 Biennium	2014-15 Base	2016-17 Introduced	Biennial Change (from 14-15)	Percent Change (from 14-15)	Comments
Funding for Districts and Students							
Student Achievement/Ed Excellence	\$362.9	\$32.0	\$32.0	\$32.0	\$0.0	0.0%	
Student Success Initiative	\$272.6	\$46.5	\$60.5	\$31.7	(\$28.8)	-47.6%	See Selected Fiscal and Policy Issue #13.
Prekindergarten Programs	\$217.5	\$7.0	\$37.0	\$37.0	\$0.0	0.0%	See Selected Fiscal and Policy Issue #14.
High School Programs	\$126.4	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	
Virtual School Network	\$20.3	\$8.0	\$8.0	\$8.0	\$0.0	0.0%	
TX Advanced Placement	\$18.5	\$13.8	\$16.3	\$16.3	\$0.0	0.0%	
Campus Intervention and Tech Assistance	\$6.0	\$4.5	\$3.5	\$3.5	\$0.0	0.0%	
Online College Prep Tech Assistance	\$0.0	\$4.0	\$1.0	\$0.0	(\$1.0)	-100.0%	
Early College HS and T-STEM	\$0.0	\$6.0	\$6.0	\$6.0	\$0.0	0.0%	
Project Share	\$0.0	\$8.0	\$18.0	\$18.0	\$0.0	0.0%	
FitnessGram	\$0.0	\$0.0	\$5.0	\$0.0	(\$5.0)	-100.0%	
Transition Aid	\$0.0	\$0.0	\$330.0	\$0.0	(\$330.0)	-100.0%	
Miscellaneous	\$151.0	\$38.8	\$46.0	\$39.5	(\$6.3)	-13.7%	Includes FSP Set-Asides and several programs that have not been funded since 2010-11.
Subtotal	\$1,175.3	\$168.6	\$563.3	\$192.0	(\$371.3)	-38.4%	
Instructional Materials							
Instructional Materials	\$456.0	\$608.1	\$951.9	\$1,054.9	\$102.9	10.8%	See Selected Fiscal and Policy Issue #11.
Technology and Rural Technology Allotments	\$277.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	
Subtotal	\$733.1	\$608.1	\$951.9	\$1,054.9	\$102.9	10.8%	

Program	2010-11 Biennium	2012-13 Biennium	2014-15 Base	2016-17 Introduced	Biennial Change (from 14-15)	Percent Change (from 14-15)	Comments
Pass-through Grants to Non-Governmental Organizations							
Communities in Schools	\$32.4	\$19.5	\$30.9	\$30.9	\$0.0	0.0%	
Teach for America	\$7.8	\$8.0	\$12.0	\$12.0	\$0.0	0.0%	
Best Buddies	\$0.4	\$0.4	\$0.4	\$0.4	\$0.0	0.0%	
Amachi	\$0.0	\$2.5	\$2.5	\$2.5	\$0.0	0.0%	
Texas AIM	\$0.0	\$3.0	\$3.0	\$3.0	\$0.0	0.0%	
Reasoning Mind	\$0.0	\$4.5	\$9.0	\$4.5	(\$4.5)	-50.0%	
Miscellaneous	\$1.8	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	
Subtotal	\$42.4	\$37.9	\$57.8	\$53.3	(\$4.5)	-7.8%	
Indirect Funding to TEA							
Windham	\$128.1	\$95.0	\$103.0	\$103.0	\$0.0	0.0%	See Selected Fiscal and Policy Issue #15.
State Funds for Assessment	\$102.1	\$98.4	\$104.3	\$104.3	\$0.0	0.0%	
Regional Day School-Deaf	\$65.8	\$66.3	\$66.3	\$66.3	\$0.0	0.0%	
ESC Core Services	\$42.7	\$25.0	\$25.0	\$25.0	\$0.0	0.0%	
Criminal Justice	\$34.1	\$27.1	\$26.5	\$20.8	(\$5.7)	-21.6%	Includes funding for Texas Juvenile Justice Department and Juvenile Justice Alternative Education programs.
School Lunch Matching	\$28.2	\$29.2	\$29.2	\$29.2	\$0.0	0.0%	
Visually Impaired/ESCs	\$11.1	\$11.3	\$11.3	\$11.3	\$0.0	0.0%	
Steroid Testing	\$1.8	\$1.3	\$1.0	\$0.0	(\$1.0)	-100.0%	
Miscellaneous	\$33.4	\$25.0	\$2.2	\$2.2	\$0.0	0.0%	
Subtotal	\$447.3	\$378.6	\$368.9	\$362.2	(\$6.7)	-1.8%	

Program	2010-11 Biennium	2012-13 Biennium	2014-15 Base	2016-17 Introduced	Biennial Change (from 14-15)	Percent Change (from 14-15)	Comments
Agency Administration							
Agency Operations	\$55.8	\$34.9	\$37.6	\$37.1	(\$0.6)	-1.5%	
SBEC Operations	\$16.9	\$7.6	\$9.1	\$9.2	\$0.0	0.4%	
Central Administration	\$17.1	\$15.5	\$16.0	\$16.1	\$0.1	0.5%	
Information Systems-Technology	\$43.4	\$28.8	\$39.7	\$36.1	(\$3.5)	-8.9%	See Selected Fiscal and Policy Issues #16 and #17.
Certification Exam Administration	\$36.7	\$28.0	\$32.4	\$32.4	\$0.0	0.0%	
Subtotal	\$169.9	\$114.8	\$134.8	\$130.8	(\$4.0)	-3.0%	
Non-FSP General Revenue Total							
	\$2,568.0	\$1,308.1	\$2,076.9	\$1,793.1	(\$283.6)	-13.7%	

11. Instructional Materials Allotment (IMA) Recommendations and Cash Flow Issue

Recommendations total \$1,054.9 million for the 2016-17 biennium, a \$102.9 million increase in General Revenue funding compared to the 2014-15 base. The recommendation is based on a distribution rate of 50 percent of the PSF to the ASF and applies the 2016-17 SBOE adopted PSF transfer rate of 3.50 percent to the \$30.1 billion PSF corpus.

During the 83rd Legislative Session, the agency identified a timing issue associated with instructional materials funding and ordering. Currently, there is a mismatch between the timing of transfers between the PSF to the ASF and the timing of school district instructional materials orders/expenditures. As an example, districts must order materials in the spring in order to have them delivered prior to the start of the school year. Since the instructional materials allotment is not received until September 1 (after the school year has started) and all funds are not received by TEA until several months later, the agency indicates there is not sufficient cash on hand to pay for all instructional materials orders in accordance with the Government Code provisions that require prompt payment. General Appropriations Act (2014-15), TEA Rider 69, page III- 19 allowed the agency to temporarily transfer funds from the Foundation School Program (FSP) for the purpose of funding IMA expenditures at the beginning of the fiscal year/school year until there are adequate balances in the IMA to repay the FSP. The rider attempted to address the transfer issue; however, according to the Comptroller's office, Rider 69 conflicts with allowable uses of FSP money identified in statute, which resulted in the agency's inability to use the rider. Recommendations include amending Government Code §403.093(d) to expressly allow the temporary transfer of Foundation School Funds for the payment of instructional materials.

12. Texas Principal Evaluation Support System (T-PESS) and Texas Teacher Evaluation Support System (T-TESS)

The Texas Principal Evaluation Support System (T-PESS) and the Texas Teacher Evaluation Support System (T-TESS) are the new state-adopted principal and teacher evaluation systems, designed to support principals and teachers in their professional development and help them improve as educators. Recommendations total \$8.4 million for support of T-PESS and T-TESS, including \$5 million in General Revenue and \$3.4 million in federal funds. The agency requested an additional \$4 million in General Revenue through an exceptional item request to develop resources and training to support districts and charters in the statewide rollout of the evaluations systems which is scheduled for school year 2016-17. The exceptional item is not included as part of the recommendations.

As a condition of receiving a waiver for school year 2014-15 from certain provisions of the No Child Left Behind (NCLB) Act, the agency submitted guidelines for T-PESS and T-TESS to the U.S. Department of Education (USDE). In January 2015 the USDE notified the agency that it did not approve the guidelines submitted since the state has not adopted guidelines for the systems that meet all the requirements for waiver flexibility (i.e. mandatory systems) and does not have a process to ensure that districts develop and implement these systems.

13. Decrease in Student Success Initiative Funding Distributed to Districts

Recommendations total \$31.7 million for the biennium, a \$28.8 million decrease as compared to 2014-15 base amounts, to provide supplemental computer-based reading and math instruction to all students in grades 3 through 8. The biennial funding decrease is recommended because of the planned agency use varying from the legislative intent expressed for the funds in the rider. SSI funds have historically been allocated through grants to school districts based on the number of students failing with very few specific directions or requirements on the required use of the funds and through amounts set aside for specific statewide initiatives such as professional development. However, beginning in 2012-13, the agency began using the majority of SSI funds to secure statewide licenses for computer-based accelerated instruction, referred to as the Texas SUCCESS Initiative, with fewer funds allocated to school district grants. In 2014-15, unlike in previous biennia, the agency has not distributed any SSI funding for grants to districts.

As a requirement of TEA Rider 50 (General Appropriations Act, 2014-15 Biennium, 83rd Legislature), the Texas Education Agency released a comprehensive evaluation of the Texas SUCCESS Initiative in January 2015. The evaluation provided information related to usage, implementation, and student outcomes for both the Think Through Math and Istation programs. For both programs, the evaluation noted differences in enrollment and usage of the system and found varied outcomes based on program usage among student groups. Overall, both programs showed fairly low levels of usage amongst students and neither program showed clear evidence of benefit or harm.

14. Summary of Prekindergarten Programs

For the 2014-15 biennium, prekindergarten education is funded through the Foundation School Program, the Texas School Ready! (TSR!) program and supplemental prekindergarten funding. House Bill 1, Introduced maintains \$30.4 million for TSR!, including \$7.0 million in General Revenue funds and \$23.4 million in Interagency Contracts from the Texas Workforce Commission (TWC), and \$30 million for supplemental prekindergarten funding. FSP funding for half-day prekindergarten programs will result from FSP eligible students in attendance. The following table shows a funding overview for prekindergarten education and prekindergarten programs for the 2014–15 biennium and 2016-17 recommendations.

Prekindergarten Funding (in millions) Fiscal Years 2014 to 2017						
Program	FY 2014	FY 2015	2014-15 Biennium	FY 2016 Recs.	FY 2017 Recs.	2016-17 Biennium
Foundation School Program	\$ 720.0	\$ 790.0	\$ 1,510.0	\$ 820.0	\$ 820.0	\$ 1,640.0
Texas School Ready! program	\$ 15.2	\$ 15.2	\$ 30.4	\$ 15.2	\$ 15.2	\$ 30.4
Supplemental Prekindergarten Funding	\$ 15.0	\$ 15.0	\$ 30.0	\$ 15.0	\$ 15.0	\$ 30.0
Total	\$ 750.2	\$ 820.2	\$ 1,570.4	\$ 850.2	\$ 850.2	\$ 1,700.4
Note: Fiscal year 2014 Foundation School Program entitlement is based on reported actual FSP-eligible prekindergarten attendance and participation. Fiscal year 2015-2017 estimates are based on TEA's October 2014 projections of prekindergarten attendance.						

Federal Prekindergarten Expansion Grant Application

The U.S. Department of Education (USDE) denied Texas' 2014 Prekindergarten Expansion Grant Program application. The grant was available to states serving 10 percent or more of four-year old children in a state preschool program. Jointly administered by the USDE and U.S. Department of Health and Human Services, the expansion grant would have allowed TEA to expand voluntary, high-quality preschool programs for low- and moderate-income families. The Texas Prekindergarten Expansion Grant (PEG) proposal requested \$29.6 million for each year of the four year project and identified four models for prekindergarten expansion. The agency indicated there would be a 25.4 percent increase of eligible children (57,500 children) served in high-quality preschool programs compared with the 2013-14 state enrollment (226,682 children) upon conclusion of the grant and proposed using grant funds to build upon existing state resources, such as rewriting the voluntary Texas Prekindergarten Guidelines developed in 2008. While the grant proposal met the majority of the required high quality requirements, USDE indicated the Texas denial was partially based on the state not meeting required 10 to 1 child to staff ratio and the state's evidence based health and safety standards. Grants were awarded to 18 states through a competitive process in December 2014.

For additional information on prekindergarten, including cost estimates related to prekindergarten expansion options, see Supplemental Material #2.

15. **Windham School District**

The Windham School District (WSD) is a statutorily created statewide school district that provides academic, vocational, and life skills programs and services for adult offenders incarcerated in the Texas Department of Criminal Justice (TDCJ). Established by the Legislature in 1969, WSD's educational programs operate within the state operated prison facilities. During fiscal year 2014, WSD served 59,678 individual offenders in one or more services areas (academic: 29,925; vocational: 9,188; life skills: 32,660). The WSD programs and services were provided on 89 different TDCJ correctional facilities across the state. Recommendations maintain Windham School District funding at 2014-15 levels.

Funded through General Revenue, appropriations for WSD totaled \$103 million for the 2014-15 biennium. As specified in TEA Rider 6, WSD appropriations are based on student contact hours for the best 180 days out of 210 days of instruction in each year of the biennium. For 2014-15, student contact hours were set at \$4.47826 for academic education and \$3.67445 for vocational education. Like other public school districts, WSD is also eligible for Instructional Materials Allotment funding for the purchase of instructional materials, technological equipment, and technological-related services. In the 2014-15 biennium, WSD received an IMA allotment of \$803,694 per fiscal year. In addition to state funds, WSD also receives federal funds which are provided through TEA grants for certain special programs, including at-risk education, vocational-technical education, and special education related services. WSD's special programs federal funding budget totaled \$4.6 million for the 2014-15 biennium.

16. **Texas Student Data System/ Public Education Information Management System Project**

The Texas Student Data System (TSDS)/ Public Education Information Management System (PEIMS) project is a capital project meant to improve the availability and use of high-quality data by educators. This capital project combines two ongoing capital projects – TSDS and PEIMS Redesign-Phase 4 – which had been funded separately before the 2016-17 biennium. The 2016-17 base request totals \$11.5 million, including approximately \$ 7.0 million in General Revenue and \$ 4.5 million in federal funds. The TSDS requested amount reflects the \$7.4 million TSDS/PEIMS base funding request and \$4.2 million from the DCS base funding request that supports TSDS. TEA is requesting an additional \$6.0 million in General Revenue through an exceptional item request for the 2016-17 biennium to modernize and streamline the PEIMS mandatory data collection process through TSDS. The exceptional item is not included in these recommendations.

TEA reports that a near-complete version of TSDS/PEIMS is currently being piloted by 74 districts and all 20 Regional Education Service Centers (RESCs) as of December 2014, and the final phase of TSDS/ PEIMS will be implemented to the early adopters in April 2015. The completed project will continue to roll out to an additional 600 districts in 2015-16, with the final version of the project being available to all districts and charter schools in school year 2016-17. Additionally, TEA reports that the student GPS Dashboards have been implemented by 51 districts, and will be rolled out to additional districts over the next couple of years. The \$11.5 million base request for the 2016-17 biennium supports the continued development, deployment, training and support of TSDS. As indicated by the agency, the requested \$6 million exceptional item funding is for costs related to continued development, deployment, training and support of TSDS components. Once TSDS is fully rolled out, the agency anticipates the annual maintenance costs of currently implemented applications and the cost of additional applications will be integrated into TSDS, with continuing total TSDS/PEIMS projects costs of \$17.5 million each biennium.

17. **Legacy Modernization**

The Legacy Modernization Phase I project is a new capital project intended to address security and transform outdated and obsolete systems. The 2016-17 base request not does include funding for this project. Instead, TEA is requesting approximately \$10.8 million as part of the Technology Modernization exceptional item request for the 2016-17 biennium. The exceptional item is not included in these recommendations.

As a requirement of House Bill 2738, 83rd Legislature, 2013, the Department of Information Resources (DIR) conducted the Legacy Systems Study (LSS) which evaluated the state's current technology landscape and determined approaches related to aging infrastructure. For purposes of the study, a legacy system was defined as a computer system or application program operated with obsolete or inefficient hardware or software technology. The LSS identified legacy systems currently maintained at state agencies and included an inventory of those systems. DIR released

a public report, Legacy System Study: Assessment and Recommendations, in October 2014 with recommendations related to overall state infrastructure needs; however, confidential, agency-specific versions of the report were delivered directly to state agencies. As a result of the LSS, TEA reported that 87 percent of its applications were deemed outdated or obsolete. Out of the 87 percent of applications deemed legacy, the agency identified 8 as high risk due to security, privacy, obsolete software, and poor performance. The agency reports varying issues with the applications identified. Issues include running on obsolete technology (Windows 2003) and operating with obsolete programming language versions. A majority of the identified applications have performance issues which require a high degree of technical support often resulting in user frustration. Additionally, half of the identified applications have privacy and security issues. The agency reports remediation of these issues is dependent on complete funding of the Technology Modernization exceptional item.

18. **Unaccompanied Children (UC)**

Current information on UC released to sponsors in Texas is provided in Supplemental Material #2.

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Texas Education Agency Supplemental Material #1 - House

Foundation School Program Glossary of Terms

AVERAGE DAILY ATTENDANCE (ADA) - A primary driver of the cost of the FSP is the number of students served by the public school system. The FSP counts students based on average daily attendance (ADA), which is measured by counting the days present for each child, and dividing the days present by the number of days of instruction—normally 180 days.

BASIC ALLOTMENT - The basic allotment is the fundamental building block for most Tier 1 allotments. Its role in the formula structure is to serve as the primary driver for most Tier 1 calculations. The Basic Allotment is statutorily set at no lower than \$4,765 for districts with a compressed M&O rate of \$1.00 and is proportionally reduced for districts with lower compressed M&O rates. The basic allotment is established at \$5,040 for both fiscal years 2016 and 2017 in House Bill 1, as Introduced.

COMPRESSED TAX RATE – The compressed tax rate is the total M&O rate that a school district was levying in tax year 2005 multiplied by a factor of 0.6667. Revenues generated under the compressed tax rate are subject to recapture.

COPPER PENNIES - Copper pennies are an element of Tier 2 enrichment funding consisting of any pennies of M&O tax effort levied above the compressed rate plus six cents, up to the \$1.17 cap. Copper pennies are equalized at \$31.95 per penny per weighted student and subject to recapture.

COST OF EDUCATION INDEX (CEI) – The CEI is an adjustment applied to the basic allotment. Its purpose is to adjust for regional variations in the price of goods and services beyond the control of school districts. The CEI is a formula-based index calculated based on the following factors as they apply to a particular district: (1) measure of competitive beginning teacher salaries in the area; (2) having a county population less than 40,000; (3) classification as an independent town or rural district; (4) percentage of low-income students; and (5) average daily attendance (ADA).

EXISTING DEBT ALLOTMENT (EDA) - The EDA is an element of facilities funding that provides tax rate equalization for local I&S tax revenue levied to service previously issued debt. The yield per penny of tax effort for the EDA program is currently \$35.00 per ADA. The EDA program operates without applications and has no award cycles. Instead, the program is statutorily limited to debts for which payment was made during the previous biennium. Only voter-authorized bonds are eligible for the program. Equalization is limited to no more than \$0.29 of tax effort.

FOUNDATION SCHOOL PROGRAM (FSP) - The FSP is the primary means of distributing state aid to Texas public schools. The FSP distributes funding in support of public schools' ongoing operating costs and provides assistance for the repayment of locally-authorized debt issued for the construction of public school facilities. The FSP entitlement for Texas public schools is funded through a combination of state aid and local property tax revenue, and totals approximately \$90.6 billion for the 2016-17 biennium. The state share is supported with an All Funds appropriation of \$41.4 billion in House Bill 1, as Introduced.

The FSP consists of Tier 1, Tier 2 (or the enrichment tier), and facilities funding (through the EDA and the IFA).

GOLDEN PENNIES - Golden pennies are an element of Tier 2 enrichment funding consisting of the first six cents of M&O tax effort above the compressed rate. Golden pennies are equalized at the same yield per weighted student as Austin ISD (about the 96th percentile of wealth per weighted student) and not subject to recapture.

HOLD HARMLESS, OR ADDITIONAL STATE AID FOR TAX REDUCTION (ASATR) - Hold Harmless is state aid based on a comparison of total (state and local) entitlement per WADA under Tier 1 to school district Target Revenue. Target Revenue was established in 2006 to reduce local school property taxes and updated in subsequent legislation in 2009 as a mechanism for

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ensuring that school districts did not lose revenue as a result of the tax compression. Hold harmless essentially, guarantees school districts the same amount of total revenue per weighted student as they received through local tax revenue and state aid combined as they had available prior to tax compression.

HOLD HARMLESS REDUCTION PERCENTAGE - Pursuant to legislation enacted in 2011, hold harmless began phasing out beginning in fiscal year 2013, through the use of a hold harmless reduction percentage. In fiscal year 2013, district hold harmless calculations were determined using 92.35 percent of Target Revenue. For fiscal year 2014 and 2015, that percentage was increased to 0.9263 as part of a larger FSP entitlement increase enacted by the Eighty-third Legislature. House Bill 1, as Introduced continues the hold harmless reduction percentage at 0.9263. The entire hold harmless mechanism expires at the end of fiscal year 2017.

INSTRUCTIONAL FACILITIES ALLOTMENT (IFA) - The IFA is an element of facilities funding that provides direct support for financing of school facilities. School districts apply for funding to be provided through a guaranteed yield mechanism providing \$35.00 per ADA per penny of eligible I&S taxes or a maximum of \$250 per ADA. Once a district receives an IFA award, the debt service associated with the award is eligible for funding under the program until the debt is retired. New IFA award cycles are contingent on specific appropriations for that purpose. School districts are required to apply to TEA for funding prior to the issuance of the debt, and awards are limited to funding for construction of instructional facilities.

INTEREST AND SINKING (I&S) TAXES - I&S taxes consist of school district property taxes levied to fund debt service (interest and sinking). I&S taxes are not capped in statute, although prior to issuing new bonded debt a school district is required to demonstrate to the Attorney General that all outstanding debt can be serviced within a rate of \$0.50.

LOCAL FUND ASSIGNMENT (LFA) - The LFA is the local share of Tier 1 entitlement, calculated by multiplying the district's compressed rate by the preceding year's property value.

MAINTENANCE AND OPERATIONS (M&O) TAXES - M&O taxes are school district property taxes levied for maintenance and operations, capped at \$1.17 per \$100 of property valuation. Total tax rate consists of the compressed rate (Tier 1) plus enrichment (Tier 2, consisting of golden and copper pennies).

NEW INSTRUCTIONAL FACILITIES ALLOTMENT (NIFA) - NIFA provides reimbursement of \$250 per student in ADA in the first year of operation of a new campus, plus \$250 for each additional student in the second year of operation. Only new campuses are eligible for NIFA funding. The availability of NIFA funding is limited by appropriation, and the maximum amount that can be appropriated for the program is statutorily limited to \$26 million per year. NIFA has not been appropriated since the 2010-11 biennium.

TARGET REVENUE - The amount of Tier 1 revenue a district is entitled to based on a calculation ensuring districts do not lose revenue as a result of the 2006 tax compression legislation. If a district's Tier 1 formula calculation is less than the district's target revenue, the district is entitled to the difference in the form of hold harmless state aid.

TIER 1 - The largest portion of funding for school maintenance and operations, which is formula-driven and augmented by hold harmless aid. The majority of Tier 1 funding is determined by multiplying a statutory allotment amount by counts of students enrolled in general and targeted education programs and the statutory factors or weights associated with those programs, plus other formula driven allotments. The resulting formula entitlement is compared to target revenue for each school district and charter holder. If formula entitlement does not meet or exceed target revenue, the district is entitled to receive hold harmless state aid.

TIER 2, OR ENRICHMENT TIER - The second portion of maintenance and operations funding in the FSP (after Tier 1), which provides a guaranteed yield per penny of property tax levied in excess of the rate dedicated to meet the local share of Tier 1. The first six pennies levied above the Tier 1 level (or the compressed rate) are called golden pennies and are guaranteed the same yield per penny per weighted student as Austin ISD. The remaining pennies, up to a total of \$1.17 are called copper pennies and are guaranteed to yield \$31.95 per weighted student.

TRANSPORTATION ALLOTMENT - The allotment supports transportation services in school districts through linear density groupings included in TEA Rider 5, Transportation Cost Allotment. Linear density is defined as the average number of eligible students transported each day divided by the number of approved route miles traveled by the transportation system. Only mileage

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from the student's home to school and back to home is counted.

WEALTH EQUALIZATION, OR RECAPTURE - In an effort to address inequities among school districts in terms of access to revenue for public education, statute requires districts with local property values per student above statutorily established Equalized Wealth Levels (EWL) to exercise one of five options to reduce property wealth per WADA—a system referred to as recapture. Most districts subject to recapture opt to remit tax revenues associated with property value above the EWL directly to the state. These funds are in turn appropriated by the Texas Legislature as a method of financing the state's FSP operations obligations.

The EWL applicable to a district's compressed M&O tax levy is statutorily tied to the basic allotment and is therefore established by House Bill 1, as Introduced at \$504,000 per WADA in the 2016-17 biennium. The EWL applicable to any copper pennies a district opts to levy in Tier 2 is \$319,500. Revenues associated with golden pennies levied in Tier 2 are not subject to recapture, meaning that districts retain 100 percent of those tax revenues locally.

WEIGHTED AVERAGE DAILY ATTENDANCE (WADA) - Weighted Average Daily Attendance (WADA) is a standardized count of students based on educational needs as reflected in Tier 1 formula allocations. WADA equals the total of core Tier 1 allotments, adjusted for 50 percent of the effect of the cost of education index, divided by the district's basic allotment. Statute excludes the transportation allotment, the new instructional facilities allotment, and the high school allotment from the calculation of WADA.

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Texas Education Agency Supplemental Material #2 – House

Texas Principal Evaluation Support System (T-PESS) and Texas Teacher Evaluation Support System (T-TESS)

Background

Development of T-PESS is a result of Senate Bill 1383, 82nd Legislature, 2011, and a 2013 federal No Child Left Behind (NCLB) conditional waiver, both of which required development of a principal appraisal and professional development system. Beginning in Spring 2012, TEA worked with an advisory committee to build principal standards in which to structure the new evaluation system. In 2013, work on T-PESS continued after the state was granted a conditional NCLB waiver which allowed use of federal Title II A funds to develop the appraisal system since public funds were not allowed to assist with development. Similarly, work on the teacher evaluation system began in 2013, as a result of the NCLB waiver requirements, when the agency began working with a steering committee to update existing teacher standards to align with a new teacher evaluation system.

Although the Texas Education Code gives districts and charter schools the option of developing their own evaluation systems for both principals and teachers, T-PESS and T-TESS will be implemented statewide in school year 2016-17 as the state-adopted evaluation systems for district and charter use. Prior to development of T-PESS, a statewide principal evaluation system did not exist. Instead, districts developed their own locally adopted principal evaluation system based on TEA administrative rules. Therefore, T-PESS will standardize principal evaluations by providing comprehensive standards. Unlike principal evaluations, a state-adopted teacher evaluation system has existed since 1997. TEA estimates that approximately 85 percent of districts and charters use the current state-adopted teacher evaluation system, the Professional Development and Appraisal System (PDAS), and anticipate a similar proportion of districts and charters will ultimately use T-TESS to evaluate teachers.

Currently both evaluation systems have three measures of effectiveness and include a student growth component. As designed, T-TESS will evaluate teachers based on multiple classroom observations (70 percent), teacher self-assessments (10 percent), and student growth (20 percent). For teachers, student growth will be measured at the individual teacher level and can come from value-add scores, student learning objectives, portfolios, or district-level pre- and post-tests. While student growth is one component, principals will be evaluated on slightly different measures. Instead of using observations and assessments, T-PESS will evaluate principals based on a rubric outlining effective practices of high-performing principals (instructional leadership, human capital, executive leadership, school culture, and strategic operations) and progress in achieving goals/initiatives. Additionally, instead of applying the same weight to all measures, the percentages assigned to principal measures are based on a principal's experience on a particular campus. For example, the evaluation of first-year principal would not include student growth, while a principal with two or more years experience would be evaluated based on all three components.

In school year 2014-15, 70 school districts are piloting the evaluation systems and providing feedback to the agency regarding the new evaluation measures. While initially scheduled for statewide implementation in school year 2015-16, TEA requested a one-year extension from the U.S. Department of Education (USDE) to its plans for principal and teacher evaluations in May 2014. The agency indicates that delaying statewide implementation until 2016-17 allows for time to collect feedback from pilot districts, make modifications and refinements to the systems and the training on the systems, and train all the districts throughout the state that would use the new evaluation systems.

Funding

The table below shows the funding structure for the evaluation systems. To date, the agency has only used Title II A federal funds in developing the new evaluation systems. Once the evaluation systems are fully implemented in school year 2016-17, TEA does not anticipate any additional funding needs at the state level beyond time and travel related to training for school districts and charter schools.

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Funding for Teacher and Principal Evaluation Systems Fiscal Years 2014 to 2017					
Expenditure Type	Source of Funds	FY 2014	FY 2015	Baseline	
				FY 2016	FY 2017
Teacher Evaluation System	Title II A	\$ 977,556	\$ 1,841,600	\$ 617,000	\$ -
Principal Evaluation System	Title II A	\$ 667,138	\$ 658,059	\$ 123,886	\$ -
Both Evaluation Systems	Title II A	\$ 867,982	\$ 1,690,000	\$ 2,627,620	\$ -
	General Revenue	\$ 1,000,000	\$ 2,000,000	\$ -	\$ -
Evaluation System Support	Title II A	\$ -	\$ 500,000	\$ -	\$ -
	General Revenue	\$ -	\$ -	\$ 2,500,000	\$ 2,500,000
Total Budgeted Expenditures		\$ 3,512,676	\$ 6,689,659	\$ 5,868,506	\$ 2,500,000

Student Success Initiative

The Student Success Initiative (SSI) was created by the Seventy-sixth Legislature, 1999, as part of the state accountability system and is statutorily tied to the policy against social promotion. Statute requires districts to offer accelerated instruction to students who are at risk of not being promoted to the next grade, but does not specify the mode of instruction. The table below provides a funding history of the SSI since the 2010-11 biennium, including the total amount appropriated for the SSI, the amount set-aside for specific programs or strategies, and the amount appropriated for school district use. The SSI was intended to provide assistance to school districts in the provision of accelerated instruction. Each biennium, statute requires the Commissioner of Education to certify that SSI appropriations are adequate in order for the prohibition against social promotion for students in grades 5 and 8 to apply.

The table below shows SSI funding structure from the 2010-11 biennium to 2016-17 recommendations.

Student Success Initiative Historical Appropriations (in millions)				
	2010-11 Biennium	2012-13 Biennium	2014-15 Biennium	2016-17 Biennium
Amount Reserved for Specific Purposes	\$ 193.1	\$ 4.5	\$ -	\$ -
Amount Appropriated for School District Use	\$ 83.5	\$ 36.5	\$ 60.5	\$ 31.7
Total	\$ 276.6	\$ 41.0	\$ 60.5	\$ 31.7

Note: Beginning in 2014-15, appropriations separate funding for the Reasoning Mind Program from the Student Success Initiative. It was previously carved out of SSI funding in TEA Rider #56 in the 2012-13 biennium.

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As shown, in the 2012–13 biennium, the funding for SSI was decreased from \$276.6 million to \$41 million (including \$4.5 million to be used specifically for the Reasoning Mind Program). In response to the reduction in funding, TEA dedicated \$17.5 million of the total to purchasing two statewide licenses in fiscal year 2013 to provide supplemental computer-based reading and math instruction to all students in grades 3 through 8. The SSI program, referred to as Texas SUCCESS, includes licenses for Think Through Math and Istation, computer adaptive programs which provide online interactive programs to help students improve reading and math skills at their own pace. The agency reported that the remaining \$19 million was distributed to school districts based on the number of students below the statewide median raw score on the STAAR tests in grades 3 through 8.

In the 2014–15 biennium, funding for SSI was increased to \$50.5 million with an additional \$10 million appropriated for fiscal year 2013. For the 2014-15 biennium, the agency dedicated \$28.7 million for Texas SUCCESS to provide supplemental computer-based reading and math instruction through the same licenses as in 2012-13. As of November 2014, the agency reports that 1,114 districts use the Think Through Math program and 899 use the Istation program. In terms of student participation, 1.9 million students had enrolled in Think Through Math, and 2.1 million students had enrolled in Istation. The agency indicates the statewide math and reading license contracts have been extended for one year, and anticipate the contracts will be re-competed in fiscal year 2016.

Additionally, TEA reports \$10 million has been used for Write for Texas, a SSI-eligible professional development initiative focused on writing instruction across all content areas in grades 6 through 12. In school year 2014-15, the Write for Texas initiative has served 120 campuses in 57 districts, with an additional 38 districts selected to participate in a pilot of writing evaluation software. The agency reports they intend to expand the Write for Texas Initiative with the remaining \$21.7 million in SSI funding in 2014-15, although decisions are still being made regarding the use of the remaining 2014-15 funds.

Prekindergarten Programs

Prekindergarten Expansion Options

Under current law, school districts offering prekindergarten programs generate entitlement through the FSP for eligible students for up to a half day of school (i.e. each eligible student served generates funding limited to 0.5 students in average daily attendance (ADA)). Students are eligible for FSP funding for prekindergarten if they meet one or more of the following criteria:

- They are economically disadvantaged.
- They are homeless.
- They are children of active duty military personnel or military personnel who were killed or injured in the line of duty.
- They are or have been in the state foster care system.
- They are English language learners.

Potential prekindergarten expansion options using FSP funding include a full-day program for eligible children, universal half-day prekindergarten, or a universal full-day prekindergarten program. Each expansion option would incur annual state costs related to FSP funding and Texas Retirement System (TRS) contributions. Additionally, districts could incur facilities costs that would likely be funded through long-term debt service. Under current statute, FSP funding for Texas prekindergarten is projected to total \$1.6 billion in the 2014 – 2015 biennium for eligibility limited half-day prekindergarten. Estimates assume that under a universal program, enrollment in the prekindergarten grade level would increase to a level similar to the kindergarten grade level in each district, as enrollment in both grade levels is voluntary rather than compulsory. It is assumed a universal prekindergarten program would be made available to four-year-old children. With the exception of facilities costs, estimates represent the annual average for each of the two fiscal years of the 2016–17 biennium.

All estimates below are for additional funding that would be required for full implementation and assume continuation of current levels of expenditure for public school prekindergarten programs. In addition to costs estimated below, under any expansion scenario, it is likely that districts will incur costs associated with the construction of additional facilities. Under an assumption that districts either build additional instructional space or purchase portable classrooms for this purpose, the total cost of capital outlay could range from \$555 million to more than \$1,000 million depending on the scenario, with these costs most likely spread across several years in the form of annual debt service or lease payments. However, it is unknown the extent to which districts may have existing capacity to expand services under these scenarios, and districts may arrange to provide prekindergarten programs in non-school settings, which could mitigate facilities costs.

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Estimated Additional Annual Costs Of Texas Prekindergarten Expansion (In Millions) 2016 –17 Biennium			
	Universal Half-Day Pre-K	Limited Full-Day Pre-K	Universal Full-Day Pre-K
Additional Annual State Costs			
FSP State Aid	\$554.5	\$770.3	\$1,908.7
TRS Contributions	\$19.8	\$23.0	\$39.7
	(6,200 additional FTEs)	(7,200 additional FTEs)	(12,400 additional FTEs)
<p>Note: Estimates are based on March 2013 projected pupil ADA. This estimate does not include textbook costs. Estimates represent the annual average additional costs for each of the two fiscal years of the 2016–17 biennium. Estimates are in addition to current funding levels. Local facilities costs are anticipated to be funded through long-term debt service or lease, while other costs would be incurred on an annual basis.</p> <p>Source: Texas Education Agency, Legislative Budget Board.</p>			

Universal Half-Day Prekindergarten for Four Year Olds

This option would offer a half-day pre-kindergarten program funded through the FSP to all Texas four year olds, regardless of income. In addition to expenditures budgeted for the current prekindergarten program, this option would cost an estimated additional \$554.5 million annually in state aid during the 2016-17 biennium and \$19.8 million per year state cost for TRS State Contributions for about 6,200 additional teacher FTEs. Local districts could also incur costs for facilities acquisition; local repayment costs would likely be spread over time in the form of annual debt service or lease payments. The state aid estimate assumes about 186,000 additional students enrolled in public school prekindergarten programs on a half-day basis. Estimated costs for TRS contributions are limited only to teaching staff and assume the continuation of currently employed teacher FTEs assigned to prekindergarten by district, with additional FTEs estimates based on an assumption that most teachers would serve two half-day sections of students.

Full Day Prekindergarten for Currently Eligible Four Year Olds

This option would offer a full day of state-funded prekindergarten to four year olds who are currently eligible for the half-day program. In addition to current expenditures, this option would cost an estimated additional \$770.3 million per year in additional FSP state aid during the next biennium, and \$23.0 million per year state cost for TRS State Contributions for about 7,200 additional FTEs. Local districts could incur costs for facilities acquisition, with local repayment costs spread over time in the form of annual debt service or lease payments. The state aid estimate assumes an additional half day of enrollment for approximately 240,000 students currently projected to receive half-day service under existing eligibility requirements, who are not also enrolled in special education early childhood education programs.

Universal Full Day Prekindergarten for Four Year Olds

The most extensive expansion option would offer universal full-day prekindergarten to all Texas four year olds, funded through the FSP. In addition to current expenditures, this option would cost an additional \$1,908.7 million per year in state aid during the next biennium and \$39.7 million per year in state cost for TRS State Contributions for about 12,400 additional FTEs. Districts could also incur costs for facilities acquisition, with local repayment costs spread over time in the form of annual debt service or lease payments. The state aid estimate above assumes a potential increase of about 186,000 students enrolled in public school prekindergarten programs on a full-day basis and an additional half day of enrollment for approximately 240,000 students currently projected to receive half-day service under existing eligibility requirements, who are not also enrolled in special education early childhood education programs. Estimated costs for TRS contributions are limited only to teaching staff and assume continuation of currently employed teacher FTEs assigned to prekindergarten by district.

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Windham School District

The table below shows a funding history of Windham School District appropriations and expenditures, instructional materials funding, and federal funding for special programs from the 2006-07 biennium to 2014-15 biennium.

Windham School District Appropriations (in millions)					
	2006-07 Biennium	2008-09 Biennium	2010-11 Biennium	2012-13 Biennium	2014-15 Biennium
Rider Directed Appropriations	\$117.7	\$124.0	\$124.7	\$94.9	\$103.0
Instructional Materials Funding	NA	NA	NA	\$0.85	\$1.6
Federal Funding for Special Programs	\$6.8	\$7.5	\$8.8	\$6.3	\$4.6
Biennial Total	\$124.5	\$131.5	\$133.5	\$101.9	\$109.2

Note: For the 2016-17 biennium, House Bill 1 rider appropriations are \$103.0 million for the Windham School District; However, funding for instructional materials and special programs has not been estimated for the 2016-17 biennium.

In addition to the funding shown in the table, WSD also receives General Revenue funding from the Texas Department of Criminal Justice (TDCJ) to provide various services and programs through Memorandums of Understanding (MOU). TDCJ funds the MOU services using its Education and Recreation Program receipts which TDCJ collects from the operation of its facility commissaries. Funding for the Education and Recreations programs has ranged from approximately \$7.6 million in the 2006-07 biennium to \$9.2 million in the 2014-15 biennium. Prior to fiscal year 2014, WSD also received General Revenue from TDCJ for the administration of postsecondary education programs which were provided through contracts with colleges and universities serving the geographic areas where TDCJ correctional facilities are located. Pursuant to legislative direction, beginning in fiscal year 2014, TDCJ assumed administration and oversight of the postsecondary programs.

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Texas Student Data System/ Public Education Information Management System Project

The table below shows the current expenditures to date including the requests for the 2016-17 biennium.

TSDS PEIMS Expenditure/Budget History 2010-11 Biennium to 2016-17 Biennium						
Method of Finance	2010-11 Expended	2012-13 Expended	2014-15 Expended	2016-17 Baseline Funding in House Bill 1	2016-17 Exceptional Item Request	Total
<i>General Revenue</i>	\$ -	\$ 1,980,361	\$ 7,402,557	\$ 6,971,810	\$ 6,000,000	\$ 22,354,729
<i>Private Funds</i>						
Michael and Susan Dell Foundation Grant	\$ 1,783,256	\$ 1,591,745	\$ 3,532,267	\$ -	\$ -	\$ 6,907,268
<i>Federal Funds</i>						
ARRA	\$ 1,032,125	\$ 14,429,333	\$ 1,698,282	\$ -	\$ -	\$ 17,159,740
Federal Funds	\$ 239,657	\$ 3,973,033	\$ 8,805,273	\$ 4,536,100		
Total	\$ 3,055,038	\$ 21,974,472	\$ 21,438,379	\$ 11,507,910	\$ 6,000,000	\$ 63,975,799
Note: The 2016-17 baseline requested amount shown reflects the \$7,307,910 TSDS/PEIMS base funding request and \$4.2 million from the DCS base funding request that supports TSDS.						

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Legacy Modernization

The table below provides details on the applications identified by the agency as high risk, including the application issues and funding requested through the exceptional item to resolve the related issues.

Legacy Modernization Phase I							
Application	Description	Criticality	Application Issues				Funding Requested FY 16-17
			Security (Window 2003)	Privacy	Obsolete Software	Poor Performing	
21st Century	A database instrument used for tracking and reporting information about Texas 21 st CCLC grant programs and the participants served.	High	x	x	x		\$ 675,000
Budget Analysis Tool	Web based application that consolidates budget preparation, monitoring, and cost allocation in one system.	Med	x	x	x	x	\$ 500,000
Communities In School	Application that tracks and reports information about CIS fiscal agents and the participants served.	High	x	x	x		\$ 775,360
Electronic Grants	A comprehensive web portal which provides online submission, tracking, review and processing of K -12 grant applications, compliance and expenditure reporting.	High	x	N/A	x	x	\$ 1,179,320
Time & Effort	A federally required automated program that tracks time charged to various funding sources funded with a mixture of state and federal funds, or, more than one federal fund.	Med	x	x	x	x	\$ 325,000
Waivers	A web-based application that automates the creation and submission of waiver applications to the agency.	High	x	N/A	x	x	\$ 300,000
Audit & School First & Solvency	Applications that record, monitor, and assess the accuracy of key financial criteria reported by each school district within the State as required by law.	Med	x	N/A	x	x	\$ 3,000,000
Educator Certification Online System	An application that administers the educator certification and standards program and policies.	High					\$ 4,000,000
Legacy Modernization Phase I Total							\$ 10,754,680

Unaccompanied Children (UC)

When a child who is not accompanied by a parent or legal guardian is apprehended by immigration authorities, the child is then transferred to the custody and care of the U.S. Department of Health and Human Services Office of Refugee Resettlement (ORR). While in ORR custody, unaccompanied children are not anticipated to have an impact to Texas schools because federal law requires that ORR feed, shelter, and provide medical care to the children until able to release them to sponsors while awaiting immigration proceeds. Sponsors are usually family members and may live in any state.

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If released to a sponsor in Texas, unaccompanied children may attend local Texas school districts while awaiting court appearances. ORR reports that in federal fiscal year 2014 (October 1, 2013 to September 30, 2014), the total number of UC released to sponsors in Texas was 7,409 (13.8% of the U.S. total). The following tables show federal fiscal year 2014 and the first quarter of federal fiscal year 2015 county-level data for unaccompanied children released by the sponsor's Texas county of residence.

**County-Level Data for Unaccompanied Children Released to Sponsors
Federal Fiscal Year 2014 (October 1, 2013 to September 30, 2014)**

Sponsor County of Residence	Number of UC Released in Federal Fiscal Year 2014	Percent of Texas Total
Bexar	175	2.4%
Collin	80	1.1%
Dallas	1,196	16.1%
Denton	59	0.8%
Fort Bend	84	1.1%
Galveston	104	1.4%
Harris	4,028	54.4%
Jefferson	73	1.0%
Montgomery	167	2.3%
Tarrant	282	3.8%
Travis	477	6.4%
All other counties	684	9.2%
Texas Total	7,409	100.0%

**County-Level Data for Unaccompanied Children Released to Sponsors
First Quarter of Federal Fiscal Year 2015 (October 1, 2014 to December 31, 2014)**

Sponsor County of Residence	Number of UC Released in Federal Fiscal Year 2015	Percent of Texas Total
Bexar	-	-
Collin	-	-
Dallas	87	12.9%
Denton	-	-
Fort Bend	-	-
Galveston	-	-
Harris	351	51.9%
Jefferson	-	-
Montgomery	-	-
Tarrant	-	-
Travis	-	-
All other counties	238	35.2%
Texas Total	676	100.0%

TEA estimates student growth unrelated to UC to be 83,620 in fiscal year 2016 and 85,058 in fiscal year 2017. Enrollment growth attributable to UC would add incremental costs in the same way as any other type of enrollment growth. The agency indicated it could make adjustments to the numbers of students the state is paying for during the school year if there was a significant influx of students.

Section 3

**Texas Education Agency
FTE Highlights - House**

Full-Time-Equivalent Positions	Expended 2013	Estimated 2014	Budgeted 2015	Recommended 2016	Recommended 2017
Cap	826.0	804.0	804.0	817.0	817.0
Actual/Budgeted	752.2	777.1	844.0	NA	NA
Including FTEs associated with exceptional items, TEA is requesting a 2016-17 FTE cap of 882. The requested cap exceeds the 2015 FTE cap by 78 FTEs.					
The 2016-17 Recommended FTE Cap of 817 FTEs is based on applying the agency's FTE capacity in Fiscal Year 2014 (96.8 percent) to the 2015 Budgeted FTE amount (844 FTEs).					
Schedule of Exempt Positions (Cap)					
Commissioner of Education	\$215,000	\$215,000	\$215,000	\$215,000	\$215,000
Permanent School Fund Chief Investment Officer	\$199,653	\$199,653	\$259,000	\$375,000	\$375,000

The agency is not requesting any changes to its Exempt Positions. Recommendations include identifying the Permanent School Fund Chief Investment Officer position, which was previously classified, as an exempt position with a recommended salary cap of \$375,000. The recommended salary cap corresponds to the salary cap of key investment personnel for funds comparable in size to the Permanent School Fund.

The State Auditor's Office Report, *Executive Compensation at State Agencies* (Report No. 14-705, August 2014), indicates a market average salary of \$248,483 for the Commissioner of Education position and does not recommend changing the Group 8 classification for the position.

Section 3

**Texas Education Agency
Performance Measure Highlights - House**

	Expended 2013	Estimated 2014	Budgeted 2015	Recommended 2016	Recommended 2017
<ul style="list-style-type: none"> Percent of Students Graduating under the Foundation High School Program with an Endorsement <p><i>Measure Explanation: New measure to reflect the Foundation High School Program established by House Bill 5, 83rd Texas Legislature, Regular Session 2013. The Foundation High School Program allows students the opportunity to earn endorsements that focus on particular areas of study that best fit their postsecondary goals.</i></p>	0.00%	0.00%	45.00%	60.00%	75.00%
<ul style="list-style-type: none"> Percent of Students Graduating with Distinguished Level of Achievement <p><i>Measure Explanation: New measure to reflect changes due to HB 5, 38rd Legislature. Under the new program, students have the opportunity to earn designation in order to be eligible for automatic admission to certain colleges.</i></p>	0.00%	0.00%	40.00%	56.00%	68.00%
<ul style="list-style-type: none"> Percent of Students Graduating Under the Recommended High School Program <p><i>Measure Explanation: Decreasing percentage reflects changes due to HB 5 due to students who opt over to the Foundation High School program in school year 2014-15.</i></p>	67.10%	60.20%	33.86%	20.32%	10.16%
<ul style="list-style-type: none"> Percent of Districts that Meet All System Safeguards <p><i>Measure Explanation: New measure resulting from the approved ESEA Flexibility Waiver. Due to the waiver, the state accountability System Safeguard information was used to meet federal accountability requirements to identify Priority and Focus Schools that are eligible for additional federal funding while subject to a series of federally-prescribed interventions. The agency anticipates that student performance over the next four years will improve and, therefore, a greater percentage of districts will be able to meet the standards on all system safeguards.</i></p>	16.70%	14.40%	19.00%	21.00%	23.00%
<ul style="list-style-type: none"> Percent of Campuses that Meet All System Safeguards <p><i>Measure Explanation: New measure resulting from the approved ESEA Flexibility Waiver. Due to the waiver, the state accountability System Safeguard information was used to meet federal accountability requirements to identify Priority and Focus Schools that are eligible for additional federal funding while subject to a series of federally-prescribed interventions. The agency anticipates that student performance over the next four years will improve and, therefore, a greater percentage of campuses will be able to meet the standards on all system safeguards.</i></p>	47.00%	47.00%	49.00%	53.00%	55.00%
<ul style="list-style-type: none"> Proportion of Instructional Materials Purchased in Electronic Format <p><i>Measure Explanation: The agency indicates that the percentage variation is related to the timing of the State Board of Education (SBOE) Proclamations and call for the implementation of new instructional materials. The agency anticipates that districts will purchase older instructional materials in FY 2014 and 2015 which are less likely to be purchased in electronic format.</i></p>	45.00%	70.00%	70.00%	35.00%	70.00%

Section 4

**Texas Education Agency
Performance Review and Policy Report Highlights**

Reports & Recommendations	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
Reform State Truancy Laws, page 1					
<i>This report includes seven recommendations that would have an estimated net cost of \$4.7 million in General Revenue Funds in the 2016-17 biennium. Other recommendations in this report would affect the budget's of Trusteed Programs Within the Office of the Governor and the Office of Court Administration. The recommendations would improve the legislature's ability to compare the effectiveness of different programs and policies intended to reduce truancy across the state. Implementing reforms to certain court procedures would provide additional protections for children and families while maintaining the court's ability to enforce state truancy laws.</i>					
1. Include a rider in the introduced 2016–17 General Appropriations Bill to require TEA to report to the Legislative Budget Board and the Governor, about efforts to improve the completeness, accuracy, and usefulness of truancy data reported by school districts.				Rider 63 p. III-21	NA
Reduce Reliance on General Revenue-Dedicated Accounts for Certification					
This report fulfills House Bill 7, Eighty-third Legislature, 2013, requirements relating to the reduction of reliance on available dedicated revenue for certification of the General Appropriations Act. The report provides an overview of the issue and includes recommendations and options to reduce reliance on General Revenue-Dedicated Accounts, including dedicated revenue appropriated to the Texas Education Agency.					

Section 5

Texas Education Agency Rider Highlights - House

Rider numbers refer to 16-17 numbers.

Modified Riders

3. **Foundation School Program Funding.** Update sum certain appropriation, assumptions, and yields. Remove language related to the Regular Program Adjustment Factor, which expires in fiscal year 2015. Add a section requiring the Commissioner of Education to provide at least 30 calendar days notice to the Legislative Budget Board and Governor's Office before taking certain actions with respect to Foundation School Program surpluses.
6. **Windham Schools.** Modify language to remove the associate degrees from the biennial report since the Windham School District no longer oversees the college program (change due to Article V, TDCJ, Rider 32 – 83rd Legislature).
11. **Reimbursement of Advisory Committee Members.** Modify language to include Expanded Learning Opportunities Council in accordance with Texas Education Code, Section 33.251.
25. **Appropriation Limited Revenue Collections.** Modify language to delete reference to the General Education Development (GED) test and replace with Texas Certificate of High School Equivalency as referenced in Texas Education Code.
30. **Regional Education Service Center Dyslexia and Related Disorders Coordinators.** Modify language to clarify method of finance.
32. **Recorded Instructional Materials.** Modify language to update digital audio references to match federal and state requirements (Texas Education Code, Chapter 30, Subchapter A).
37. **Motor Vehicle Fees for Specially Designed License Plates.** Modify language to include new plates noted in the Transportation Code.
42. **Capital Budget Expenditures from Federal and Other Funding Sources.** Modify language to remove the American Recovery and Reinvestment Act (ARRA) funding for capital budget expenditures because the agency no longer receives this funding source.
44. **District Awards for Teacher Excellence.** Modify title to accurately reflect the rider content (Educator Quality and Leadership); remove funding for the Humanities Texas program; and redirect funds from Educator Excellence Funds (Fund 5135) to General Revenue (Fund 1) contingent upon enactment of legislation abolishing the Educator Excellence Fund.

46. **Student Success Initiative.** Modify language to eliminate references to an evaluation to the Eighty-fourth Legislature on the effectiveness and implementation of the program.
56. **Sunset Contingency.** Modify language to provide statutory authority for the Sunset Advisory Commission process and specify appropriation procedures contingent on legislative action related to continuing the agency.
58. **Project Share.** Modify language to describe the project's scope and efforts to ensure limited access to and exchanges of student data.
59. **Temporary Transfer from the Foundation School Program to the Instructional Materials Fund.** Amend rider to make its provisions contingent upon the enactment of legislation authorizing the use of FSP funds for this purpose.
76. **Houston ISD and North Forest ISD Consolidation.** Amend rider to allow, not require, the Commissioner to assist in the consolidation of Houston ISD and North Forest ISD.

New Riders

61. **Contingent Appropriation: Charter District Bond Guarantee Reserve Fund.** Add a new rider providing appropriation authority (estimated to be \$0) to make principal and interest payments out of the Charter District Bond Guarantee Reserve Fund contingent on the Education Commissioner receiving notice of default from a charter district.
62. **Subsidy for Certification Examination.** Add a new rider authorizing General Revenue funds from Strategy A.2.1, Statewide Educational Programs, for the purpose of providing a certification examination subsidy per Section 29.190 of the Texas Education Code (HB 5, 83rd Legislature). This rider is in Article IX in the 2014-15 GAA.
64. **Adult Charter School Pilot.** Add a new rider authorizing General Revenue funds from Strategy A.2.1, Statewide Educational Programs, for the adult high school diploma and industry certification charter school pilot program as authorized under Texas Education Code, Section 29.259 (SB 1142, 83rd Legislature). This rider is in Article IX in the 2014-15 GAA.
65. **Truancy Data Report.** Add a new rider requiring the Texas Education Agency to report to the Legislative Budget Board and Office of the Governor about efforts undertaken to improve the quality of truancy data, an assessment of the prevalence of truancy, and any recommendations for further improving state data collection efforts or truancy policy.
66. **Foundation School Program Funds for Improving Equity, Reducing Recapture, and Increasing State Share.** Add a new rider appropriating \$1.1 billion in each fiscal year to Strategy A.1.1. FSP- Equalized Operations, to be allocated to school districts and charter schools through formula or other changes to the FSP to be determined by the Eighty-fourth Legislature.

Deleted Riders (*Rider numbers refer to 14-15 numbers.*)

13. **Vacation Leave for Commissioner of Education.** Recommend deletion of this rider because it does not relate to an appropriation.
32. **Special Foundation School Program Payments.** Delete rider because agency has sufficient existing authority in statute and in Rider 3, Foundation School Program Funding, to make the payments specified in the rider.
35. **Adult Education.** Recommend deletion of this rider because the adult education and literacy programs were transferred to the Texas Workforce Commission due to enactment of SB 307, 83rd Legislature, 2013.
53. **Steroid Testing.** Recommend deletion of this rider in accordance with LBB Budget Recommendation.
55. **Windham School District, Pilot Program.** Recommend deletion of this rider because the pilot programs it implements have been initiated and the report the rider requires will be submitted to the Eighty-fourth Legislature.
56. **Online College and Career Preparation Technical Assistance Program.** Recommend deletion of this rider in accordance with LBB Budget Recommendation.
64. **Statewide Strategic Plan for Adult Basic Education.** Recommend deletion of this rider because the adult education and literacy programs were transferred to the Texas Workforce Commission due to enactment of SB 307, 83rd Legislature, 2013.
65. **Contingent Appropriation for Reversal of FSP Payment Deferral.** Delete rider as it related to the one-time FSP payment deferral in the 2012-13 biennium.
67. **Autism Training.** Recommend deletion of this rider because activity was completed in 2014-15 biennium.
70. **Special Education Monitoring.** Recommend deletion of this rider because the report the rider requires will be submitted to the Eighty-fourth Legislature.
71. **Contingency for SB 1458.** Delete rider as it related to a one-time appropriation for transition aid to public schools to assist with employer contributions for retirement to the Teacher Retirement System of Texas.
73. **Contingency for HB 5.** Recommend deletion of this rider because the legislation was passed.
74. **FitnessGram Program.** Recommend deletion of this rider in accordance with LBB Budget Recommendation.
75. **Contingency for SB 1718.** Recommend deletion of this rider because the legislation was passed.

77. **Contingency Appropriation: Credits against the Cost of Recapture.** Delete rider as it related to providing a credit against the cost of recapture to certain school districts contingent upon the receipt of payments made in fiscal year 2013.

Section 6

**Texas Education Agency
Items not Included in Recommendations - House**

2016-17 Biennial Total	
GR & GR- Dedicated	All Funds

Agency Exceptional Items - In Agency Priority Order

<p>1. Literacy Initiative - requested funding to provide professional development and language support to teachers through reading academies with a focus on three student groups: prekindergarten, kindergarten-grade 8, and English language learners. The initiative also includes trainings in use of diagnostic instruments, integration of writing support, and building academic vocabulary.</p>	\$	64,000,000	\$	64,000,000
<p>2. Teacher and Principal Evaluation Support - requested funding to develop resources and training to support the new teacher and principal evaluations which will be implemented statewide in school year 2016-17.</p>	\$	4,000,000	\$	4,000,000
<p>3. Technology Modernization - requested funding for new capital budget items and additional funding for existing capital budget items to support student data systems, address security, and transform outdated systems. This request includes 15 FTEs and bundles the following five capital budget item requests:</p> <ul style="list-style-type: none"> - Texas Student Data System (TSDS)/Public Education Information Management System (PEIMS) project - \$6 million (existing item) - Security and Privacy issues - \$4 million (new item) - Legacy Modernization Phase I - \$10.8 million (new item) - File Net Replacement - \$1.5 million (new item) - Hardware/Software Infrastructure - \$550,000 (existing item) 	\$	22,804,680	\$	22,804,680
<p>4. Office of Complaints, Investigations & Enforcement - requested funding to hire an additional 23 FTEs and to conduct an additional nine investigations each fiscal year (18 total investigations in 2016-17 biennium) into possible manipulations of school accountability.</p>	\$	3,856,000	\$	3,856,000

Section 6

**Texas Education Agency
Items not Included in Recommendations - House**

	<u>2016-17 Biennial Total</u>	
	GR & GR- Dedicated	All Funds
5. Funding for New Instructional Facilities Allotment (NIFA) and Instructional Facilities Allotment (IFA) - requested funding for the following two items: - NIFA awards to provide school districts and charter schools start-up funds for new campuses (\$26 million in each fiscal year) - IFA awards to provide tax relief for property-poor school districts that issue bonds to meet local facilities needs (\$75 million in fiscal year 2017)	\$ 127,000,000	\$ 127,000,000
6. FTE Capacity - request for an additional 40 FTES for the TSDS/PEIMS project. The agency indicates that funding was provided last biennium, but FTE cap was not increased.	\$ -	\$ -
7. Staff Recruitment and Retention - requested funding to reward staff for exemplary performance and assist with recruitment/retention.	\$ 3,384,543	\$ 3,384,543
Total Agency Exceptional Items Not Included in the Recommendations	\$ 225,045,223	\$ 225,045,223

Rider Requests Not Included

Rider numbers refer to 2014-15 numbers.

48. Early Childhood School Readiness Program

Recommendation does not include agency request to replace the rider's existing competitive grant distribution methodology with a single grant to The Children's Learning Institute at the University of Texas Health Science Center at Houston.

[Enter Agency Name]
Recommended Priorities for Additional Funding

2016-17 LBB Recommendations

GR & GR-Dedicated
\$ _____ -

All Funds
\$ _____ -

Additional Funding Items

Priority	Additional Funding Item	GR and GR-D Total for Item	GR & GR-D Aggregate Total	Percent Increase Above LBB Recs for GR / GR-D	All Funds Total for Item	All Funds Aggregate Total	Percent Increase Above LBB Recs for All Funds
1	[Enter Item]	\$ -	\$ -	#DIV/0!	\$ -	\$ -	#DIV/0!
2	[Enter Item]	\$ -	\$ -	#DIV/0!	\$ -	\$ -	#DIV/0!
3	[Enter Item]	\$ -	\$ -	#DIV/0!	\$ -	\$ -	#DIV/0!
4	[Enter Item]	\$ -	\$ -	#DIV/0!	\$ -	\$ -	#DIV/0!
5	[Enter Item]	\$ -	\$ -	#DIV/0!	\$ -	\$ -	#DIV/0!
Total, Staff Priorities for Additional Funding		\$ -			\$ -		

Justification for Additional Funding:

Priority 1 Funding:

Priority 2 Funding:

Priority 3 Funding:

Priority 4 Funding:

Priority 5 Funding:

Section 7

Texas Education Agency
Summary of 10 Percent Biennial Base Reduction Options - House

Priority	Item	Description/Impact	Biennial Reduction Amounts					Included in Intro Bill?
			GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	
1	FSP - Recapture	One-time funding to assist with the cost of recapture. The reduction would have no service impact.	\$303,432	\$303,432		\$0	10%	No
2	SB 1458 - One Time TRS Contribution	Funding for one-time transition aid to assist with employer contributions to TRS. The reduction would have no service impact.	\$34,679,556	\$34,679,556		\$0	11%	No
3	Specialty License Plate - Anthropos	Funding represents amounts collected for license plate receipts which are passed through to external non-profit entities. The reduction would have minimal impact on agency operations.	\$6,540	\$6,540		\$0	10%	No
4	Autism Training	One-time funding for the development of professional development for educators working with students with autism. The reduction would have no impact because activity was completed in 2014 - 2015 biennium.	\$1,500,000	\$1,500,000		\$0	100%	Yes
5	HB 5 Contingency - Certification Exam Subsidy	Funding transferred from Texas Workforce Commission for certification exam subsidy. Minimal impact anticipated since districts can pay for certification exams using federal Perkins funds.	\$1,000,000	\$1,000,000		\$0	100%	No
6	Reasoning Mind	Funding for hybrid online program to assist students in grade 2-5 in math. The reduction would have minimal impact because program serves a small number of students and districts can purchase these materials using their IMA.	\$9,000,000	\$9,000,000		\$0	100%	Partial
7	Online College Prep	Funding for program to provide support in the college and career preparation and application process. The reduction would have minimal impact because very few districts have taken advantage of this resource.	\$1,000,000	\$1,000,000		\$0	100%	Yes
8	Steroid Testing	Funding for UIL to test high school athletes for anabolic steroids. The reduction would have minimal impact because small amount of funding and few results.	\$1,000,000	\$1,000,000		\$0	100%	Yes
9	Academic Innovation & Mentoring	Funding for after school academic and mentoring services through the Boys and Girls Club. The reduction would have minimal impact because it impacts a relatively small number of students across the state.	\$3,000,000	\$3,000,000		\$0	100%	No
10	HB 742 - Summer Instruction & Teaching	Funding to support a reporting requirement in HB 742. The reduction would have minimal impact since funding was not appropriated to implement this grant program.	\$250,000	\$250,000		\$0	100%	No
11	Awards for Student Achievement & Educator Excellence	Funding to support state educator incentive program and other authorized educator initiatives. The reduction could impact the agency's ability to use these funds for support for the teacher and principal evaluation and support systems, or funding of Humanities Texas, an organization that provides professional development for teachers in the area of social studies.	\$2,000,000	\$2,000,000		\$0	6%	No
12	Best Buddies	Funding to support peer-to-peer mentoring of students who have intellectual and developmental disabilities. The reduction would impact some high schools' ability to participate in program.	\$400,000	\$400,000		\$0	100%	No

Section 7

**Texas Education Agency
Summary of 10 Percent Biennial Base Reduction Options - House**

Priority	Item	Description/Impact	Biennial Reduction Amounts				Included in Intro Bill?	
			GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss		Reduction as % of Program GR/GR-D Total
13	FitnessGram	Funding to provide school districts with the software license to FitnessGram to support implementation of the statutorily required physical fitness assessment. The reduction would impact school districts if software is upgraded and new purchases were necessary.	\$3,000,000	\$3,000,000		\$0	60%	Yes
14	Communities in Schools	A significant number of students benefit from this program and would be adversely affected if the program cannot be supported at the same level statewide. The reduction would impact the agency's ability to meet targets on several performance measures.	\$19,600,000	\$19,600,000		\$0	63%	No
15	Early Childhood School Readiness	Funding supports statewide professional development for prekindergarten teachers and grants to support coordinated services among school districts, child care providers, and Head Start program. The reduction will impact the ability to award the grants and the agency's ability to meet targets on several performance measures.	\$7,000,000	\$7,000,000		\$0	100%	No
16	Windham School District	Funding for educational programs (high school equivalency and career and technical education) in the state's adult corrections system. The reduction would eliminate approximately 65 teaching positions, as well as 35 administrative and support staff. The effect would be a 12 percent reduction in contact hours and 13 percent reduction in offenders passing the GED.	\$10,300,000	\$10,300,000		\$0	10%	No
17	Juvenile Justice Alternative Education (JJAEP)	Funding for schools for students who have been expelled from their schools of origin. The reduction will cause TJJD to limit funds distributed to counties that voluntarily operate a JJAEP (alternative education school for certain students).	\$1,722,860	\$1,722,860		\$0	10%	No
18	Texas Juvenile Justice Department	Funding to support education professionals and support staff at the TJJD secure residential facilities and for the purchase of books and supplies directly related to the education of youth. The reduction would result in the reduction of teachers beginning with the new biennium which would impact education delivery.	\$927,778	\$927,778		\$0	10%	No
19	Early College High School & T-STEM	Funding to provide technical assistance to Early College High Schools (ECHS) and T-STEM academies, especially new programs. The reduction would impact the agency's ability to provide technical assistance to support these programs statewide and to meet targets on the several performance measures.	\$3,000,000	\$3,000,000		\$0	50%	No
20	Teach for America	Funding to support Teach for America teachers in schools. The reduction would result in 400 fewer college graduates recruited, trained, and placed as teachers in approximately 12 school districts or charter schools, all serving low-income communities. Approximately 135 of these TFA teachers would be math and science teachers, based on the current composition of TFA teacher placements.	\$4,000,000	\$4,000,000		\$0	33%	No
21	Assessments	Funding to support assessments in grades 3 to 8, and end-of-course high school assessments. The reduction would mean the elimination of one or more tests required only by state statute. There would be some implications for state accountability, as results of the retests are currently used to determine overall passing rates for grades 5 and 8 reading and mathematics.	\$5,200,000	\$5,200,000		\$0	5%	No

Section 7

Texas Education Agency
Summary of 10 Percent Biennial Base Reduction Options - House

Priority	Item	Description/Impact	Biennial Reduction Amounts				Included in Intro Bill?	
			GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss		Reduction as % of Program GR/GR-D Total
22	Instructional Materials	Funding to support school districts purchase of instructional materials. The reduction would result in school districts and charter schools inability to purchase a sufficient number of instructional materials to support implementation of revised standards and to meet technology needs. This reduction could affect the agency's ability to meet targets on several performance measures.	\$95,193,768	\$95,193,768		\$0	10%	No
TOTAL, 10% Reduction Options			\$204,083,934	\$204,083,934		\$0		

Section 7

Texas Education Agency
Summary of 10 Percent Biennial Base Reduction Options

Agency 10% Reduction Options by Category of Reduction

