

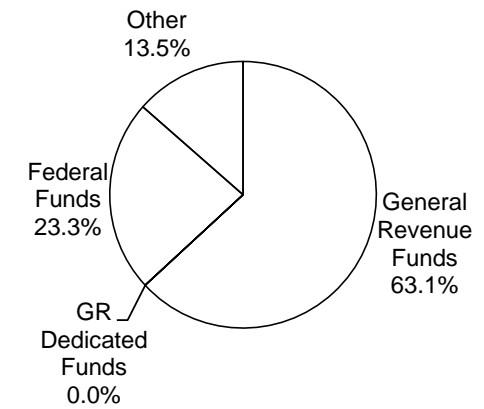
**Texas Education Agency
Summary of Recommendations - Senate**

Robert Scott, Commissioner of Education

John McGeady, LBB Analyst, Foundation School Program
Jennifer Schiess, LBB Analyst, Non-FSP Program and Administration

Method of Financing	2010-11 Appropriations	2010-11 Base	2012-13 Recommended	Biennial Change	% Change
Foundation School Program (FSP)					
General Revenue Funds	\$25,343,274,234	\$27,615,027,867	\$27,162,027,867	(\$453,000,000)	(1.6%)
GR Dedicated Funds	\$0	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$25,343,274,234</i>	<i>\$27,615,027,867</i>	<i>\$27,162,027,867</i>	<i>(\$453,000,000)</i>	<i>(1.6%)</i>
Federal Funds	\$3,250,200,000	\$3,250,272,133	\$0	(\$3,250,272,133)	(100.0%)
Other	\$8,247,800,000	\$6,390,800,000	\$6,077,700,000	(\$313,100,000)	(4.9%)
All Funds	\$36,841,274,234	\$37,256,100,000	\$33,239,727,867	(\$4,016,372,133)	(10.8%)
Non-FSP Programs and Administration					
General Revenue Funds	\$2,797,255,985	\$2,691,410,744	\$1,302,291,181	(\$1,389,119,563)	(51.6%)
GR Dedicated Funds	\$234,346	\$418,569	\$418,569	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$2,797,490,331</i>	<i>\$2,691,829,313</i>	<i>\$1,302,709,750</i>	<i>(\$1,389,119,563)</i>	<i>(51.6%)</i>
Federal Funds	\$11,682,849,604	\$10,048,219,813	\$10,520,619,770	\$472,399,957	4.7%
Other	\$55,127,904	\$55,144,234	\$25,744,234	(\$29,400,000)	(53.3%)
All Funds	\$14,535,467,839	\$12,795,193,360	\$11,849,073,754	(\$946,119,606)	(7.4%)
TEA Total					
General Revenue Funds	\$28,140,530,219	\$30,306,438,611	\$28,464,319,048	(\$1,842,119,563)	(6.1%)
GR Dedicated Funds	\$234,346	\$418,569	\$418,569	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$28,140,764,565</i>	<i>\$30,306,857,180</i>	<i>\$28,464,737,617</i>	<i>(\$1,842,119,563)</i>	<i>(6.1%)</i>
Federal Funds	\$14,933,049,604	\$13,298,491,946	\$10,520,619,770	(\$2,777,872,176)	(20.9%)
Other	\$8,302,927,904	\$6,445,944,234	\$6,103,444,234	(\$342,500,000)	(5.3%)
All Funds	\$51,376,742,073	\$50,051,293,360	\$45,088,801,621	(\$4,962,491,739)	(9.9%)

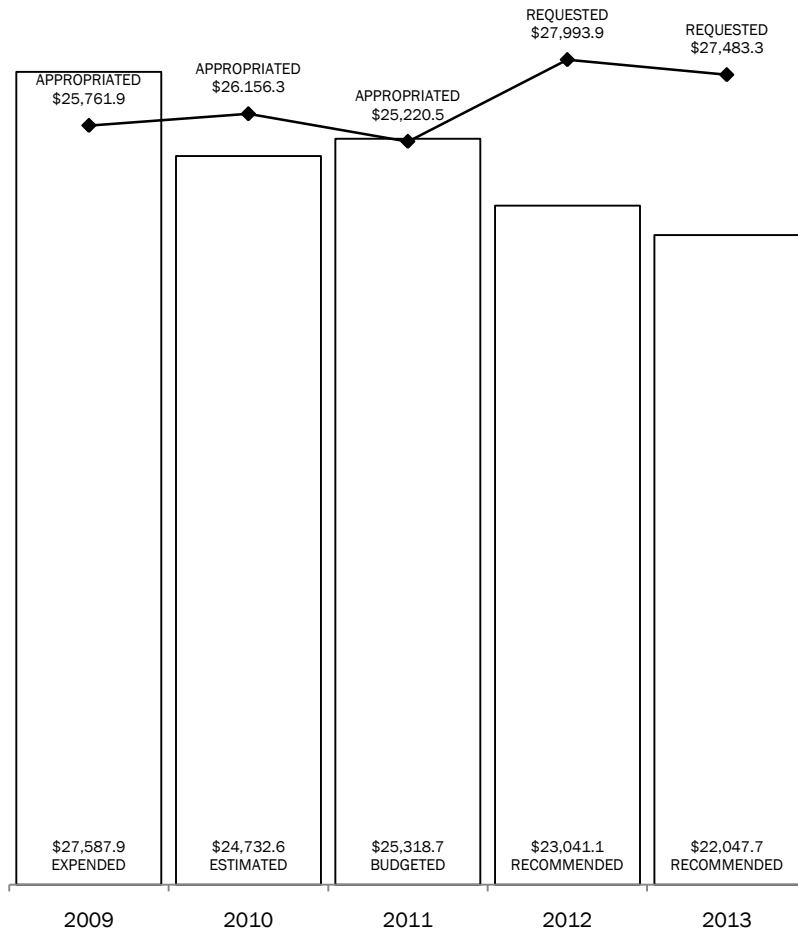
RECOMMENDED FUNDING
BY METHOD OF FINANCING



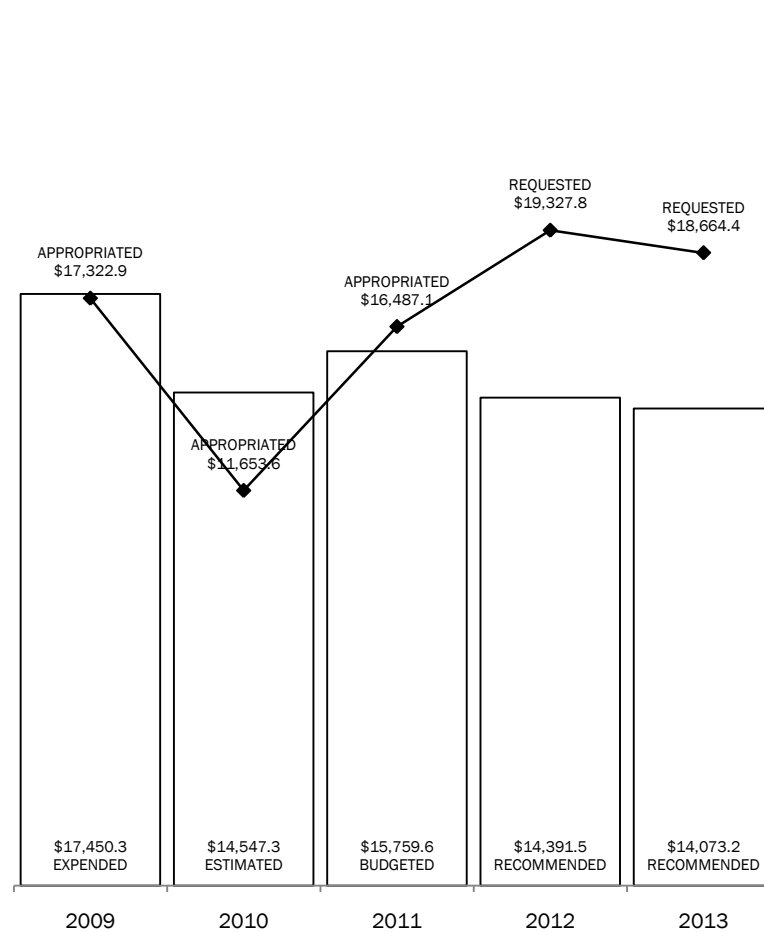
	FY 2011 Appropriations	FY 2011 Budgeted	FY 2013 Recommended	Biennial Change	% Change
FTEs	1,038.8	1,061.2	901.9	(159.3)	(15.0%)

The bill pattern for this agency (2012-13 Recommended) represents an estimated 67.1% of the agency's estimated total available funds for the 2012-13 biennium.

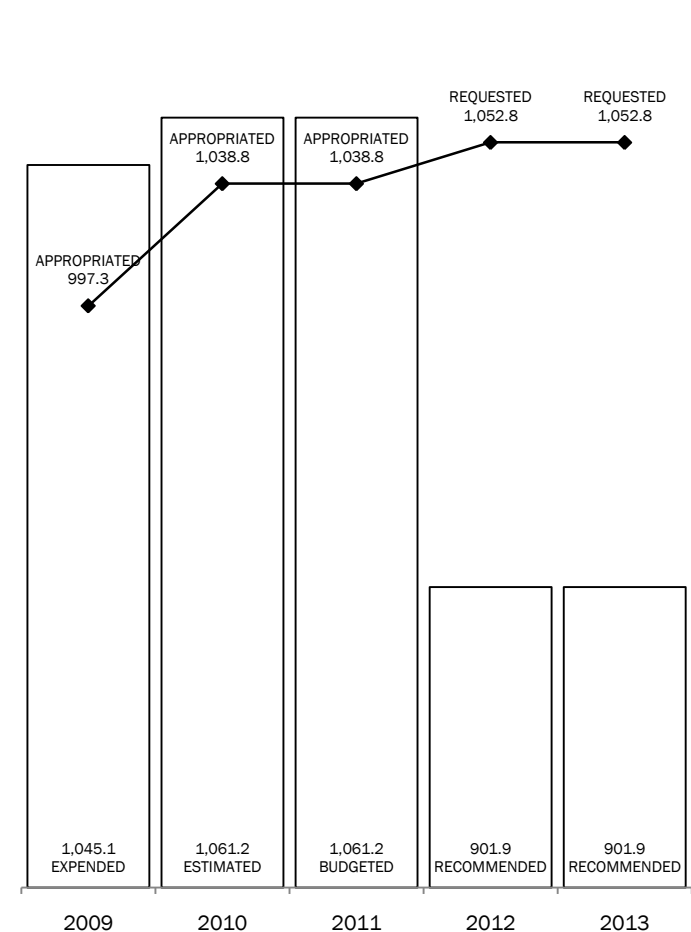
ALL FUNDS



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



FULL-TIME-EQUIVALENT POSITIONS



**Texas Education Agency
Summary of Recommendations - Senate, By Method of Finance**

Strategy/Fund Type/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
FSP - EQUALIZED OPERATIONS A.1.1	\$36,049,227,868	\$31,665,827,867	(\$4,383,400,001)	(12.2%)	The GR decrease in FSP operations funding (A.1.1) is partially offset by the increase in FSP facilities funding (A.1.2), resulting in a net \$453 million reduction in the FSP from the 2010-11 biennial base.
GENERAL REVENUE FUNDS	\$26,408,155,735	\$25,588,127,867	(\$820,027,868)	(3.1%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$3,250,272,133	\$0	(\$3,250,272,133)	(100.0%)	Reflects one-time use of ARRA State Fiscal Stabilization Funds to fund FSP entitlement in the 2010-11 biennium.
OTHER FUNDS	\$6,390,800,000	\$6,077,700,000	(\$313,100,000)	(4.9%)	Reflects decrease in expected appropriated receipts by \$465.5 million and an increase in Property Tax Relief Fund appropriations by \$152.4 million.
FSP - EQUALIZED FACILITIES A.1.2	\$1,241,872,132	\$1,573,900,000	\$332,027,868	26.7%	
GENERAL REVENUE FUNDS	\$1,241,872,132	\$1,573,900,000	\$332,027,868	26.7%	Includes elimination of Science Lab Grants program (\$35.0 million).
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	\$908,090,195	\$168,252,429	(\$739,837,766)	(81.5%)	
GENERAL REVENUE FUNDS	\$717,758,208	\$875,000	(\$716,883,208)	(99.9%)	Recommendation includes \$0.9 million for the Gifted and Talented set aside from the FSP and reflects elimination of funding for the following programs: Student Success Initiative (\$293.2 million), Pre-Kindergarten Early Start Grants (\$208.6 million), High School Completion and Success Initiative (\$86.0 million), Early High School Graduation Scholarships and other tuition exemption programs (\$43.2 million), TX Advanced Placement Initiatives (\$28.4 million), LEP Student Success (\$19.4 million), Texas Reading, Math, and Science Initiative (\$16.1 million), Early Childhood School Readiness (\$14.7 million), and other programs (\$7.3 million).
GR DEDICATED	\$418,569	\$418,569	\$0	0.0%	Specialty license plate revenue.
FEDERAL FUNDS	\$164,513,418	\$164,958,860	\$445,442	0.3%	

**Texas Education Agency
Summary of Recommendations - Senate, By Method of Finance**

Strategy/Fund Type/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
OTHER FUNDS	\$25,400,000	\$2,000,000	(\$23,400,000)	(92.1%)	Reflects elimination of transfer of federal Child Care Development funds from TWC to TEA to support Early Childhood Education to correspond to the GR reduction to this program (\$14.7 million). Those CCDF funds revert to TWC to be used for other quality early childhood education initiatives.
ACHIEVEMENT OF STUDENTS AT RISK A.2.2	\$3,485,925,260	\$3,928,736,754	\$442,811,494	12.7%	
GENERAL REVENUE FUNDS	\$0	\$0	\$0	0.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$3,485,925,260	\$3,928,736,754	\$442,811,494	12.7%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
STUDENTS WITH DISABILITIES A.2.3	\$2,095,134,758	\$2,077,171,422	(\$17,963,336)	(0.9%)	
GENERAL REVENUE FUNDS	\$112,797,740	\$112,797,740	\$0	0.0%	Recommendation includes baseline funding for Regional Day Schools for the Deaf (\$66.3 million), the FSP set aside for Early Childhood Intervention (\$33.0 million), Visually Impaired Services (\$11.3 million), and other programs serving students with special needs (\$2.2 million).
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$1,982,337,018	\$1,964,373,682	(\$17,963,336)	(0.9%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
SCHOOL IMPROVEMENT & SUPPORT PGMS A.2.4	\$378,129,766	\$284,508,754	(\$93,621,012)	(24.8%)	
GENERAL REVENUE FUNDS	\$134,036,631	\$43,819,300	(\$90,217,331)	(67.3%)	Recommendation reflects funding Incentive Aid for consolidating school districts (\$3 million) and reduced funding for Regional Education Service Centers (\$40.8 million, reduced by \$2 million compared to 2010-11). Funding for the following programs is eliminated: Communities in Schools (\$32.1 million), LifeSkills Teen Parenting (\$19.7 million), Optional Extended Year Program (\$14.1 million), School Bus Seat Belt grants (\$10.0 million), Investment Capital Fund (\$4.7 million), Center for Improvement of Districts and Schools and Campus Turnaround Team Support (\$5.5 million), and other programs (\$2.2 million).
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$244,093,135	\$240,689,454	(\$3,403,681)	(1.4%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	

**Texas Education Agency
Summary of Recommendations - Senate, By Method of Finance**

Strategy/Fund Type/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
ADULT EDUCATION & FAMILY LITERACY A.2.5	\$146,459,529	\$147,849,828	\$1,390,299	0.9%	
GENERAL REVENUE FUNDS	\$27,771,400	\$22,771,400	(\$5,000,000)	(18.0%)	Recommendation reflects \$5 million reduction to state funding for Adult Basic Education.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$118,688,129	\$125,078,428	\$6,390,299	5.4%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
GRANTS FOR EFFECTIVE PUBLIC ED A.3.1	\$0	\$400,000,000	\$400,000,000	100.0%	
GENERAL REVENUE FUNDS	\$0	\$400,000,000	\$400,000,000	100.0%	New strategy includes funds directed by new Rider 53, Grants for Effective Public Education, for the following purposes: improving high school completion and college readiness, improving pre-kindergarten and early childhood education, improving intervention strategies for struggling students, campuses, and districts, and improving educator effectiveness.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
Total, Goal A, PROVIDE ED SYS LDRSP GUID'CE RES'S	\$44,304,839,508	\$40,246,247,054	(\$4,058,592,454)	(9.2%)	
GENERAL REVENUE FUNDS	\$28,642,391,846	\$27,742,291,307	(\$900,100,539)	(3.1%)	
GR DEDICATED	\$418,569	\$418,569	\$0	0.0%	
FEDERAL FUNDS	\$9,245,829,093	\$6,423,837,178	(\$2,821,991,915)	(30.5%)	
OTHER FUNDS	\$6,416,200,000	\$6,079,700,000	(\$336,500,000)	(5.2%)	
ASSESSMENT & ACCOUNTABILITY SYSTEM B.1.1	\$188,947,629	\$175,690,793	(\$13,256,836)	(7.0%)	
GENERAL REVENUE FUNDS	\$110,714,945	\$98,407,613	(\$12,307,332)	(11.1%)	Recommendation includes \$98.4 million in state funds to support the state assessment program.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$78,232,684	\$77,283,180	(\$949,504)	(1.2%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
TECHNOLOGY/INSTRUCTIONAL MATERIALS B.2.1	\$1,195,551,282	\$340,942,710	(\$854,608,572)	(71.5%)	

**Texas Education Agency
Summary of Recommendations - Senate, By Method of Finance**

Strategy/Fund Type/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
GENERAL REVENUE FUNDS	\$739,330,666	\$308,131,436	(\$431,199,230)	(58.3%)	Recommendation includes \$308.1 million for instructional materials (continuing contracts only) for a decrease of \$133.1 million in funding for instructional materials compared to 2010-11 and reflects elimination of funding for the technology allotment, (\$270.9 million), the Virtual School Network (\$20.3 million), and the rural technology pilot (\$6.9 million).
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$456,220,616	\$32,811,274	(\$423,409,342)	(92.8%)	Majority of this decrease (\$418.9 million) reflects one-time ARRA funds used for instructional materials in 2010-11 (\$361.2 million) and additional Educational Technology funds received under ARRA (\$57.7 million).
OTHER FUNDS	\$0	\$0	\$0	0.0%	
HEALTH AND SAFETY B.2.2	\$94,362,082	\$30,004,189	(\$64,357,893)	(68.2%)	
GENERAL REVENUE FUNDS	\$70,323,757	\$30,004,189	(\$40,319,568)	(57.3%)	Recommendation includes \$17.2 million for Juvenile Justice Alternative Education Programs (reduction of \$5.8 million compared to 2010-11), \$11.1 million for educational services at the Texas Youth Commission (reduction of \$1.2 million compared to 2010-11), and \$1.8 million for steroid testing. Recommendation reflects elimination of funding for Middle School PE grants (\$20 million), Disciplinary Alternative Education Programs (\$9.5 million), and capital budget project: information security initiative (\$3.8 million).
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$18,038,325	\$0	(\$18,038,325)	(100.0%)	Reflects elimination of federal Safe and Drug Free schools funds.
OTHER FUNDS	\$6,000,000	\$0	(\$6,000,000)	(100.0%)	Reflects elimination of transfer of tobacco settlement receipts for smoking prevention programs.
CHILD NUTRITION PROGRAMS B.2.3	\$2,959,793,220	\$3,441,171,971	\$481,378,751	16.3%	
GENERAL REVENUE FUNDS	\$29,278,000	\$29,236,682	(\$41,318)	(0.1%)	Reflects projected reduction in state match for federal Child Nutrition grant funds.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$2,930,515,220	\$3,411,935,289	\$481,420,069	16.4%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
WINDHAM SCHOOL DISTRICT B.2.4	\$128,116,895	\$117,537,200	(\$10,579,695)	(8.3%)	

**Texas Education Agency
Summary of Recommendations - Senate, By Method of Finance**

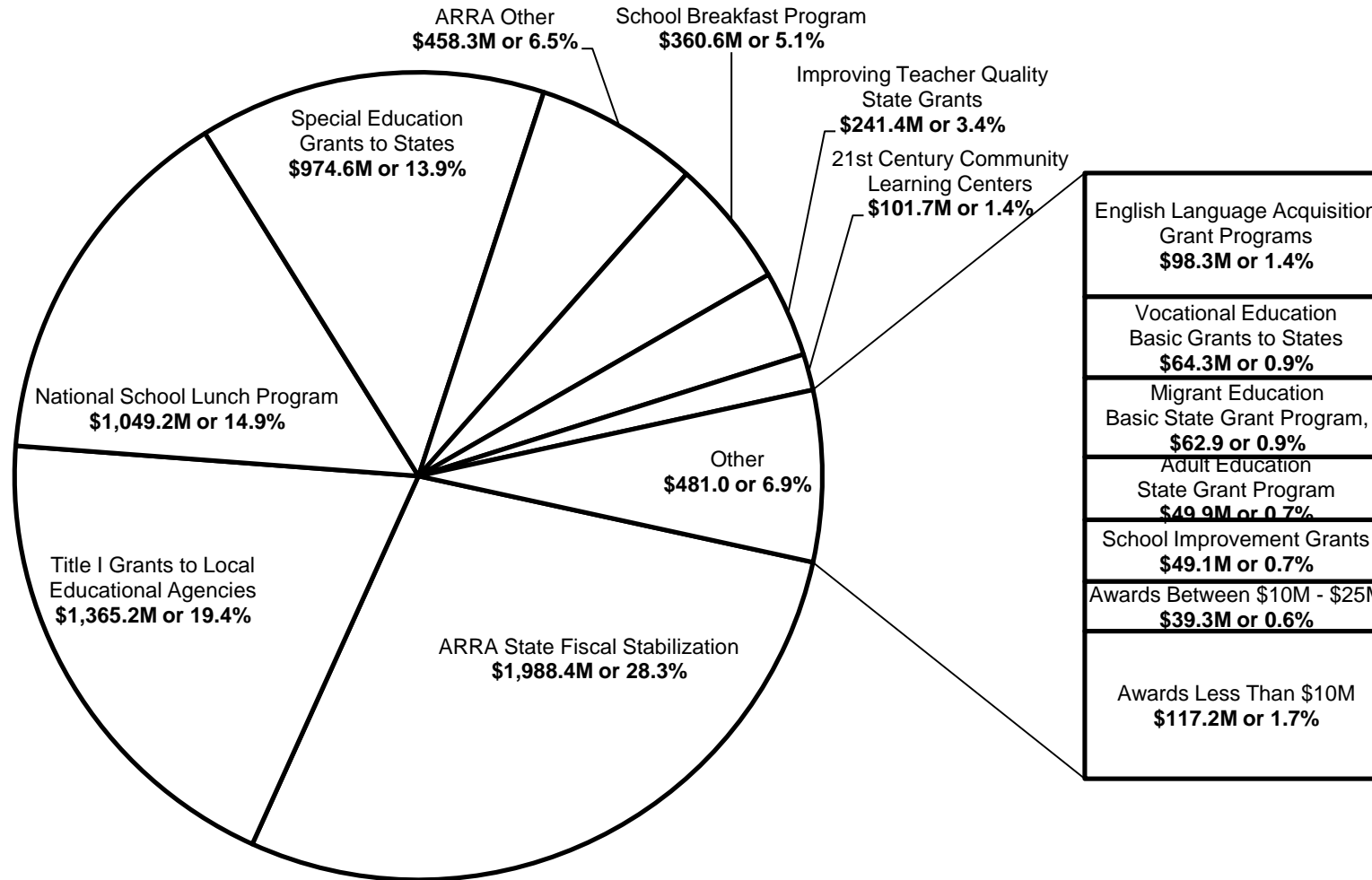
Strategy/Fund Type/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
GENERAL REVENUE FUNDS	\$128,116,895	\$117,537,200	(\$10,579,695)	(8.3%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
IMPROVING EDUCATOR QUALITY/LDRSP B.3.1	\$886,036,964	\$479,259,693	(\$406,777,271)	(45.9%)	
GENERAL REVENUE FUNDS	\$406,936,291	\$400,000	(\$406,536,291)	(99.9%)	Recommendation includes funding for the FSP set aside for MathCounts academic competitions (\$0.4 million) and reflects elimination of funding for District Awards for Teacher Excellence (\$385.1 million), Mentoring (\$10.0 million), Teach for America (\$8.0 million), School Leadership Pilot (\$1.9 million), and Humanities Texas (\$1.5 million).
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$479,100,673	\$478,859,693	(\$240,980)	(0.1%)	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
AGENCY OPERATIONS B.3.2	\$127,983,210	\$110,407,240	(\$17,575,970)	(13.7%)	
GENERAL REVENUE FUNDS	\$61,024,673	\$41,404,420	(\$19,620,253)	(32.2%)	Recommendation for all agency administration strategies B.3.2 through B.3.6 includes \$257.9 million in All Funds, \$138.3 million in General Revenue, which reflects a reduction of the agency's General Revenue administrative budget by \$44.8 million or 24.5 percent compared to 2010-11. An increase of \$5.3 million or 5.9 percent in federal funds for administration offsets the General Revenue reduction for an All Funds decrease of \$39.5 million or 13.3 percent.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$48,968,446	\$51,012,730	\$2,044,284	4.2%	
OTHER FUNDS	\$17,990,091	\$17,990,090	(\$1)	(0.0%)	
STATE BOARD FOR EDUCATOR CERT B.3.3	\$20,121,072	\$11,185,452	(\$8,935,620)	(44.4%)	
GENERAL REVENUE FUNDS	\$20,121,072	\$11,185,452	(\$8,935,620)	(44.4%)	
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	\$28,569,491	\$26,581,349	(\$1,988,142)	(7.0%)	
GENERAL REVENUE FUNDS	\$17,089,809	\$15,380,356	(\$1,709,453)	(10.0%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$9,938,311	\$9,659,622	(\$278,689)	(2.8%)	
OTHER FUNDS	\$1,541,371	\$1,541,371	\$0	0.0%	
INFORMATION SYSTEMS - TECHNOLOGY B.3.5	\$76,822,007	\$69,623,970	(\$7,198,037)	(9.4%)	

**Texas Education Agency
Summary of Recommendations - Senate, By Method of Finance**

Strategy/Fund Type/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
GENERAL REVENUE FUNDS	\$40,960,657	\$30,190,393	(\$10,770,264)	(26.3%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$31,648,578	\$35,220,804	\$3,572,226	11.3%	
OTHER FUNDS	\$4,212,772	\$4,212,773	\$1	0.0%	
CERTIFICATION EXAM ADMINISTRATION B.3.6	\$40,150,000	\$40,150,000	\$0	0.0%	
GENERAL REVENUE FUNDS	\$40,150,000	\$40,150,000	\$0	0.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
Total, Goal B, PROVIDE SYSTEM OVERSIGHT & SUPPORT	\$5,746,453,852	\$4,842,554,567	(\$903,899,285)	(15.7%)	
GENERAL REVENUE FUNDS	\$1,664,046,765	\$722,027,741	(\$942,019,024)	(56.6%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$4,052,662,853	\$4,096,782,592	\$44,119,739	1.1%	
OTHER FUNDS	\$29,744,234	\$23,744,234	(\$6,000,000)	(20.2%)	
Grand Total, All Agency	\$50,051,293,360	\$45,088,801,621	(\$4,962,491,739)	(9.9%)	
GENERAL REVENUE FUNDS	\$30,306,438,611	\$28,464,319,048	(\$1,842,119,563)	(6.1%)	
GR DEDICATED	\$418,569	\$418,569	\$0	0.0%	
FEDERAL FUNDS	\$13,298,491,946	\$10,520,619,770	(\$2,777,872,176)	(20.9%)	
OTHER FUNDS	\$6,445,944,234	\$6,103,444,234	(\$342,500,000)	(5.3%)	

Section 3

Texas Education Agency
Summary of Federal Funds (Estimated 2010)
TOTAL = \$7,020.4M



CFDA	Exp 2009	Est 2010	Bud 2011	Req 2012	Req 2013	Rec 2012	Rec 2013	Est 2010 % total
Advanced Placement Program	\$1.4	\$1.7	\$1.7	\$1.7	\$1.7	\$1.7	\$1.7	0.0%
IDEA Preschool - Stimulus	\$22.7	\$1.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Learn & Serve America-School & Community Based Programs	\$1.5	\$1.5	\$1.9	\$1.9	\$1.9	\$1.9	\$1.9	0.0%
Safety Belt Performance Grants	\$0.1	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	0.0%
Statewide Data Systems	\$0.0	\$0.3	\$5.5	\$1.0	\$0.6	\$1.0	\$0.6	0.0%
Troops to Teachers	\$0.2	\$0.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
School Health: Prevention of HIV & Important Health Problems	\$0.3	\$0.2	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	0.0%
Special Education Grants for Infants & Families w/Disabilities	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	0.0%
Migrant Education_Coordination Program	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	0.0%
National Center for Education Statistics	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Reading First	\$41.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Dropout Prevention Program	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Statewide Longitudinal Data Systems Grant Program-Stimulus	\$0.0	\$0.0	\$6.6	\$6.5	\$4.3	\$6.5	\$4.3	0.0%
Homeless Youth - Stimulus	\$5.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Spouse of Troops to Teachers	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Education Jobs Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$830.8	\$0.0	0.0%
Planning and Program Development Grants	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
TOTAL:	\$6,226.4	\$7,020.4	\$6,278.1	\$4,778.7	\$4,916.1	\$5,607.0	\$4,913.6	

Section 3a

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

Foundation School Program (FSP)

Recommendation for General Revenue in support of the FSP is estimated to be \$9.3 billion below the amount required to fund the school finance formulas contained the Texas Education Code under the assumptions described below.

FSP funding that is short of estimated current law obligations is contained in school finance tiers affecting district operations. Recommendations fully fund state obligations for the facilities programs of the Existing Debt Allotment (EDA), including statutory roll-forward of debt eligibility, and the Instructional Facilities Allotment (IFA).

1. Foundation School Program Assumptions and Yields

District Property Values	CPA Projections					
<i>Budget Year Affected</i>	FY08	FY09	FY10	FY11	FY12	FY13
Value Change	TY07: +10.83%	TY08: +10.58%	TY09: +1.19%	TY10: -1.97%	TY11: -3.47%	TY12: +0.69%

- Comptroller projects slightly negative to flat residential values and ongoing weakness in commercial and industrial properties.
- Under current law, loss of local revenue due to DPV decline results in increased state aid to meet entitlement.
- 25-year average DPV growth is 3.96%.
- With statewide compressed tier M&O collections at ~\$16 billion, every 1% decline in value results in ~\$160 million less in local revenue and more in state aid in that year and each year after.

Student Growth	TEA Projections			
	FY10	FY11	FY12	FY13
ADA Increase – Percent Increase	77,857 ADA, 1.77%	75,072 ADA, 1.68%	77,325 ADA, 1.70%	78,630 ADA, 1.70%

- TEA projects strong growth in compensatory education (2.81%), bilingual education (4.32%), and declines in all special education settings (-1.50% overall).
- 10-year average ADA growth is 1.82%.
- A 77,000 – 79,000 annual ADA increase translates into a roughly 100,000 weighted ADA (WADA) increase. With a statewide average compressed tier revenue per WADA of approximately \$5,400, this translates into an additional ~\$540 million state cost increase each year.
- 2009-10 enrollment growth (2.07%) was stronger than ADA growth. If ADA in the 2009-10 school year was suppressed due to illness outbreaks or other non-recurring factors, ADA projections may be revised upward in the March 2011 update.

Tax Effort

Assumption: District tax effort is likely to be significantly affected by the magnitude of entitlement reductions. As a starting point, based on Fall 2010 election results, it is assumed that approximately 50-60 districts will successfully pass tax ratification elections, drawing roughly \$30 million in additional state aid in FY2012, and \$60 million in FY2013.

Yields -- Basic Allotment: \$4,765; Equalized Wealth Level: \$476,500; Austin ISD Yield: \$59.97 per penny per WADA.

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2. 2012-13 Current Law GR Cost Compared to 2010-11 Appropriations and 2010-11 Adjusted Base

2010-11 FSP GR Appropriations **\$25,343**

**Change from 2010-11
Appropriations (in millions)**

2010-11 GR BASE ADJUSTMENTS FROM 2010-11 APPROPRIATED

Higher Costs

- 1) **FY09 settle-up in FY10.** FY09 overpayments to districts (recovered in FY10 and used to lower FY10 appropriations) were lower than budgeted for, requiring additional state aid. \$225
- 2) **DPV change, charter school and compensatory education enrollment, and prior year adjustments.** TY09 DPV, budgeted for 2.98% growth, was actually 1.2%. Charter school and comp ed enrollment higher than anticipated. TEA also made additional prior year adjustments for DPV and collections updates/corrections. \$697

MOF Shift

- 3) **10-11 PTRF Shortfall.** Franchise tax receipts short of GAA estimate by ~\$700 million a year (26%). \$1,350

TOTAL, 2010-11 GR BASE ADJUSTMENTS **\$2,272**

PSF-ASF Distribution	\$1,140m
ASF ARRA Textbooks	\$362m
Lottery Revenue	\$114m
Fund 193 Increase	\$656m
10-11 GR Base Adj	\$2,272m

2010-11 FSP GR BASE (ADJUSTED) **\$27,615**

2012-13 GR FSP COSTS OVER 2010-11 BIENNIAL BASE (ADJUSTED)

Higher Costs

- 1) **Enrollment growth.** 77,000 to 78,000 new ADA each year of the 2012-13 biennium. \$2,200
- 2) **DPV change.** DPV declines in TY10 & TY11 entail state aid increase to meet entitlement in both operations and facilities. \$1,940
- 3) **Settle-up.** 10-11 base relied on \$825m in overpayments to districts to lower GR costs; 12-13 appropriations need to fill that hole. Also, lower than anticipated DPV changes are creating an ~\$550m underpayment to districts in FY11, to be settled-up for in FY12. \$1,375
- 4) **Enrichment.** DPV declines driving state costs; assumes \$30m in equalizing state aid in each year of 12-13 biennium. \$242

MOF Shifts

- 5) **GR replacement of ARRA.** Replace federal stimulus funds used to fund the FSP. \$3,250
- 6) **12-13 PTRF increase over base.** Projections see slight increase in PTRF revenue over 10-11 base. (\$150)

TOTAL 2012-2013 GR COSTS OVER 2010-11 BASE **\$8,857**

2012-13 FSP Current Law GR Costs **\$36,472**

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2012-13 FSP Current Law GR Costs	\$36,472
Property Tax Relief Fund	\$4,348
Appropriated Receipts (Recapture)	\$1,730
All Funds Total, 2012-13 FSP Current Law	\$42,550
Recommended 2012-13 FSP GR	\$27,162
Difference, Recommendation Compared to 2010-11 Base	(\$453)
Difference, Recommendation Compared to 2012-13 FSP Current Law	(\$9,310)
As a percentage of 12-13 Current Law M&O Revenue (State and Local)	13.0%

FSP Reduction Recommendation

1. Elimination of appropriations-contingent FSP allocations for New Instructional Facilities Allotment (\$55 million) and ADA Decline (\$22 million)
2. Remaining reduction would require statutory change to change district entitlement, as stated in Rider 50 (page III-21). The bill does not specify the mechanism or mechanisms by which the reduction would be enacted.
3. No type of payment/cost deferral or proration is assumed.

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3. Non-FSP Programs and Agency Administration, General Revenue, Summary of Increases / (Decreases) in millions

Program	2010-11 Base	2012-13 SB 1 Recommendation	Increase/ (Decrease) Compared to Base	Increase/ (Decrease) as % of Base
NEW Rider 53. Grants for Effective Public Education ¹	\$0.0	\$400.0	\$400.0	NA
Instructional Materials ²	\$441.2	\$308.1	(\$133.1)	(30.2%)
Administration	\$183.1	\$138.3	(\$44.8)	(24.5%)
Windham School District (TDCJ)	\$128.1	\$117.5	(\$10.6)	(8.3%)
State Funds for Assessment	\$110.7	\$98.4	(\$12.3)	(11.1%)
Non-FSP Programs for Students with Special Needs ³	\$79.8	\$79.8	\$0.0	0.0%
Regional Education Service Centers, Formula Funding	\$42.8	\$40.8	(\$2.0)	(4.7%)
Miscellaneous ⁴	\$50.2	\$34.5	(\$15.7)	(31.4%)
FSP Set Asides ⁵	\$34.3	\$34.3	\$0.0	0.0%
Adult Basic Education	\$27.8	\$22.8	(\$5.0)	(18.0%)
Juvenile Justice Alternative Education	\$23.0	\$17.2	(\$5.8)	(25.3%)
Texas Youth Commission	\$12.3	\$11.1	(\$1.2)	(9.7%)
District Awards for Teacher Excellence (DATE)	\$385.1	\$0.0	(\$385.1)	(100.0%)
Student Success Initiative	\$293.2	\$0.0	(\$293.2)	(100.0%)
Technology Allotment	\$270.9	\$0.0	(\$270.9)	(100.0%)
Pre-Kindergarten and Texas School Ready! ⁶	\$223.3	\$0.0	(\$223.3)	(100.0%)
HS Completion and Success Initiative	\$86.0	\$0.0	(\$86.0)	(100.0%)
Early High School Graduation Scholarships/ Educational Aide Tuition Grants /TANF Tuition Grants	\$43.2	\$0.0	(\$43.2)	(100.0%)
Science Lab Grants	\$35.0	\$0.0	(\$35.0)	(100.0%)
Communities in Schools	\$32.1	\$0.0	(\$32.1)	(100.0%)
TX Advanced Placement	\$28.4	\$0.0	(\$28.4)	(100.0%)

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Virtual School Network	\$20.3	\$0.0	(\$20.3)	(100.0%)
Middle School PE	\$20.0	\$0.0	(\$20.0)	(100.0%)
Lifeskills Teen Parenting	\$19.7	\$0.0	(\$19.7)	(100.0%)
LEP Student Success	\$19.4	\$0.0	(\$19.4)	(100.0%)
Texas Reading/Math/Science Initiative	\$16.1	\$0.0	(\$16.1)	(100.0%)
Optional Extended Year Program	\$14.1	\$0.0	(\$14.1)	(100.0%)
Pass-through Grants to Non-Governmental Organizations ⁷	\$11.2	\$0.0	(\$11.2)	(100.0%)
School Bus Seat Belt Program	\$10.0	\$0.0	(\$10.0)	(100.0%)
Mentor Program	\$10.0	\$0.0	(\$10.0)	(100.0%)
Disciplinary Alternative Education Programs	\$9.5	\$0.0	(\$9.5)	(100.0%)
Gifts, Grants, Royalties, and one-time expenditures ⁸	\$5.6	\$0.0	(\$5.6)	(100.0%)
Campus Technical Assistance and Center for Improvement of Districts & Schools	\$5.5	\$0.0	(\$5.5)	(100.0%)
Grand Total, Non-FSP Programs, General Revenue	\$2,691.8	\$1,302.7	(\$1,389.1)	(51.6%)

Amounts below reference the 2010-11 base unless otherwise noted.

¹ Rider 53 directs funding to four policy areas and requires the Commissioner of Education to submit an allocation plan to the LBB and the Governor's office for approval prior to expenditure. See Selected Fiscal and Policy Issue #6 for more information.

² Note that in the 2010-11 base, \$361.2 in federal ARRA funding was used to fund instructional materials for an All Funds base total of \$802.0 million.

³ Programs under the heading "Non-FSP Programs for Students with Special Needs" include funding for Regional Day Schools for the Deaf (\$66.3 million), Visually Impaired Services at RESCs (\$11.3 million), Non-Educational Community Based Support (\$2.0 million), and Dyslexia Coordinators (\$0.3 million).

⁴ Programs under the heading "Miscellaneous" include funding for the state match for the Child Nutrition Program (\$29.2 million), Rural Technology Pilot (eliminated- \$6.9 million), the Investment Capital Fund (eliminated- \$4.7 million), School Leadership Pilot Program (eliminated- \$1.9 million), Industry Certification Subsidies (eliminated- \$1.9 million), Incentive Aid for consolidating districts (\$3 million), Steroid Testing (\$1.8 million), and other items (\$0.8 million).

⁵ FSP set asides include funding for the Council on Early Childhood Intervention (\$33.0 million), Gifted and Talented Grants (\$0.9 million), and funding for academic competition (\$0.4 million). House Bill 3646, Eighty-first Legislature, Regular Session, 2009 enacted statutory revisions eliminating the set aside funding mechanism for several programs.

⁶ As a result of the elimination of General Revenue for the Texas School Ready! program, \$23.4 million in federal CCDF funds transferred from TWC to TEA to support the program will remain at TWC to support other quality early childhood education activities.

⁷ Funding under the heading "Pass-through Grants to Non-Governmental Organizations" was allocated in 2010-11 to the following organizations: Teach for America (\$8.0 million), Humanities Texas (\$1.5 million), AVANCE (\$0.9 million), Best Buddies (\$0.4 million), Family, Career, and Community Leaders of America (\$0.2 million), and One Community One Child (\$0.2 million).

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⁸ Items under the heading "Gifts, Grants, Royalties, and One-Time Expenditures" include \$4.3 million in gifts, grants, and royalties received by the agency, the majority of which were funds from private foundations associated with the Texas High School Project, and three allocations the agency made from the FSP under its discretionary transfer authority provided in Rider 30 (2010-11 General Appropriations Act) to provide technical assistance to the TEKS revision process (\$0.5 million) and Charter schools (\$0.5 million) and an allocation to assist school districts with issues related to Base Realignment and Closure (\$0.3 million). Note that provisions in Article IX automatically appropriate any gifts, grants, or royalties received to agencies upon receipt.

4. Summary of Regular Federal Funds, 2012-13, and American Recovery and Reinvestment Act, 2009, Expenditures by Fiscal Year

Regular Federal Funds, Summary of Increases/ (Decreases)

Program	2012-13 Increase/ (Decrease)	Percent Change Compared to 2010-11 Base
Contingency (Rider 54): Federal Education Jobs Fund	\$830.8	NA
School Lunch and School Breakfast	\$481.4	16.4%
Title I	\$6.7	0.2%
Individuals with Disabilities Education Act (IDEA)	\$40.3	2.1%
English Language Acquisition and Migrant Education	(\$57.5)	(45.1%)
Adult Education State Grant	\$6.4	6.4%
TANF (Amachi)	(\$5.0)	(100.0%)
Other	(\$12.8)	(57.3%)
Total	\$1,290.2	15.3%

The recommendation includes a contingency appropriation for \$830.2 million in federal funding from the Education Jobs Fund. This funding is contingent on amendments to federal law relating to additional requirements specific to the State of Texas in qualifying for these funds and subsequent action by the U.S. Department of Education that result in their allocation. The requirements in question are found in Public Law No. 111-226, Education Jobs Fund, Section 101 and essentially require that the Governor provide assurance to the Secretary of Education that state funding for public education in state fiscal years 2012 and 2013 not be proportionally less, as a function of total state expenditures, than that of state fiscal year 2011 and that the funding received be distributed to school districts based on the formulas directing the allocation of federal Title I funds. For all other states, the federal law directs that funding may be distributed based on the primary school finance funding formulas or on a Title I basis.

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TEA- America Recovery and Reinvestment Act, 2009, Non-FSP Expenditures

Program	FY2009	2010-11 Biennium	2012-13 Biennium	Total
State Fiscal Stabilization Fund (Instructional Materials)	\$ 0	\$ 363.7	\$ 0	\$ 363.7
Title I- Formula and School Improvement Grants	\$ 894.2	\$ 340.1	\$ 0	\$ 1,234.3
IDEA- Formula and Preschool	\$ 909.7	\$ 59.9	\$ 0	\$ 969.6
Educational Technology/ Homeless Youth	\$ 5.5	\$ 58.6	\$ 0	\$ 64.1
Statewide Longitudinal Data Systems*	\$ 0	\$ 6.8	\$ 11.2	\$ 18.0
	\$ 1,809.5	\$ 829.1	\$ 11.2	\$ 2,649.7

*TEA was awarded an \$18.0 million competitive grant under the federal ARRA legislation to support a statewide longitudinal data system (Texas Student Data System). Funds will be expended under the grant in FYs 2011 through 2013. See Selected Fiscal and Policy Item #9.

TEA Awarded as of December 31, 2010	\$ 2,558.2
Funds Drawn Down by Districts as of December 31, 2010	\$ 1,548.5
Non-FSP ARRA Awarded and not Drawn Down by Districts	\$ 1,009.7

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5. Instructional Materials Funding History, Request, and Recommendation

2010-11 Biennium		
Proclamation 2010 and Continuing Contracts		
Methods of Financing		
State Textbook Fund (GR)		\$441.3
ARRA		\$361.5
Total		\$802.8
TEA Request 2012-13 Biennium		
Proclamation 2011	English, Language Arts, Reading, Part 2	\$460.7
Supplemental Science Materials		\$60.0
Continuing Contracts		\$393.1
Total, 2012-13 Funding Request		\$913.8
Senate Bill 1, Introduced, 2012-13		
Continuing Contracts		\$393.1
Assumes use of estimated \$85 million State Textbook Fund balance in FY2011 to purchase 2012-13 Continuing Contracts materials		(\$85.0)
Total Appropriation, SB 1, Introduced		\$308.1
TEA Request less SB 1, Introduced		(\$605.7)

Overview of the Recommendation and Request

The recommendation includes \$308.1 million in General Revenue for Continuing Contracts and assumes that TEA will spend an estimated \$85 million fund balance in the State Textbook Fund (Fund 3) in FY2011 to fund a portion of the 2012-13 Continuing Contracts costs. TEA typically maintains a balance in Fund 3 in order to mitigate potential prompt pay and cash flow issues resulting from the timing of textbook orders in the spring of the prior fiscal year and the availability of appropriation for those materials in the following September. That balance has grown as a result of lower than anticipated costs in FY2009. State Textbook Fund monies do not lapse to General Revenue (they remain in Fund 3 indefinitely), and the Recommendation contemplates directing the agency, through the supplemental appropriations bill, to spend down the entire balance.

TEA’s total funding request for 2012-13 includes \$393 million for continuing contracts, \$460.7 million for Proclamation 2011, which includes the second half of the English Language Arts and Reading (ELAR) materials (first half is in Proclamation 2010, funded in the current biennium), and \$60 million for supplemental science materials—for a total of \$913.8 million and a difference of \$605.7 million compared to the funding included in the recommendation.

In May 2010, the State Board of Education (SBOE) indefinitely postponed Proclamation 2012, originally scheduled to enter classrooms in FY2013, which would have added \$347 million for Science materials to the 2012-13 request for funding. Texas students will be held accountable for the revised Science Texas Essential Skills and Knowledge (TEKS) in state assessments beginning with the 2011-12 school year.

The new TEKS are significantly more rigorous, and the new assessment program, which shifts high school students to the End of Course regime, is also more rigorous. Because of concern regarding the potential long-term delay in delivering TEKS-aligned Science materials to districts and in light of the assessments requirements, the SBOE issued a limited call for supplemental science materials in digital format only. The call was issued without a maximum cost and without a budget and indicates that bids for materials should contemplate addressing the changes to the TEKS only, aiming to coordinate with existing materials to provide full coverage.

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6. Rider 53, Grants for Effective Public Education

The Senate Recommendation includes \$400 million in General Revenue designated by Rider 53, Grants for Effective Public Education (III-22) for four purposes:

- Improving High School Completion and College Readiness,
- Improving Pre-Kindergarten and Early Childhood Education,
- Improving Intervention Strategies for Struggling Students, Campuses, and Districts, and
- Improving Educator Effectiveness.

The rider specifies that half the funding must be allocated to the fourth purpose—Improving Educator Effectiveness. The rider requires that the Commissioner of Education develop and submit a plan for allocating funding among these purposes by August 15, 2011 to the Legislative Budget Board and the Governor’s Office for approval and stipulates that no funds may be expended without approval of the plan. The rider also requires quarterly reporting on expenditures under the allocation plan.

7. Student Success Initiative

The Recommendation includes no funding specifically designated for the Student Success Initiative (SSI); however, the general purpose of the program would fall under the allowable purposes for the funding allocated under Rider 53, Grants for Effective Public Education.

The SSI was created by the 76th Legislature, Regular Session, 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 SSI funding was intended to provide assistance to school districts in the provision of accelerated instruction. Each biennium, statute requires that the Commissioner of Education certify that SSI appropriations are adequate in order for the prohibition against social promotion for students in grades 5 and 8 to apply.

8. State Assessment Program and Accountability System

Beginning in school year 2011-12, the state will transition from the current Texas Assessment of Knowledge and Skills (TAKS) to the State of Texas Assessments of Academic Readiness (STAAR). The new assessment system complies with the provisions of Senate Bill 1031, Eightieth Legislature, Regular Session, 2007, which authorized creation of an End of Course (EOC) examination system to replace the TAKS exit examination for high school students and House Bill 3, Eighty-first Legislature, Regular Session, 2009 (HB 3, 81R), which amended standards for assessments and requires additional indicators for college readiness in the state assessment program. The Class of 2015 (current 8th graders) is the first class required to meet passing standards on EOC exams as a condition for graduation. Those passing standards have not yet been set, but students will be required to meet the passing standard on a subset of EOC exams and to achieve a cumulative score on all EOC exams taken. In addition to the passing standard for each exam, the state will set a lower minimum score required for an exam to be counted in the calculation of the cumulative score. TEA is in the process of implementing the transition plan for the move to the STAAR program, with assessments being given in Spring 2012 and standards being set in the previous winter for EOCs and the following fall for grades 3 through 8.

Because passing standards have not been set, several performance measures included in the budget and related to the assessment program contain “NA” in place of projected data for FYs 2012 and 2013 (e.g. the percent of students passing all tests taken and the associated measures broken down by student subgroup). Rider 51, Performance Reporting on State Assessments for the 2012-13 Biennium (III-21), directs the agency to submit performance targets for the affected measures to the LBB as soon as practicable following the setting of passing standards and not later than November 15, 2012.

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The Recommendation includes \$98.4 million in General Revenue for the assessment program, a reduction of \$12.3 million compared to 2010-11. The reduction is due in part to elimination of funding associated with the implementation of the provisions of House Bill 3, 81st Legislature, Regular Session (\$8.6 million). The remaining \$3.7 million reduction is a continuation of the agency’s 2010-11 reduction to the program through the 5 percent reduction exercise.

HB 3, 81R also made numerous changes to the state accountability system by which school district performance is rated. Per the provisions of that legislation, school districts and charter schools will not be assigned ratings for the 2011-12 school year to allow for the transition to the new system. Performance measures in the budget related to accountability ratings therefore contain “NA” in place of projections for FY2012.

9. Texas Education Agency Administrative Budget (in millions)

2010-11 Budgeted		2012-13 Recommended		
General Revenue	\$183.1	\$138.3		
General Revenue-Dedicated	\$0.0	\$0.0		
Federal Funds	\$90.6	\$95.9		
Other Funds	\$23.7	\$23.7		
All Funds	\$297.4	\$257.9		
	2010 Actual	2011 Budgeted	2012 Recommended	2013 Recommended
FTEs	1,073.3	1,061.2	901.9	901.9

The recommendation includes \$257.9 million in All Funds, \$138.3 million in General Revenue to support the administration of the Texas Education Agency, with a cap on full-time equivalent (FTE) positions of 901.9. The recommendation reduces the agency’s General Revenue administrative budget by \$44.8 million or 24.5 percent compared to 2010-11. An increase of \$5.3 million or 5.9 percent in federal funds for administration offsets the General Revenue reduction for an All Funds decrease of \$39.5 million or 13.3 percent. Identified areas of reduction include funding and FTEs associated with the criminal history background check process for educators required by Senate Bill 9, Eightieth Legislature, Regular Session, 2007 as that process is complete and reductions in administrative and information technology support to various other programs.

The recommendation includes a reduction of 159.3 FTEs compared to the FY2011 budgeted cap. The agency has exceeded its FTE cap beginning in FY2009, in part due to the addition of 100% federally funded FTEs during the interim, which are exempt from the FTE cap per provisions in Article IX of the General Appropriations Act. TEA added a total of 16.0 exempt federally funded FTEs in FY2010 and has provided notification of 31.0 exemptions for FY2011—most of which are associated with the federal American Recovery and Reinvestment Act of 2009. However, these exemptions do not fully account for the FTEs in excess of the agency’s cap. See Section 3b for additional information.

Section 3a

10. Capital Budget and Texas Student Data System

The recommendation includes \$13.4 million in General Revenue and \$31.3 million in All Funds for capital budget projects, compared to \$23.4 million in General Revenue and \$39.4 million in All Funds in 2010-11. Several projects were completed in the 2010-11 biennium, accounting for most of the change. Completed projects include the Foundation School Program Consolidated Rewrite, the Consolidated Entitlements Management System, the State Board for Educator Certification Rewrite, and Agency Security and Confidentiality Initiative. The 2012-13 Capital Budget recommendation continues the agency’s ongoing hardware and software infrastructure management contract, the ongoing PEIMS Redesign project (currently in phase 3), and ongoing Data Center Consolidation costs.

In addition, the recommendation includes \$8.2 million in Federal Funds in 2012-13 to continue the Texas Student Data Systems (TSDS) project, which began in FY2011 with the award of a competitive grant for longitudinal data systems through the federal American Recovery and Reinvestment Act, 2009. The grant award totals \$18 million over three years. Together with private funding through the Michael and Susan Dell Foundation and in coordination with the ongoing PEIMS Redesign project, the project aims to streamline data collection, improve data quality, and expand the P-20 data warehouse. Funding from all sources totals \$44 million over the period from FY2010 to FY2014.

11. Statutory Changes Required to Implement LBB Recommendations

Program	Recommendation	Statutes Affected
Foundation School Program	Recommendation assumes statutory change to adjust entitlement to fit within appropriation.	Texas Education Code, Chapters 41 and 42
Early High School Graduation Scholarships	Eliminate Program (See Selected Fiscal and Policy Issue #10)	Texas Education Code, Chapter 56, Subchapter K
Educational Aide Tuition Exemption	Eliminate Program (See Selected Fiscal and Policy Issue #10)	Texas Education Code, §§ 54.213, 54.214
TANF Recipient Tuition Exemption	Eliminate Program (See Selected Fiscal and Policy Issue #10)	Texas Education Code, §§ 54.212, 54.213

The recommendation does not include funding for the Early High School Graduation Scholarship program, the Educational Aide tuition exemption program, and the TANF recipient tuition exemption programs. Historically, all three programs have been administered by the Higher Education Coordinating Board; but the appropriations to support them are transferred from TEA. In the 2010-11 biennium, a total of \$43.2 million in General Revenue is provided for the programs (\$28.6 million for the Educational Aide program, \$14.4 million for Early High School Graduation, and \$0.2 million for TANF tuition exemptions). If direct appropriations are insufficient to cover the cost of the programs, Texas Education Code § 56.207 requires the Commissioner of Education to transfer funds from the Foundation School Program to the THECB to fund them. As a result, in order to realize the reduction for these programs in 2012-13, statutory change is required.

Section 3b

**Texas Education Agency
FTE Highlights**

Full-Time-Equivalent Positions	Expended 2009	Actual 2010	Budgeted 2011	Recommended 2012	Recommended 2013
Cap	999.3	1,038.8	1,038.8	901.9	901.9
Actual/Budgeted	1,045.1	1,073.3	1,061.2	NA	NA
<p>In FY2009, TEA added 13.2 federally funded FTEs exempt from the cap. Actual FTEs in excess of the cap is 32.6. In FY2010, TEA added 9.6 federally funded FTEs exempt from the cap. Actual FTEs in excess of the cap is 24.9. For FY2011, TEA has provided notification of 31.0 federally funded FTEs exempt from the cap, resulting in a budgeted FTE number that is within the cap.</p>					
Schedule of Exempt Positions (Cap)					
Commissioner of Education	\$180,000	\$186,300	\$186,300	\$186,300	\$186,300

Section 4

**Texas Education Agency (TEA)
Performance Review and Policy Report Highlights**

Reports & Recommendations	GEER Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Is included in the Introduced Bill	Action Required During Session
No recommendations.						

Section 5

Texas Education Agency Rider Highlights

Rider numbers in this section refer to 2012-13 rider numbers.

4. **Foundation School Program Set-Asides.** Rider modified to reflect provisions of House Bill 3646, 81st Legislature, Regular Session which removed set-aside provisions for the following programs: State Assessment Program, Communities in Schools, Investment Capital Fund, Juvenile Justice Alternative Education Programs, Life Skills Teen Parenting, Optional Extended Year Programs, LEP Student Success Initiative. Riders related specifically to those programs reflect the change in funding mechanism as well and are not listed individually here.
8. **Textbooks and Instructional Materials.** Rider modified to combine provisions from Rider 55. Textbook Purchases and Rider 83. Midcycle Review and Adoption, and to reflect the recommendation for 2012-13 for instructional materials. See Selected Fiscal and Policy Issue #5.
14. **Reporting on Program Transfers to and Contracts with Regional Education Service Centers.** Deleted language related to additional disclosures required in the contracting process. This section conflicts with the contracting requirements in the Texas Government Code.
15. **Regional Day Schools for the Deaf.** Added Unexpended Balances authority.
30. **FSP Funding for the Texas Youth Commission.** Rider modified to reflect accurately the methodology used to calculate TYC FSP entitlement.
- NEW 50. **Foundation School Program Reduction.** Rider indicates that appropriations made to support the Foundation School Program assume enactment of legislation to reduce school district entitlements such that the appropriation represents full entitlement.
- NEW 51. **Performance Reporting on State Assessments for the 2012-13 Biennium.** Establishes a timeline and process for determining performance targets for measures related to the state assessment system in light of the transition to the new assessment system. See Selected Fiscal and Policy Issue #8.
52. **Steroid Testing.** Added language directing UIL to provide a report and implement recommendations regarding cost-efficient methods of detecting steroid use.
- NEW 53. **Grants for Effective Public Education.** Establishes four policy areas to which \$400 million in General Revenue will be allocated, including: improving high school completion and college readiness, improving pre-kindergarten and early childhood education, improving intervention strategies for struggling students, campuses, and districts, and improving educator effectiveness. Establishes procedures under which the Commissioner will submit an allocation plan for approval by the LBB and the Governor's Office and a timeline for expenditure reporting. See Selected Fiscal and Policy Issue #6.
- NEW 54. **Contingency Appropriation: Amendment to the Federal Education Jobs Fund.** Makes an appropriation of \$830.8 million in federal funds (Education Jobs Fund) contingent on enactment of federal legislation amending Texas-specific requirements for receipt of funds and an allocation of funds by the U.S. Secretary of Education. See Selected Fiscal and Policy Issue #4.

Section 5

Riders Deleted Due to Funding Elimination (*rider numbers refer to 2010-11 numbers and appear struck through in the agency bill pattern*)

- 10. **Loss Due to Property Value Decline**
- 24. **Texas Advanced Placement Incentive Program**
- 27. **Extended Year Programs**
- 32. **Disciplinary Alternative Education Programs**
- 36. **School Improvement and Parental Involvement Initiative**
- 38. **Texas Reading, Math, and Science Initiatives**
- 39. **Funding for Tuition Credit Program**
- 41. **Early Childhood School Readiness Program**
- 42. **Student Success Initiative**
- 43. **Arts Education**
- 45. **Pre-kindergarten Early Start Grant Programs**
- 49. **Average Daily Attendance Decline**
- 50. **Investment Capital Fund**
- 51. **Texas High School Completion and Success Initiative**
- 53. **Life Skills Program for Student Parents**
- 62. **LEP Student Success Initiative**
- 65. **Educator Excellence Awards Program**
- 66. **Teacher Mentor Program**
- 70. **Campus Turnaround Team Support**
- 72. **Amachi**
- 73. **State Funding for Science Labs**
- 74. **School-based Prevention Services**
- 75. **Science and Math Outreach**
- 78. **Library Resources**
- 79. **Middle School Physical Education and Fitness Programs**
- 80. **Virtual School Network**
- 81. **Rural School Technology**
- 84. **Teach for America**
- 86. **Best Buddies**
- 87. **Humanities Texas**
- 88. **One Community One Child**
- 90. **Best Practices for Public School Dropout Prevention and Recovery**
- 93. **Center for the Improvement of Districts and Schools**

Riders Deleted for Other Reasons

- 55. **Textbook Purchases.** Language incorporated into Rider 8. Textbooks and Instructional Materials.

Section 5

56. **Title II, Improving Teacher Quality Federal Funds.** Rider deleted—duplicative of federal requirements and unnecessary
61. **Programs to Encourage Certification to Teach Bilingual Education, English as a Second Language, or Spanish.** No funding associated with rider. No activities conducted under the authority of the rider.
64. **Communication of New Rules.** Communication of new SBEC rules conducted in accordance with the rider as a matter of policy. Rider unnecessary.
76. **Educatory Salary Increase.** Funding rolled into Foundation School Program through House Bill 3646, 81st Legislature, Regular Session.
83. **Mid-cycle Review and Adoption.** Language incorporated into Rider 8. Textbooks and Instructional Materials.
85. **Foundation School Program Funds for Improving Equity, Reducing Recapture, and Providing Educator Salary Increases.** Contingency for House Bill 3646, 81st Legislature, Regular Session—no longer necessary
91. **Criminal History Background Reviews for Educators.** Activities under rider are completed—no longer necessary.
92. **Agency Technology Initiatives for Security, Confidentiality, and Financial Management.** Activities under rider are completed—no longer necessary.
94. **Intent on Proclamations 2011 and 2012.** No longer necessary.
95. **Prohibition on Vouchers.** Rider may amend or create general law.

**Texas Education Agency
Items not Included in the Recommendations**

	2012-13 Biennial Total	
	GR & GR- Dedicated	All Funds
Agency Priorities for Restoration		
1 Foundation School Program- partial funding for current law obligation	\$ 5,610,684,659	\$ 5,610,684,659
Item would partially fund the state's obligation under current law school finance formulas and would reduce the cut to school districts to about 5 percent in state and local school district revenues compared to about 13 percent under the Senate Bill 1 FSP funding level.		
2 Instructional Materials- partial funding for Proclamation 2011	\$ 314,600,000	\$ 314,600,000
Item would fund English Language Arts materials included in Proclamation 2011 only. Excluded subject areas would include: Prekindergarten Systems (\$45.6 million) and English as a Second Language K-8 (\$99.8 million).		
3 District Awards for Teacher Excellence (DATE)	\$ 163,749,547	\$ 163,749,547
Together with the \$200 million identified in Rider 53, Grants for Effective Public Education, for "improving educator effectiveness," this item would restore DATE to 94 percent of the 2010-11 base level of funding.		
Total, Agency Priorities for Restoration	\$ 6,089,034,206	\$ 6,089,034,206