

Written Testimony of Bob Popinski
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Before the House Committee on Appropriations: Subcommittee on Article III
The Honorable Greg Bonnen, Chair
September 30, 2020

Interim Charge 2: Evaluate ongoing costs associated with implementing the provisions of House Bill 3 2019 (HB 3).

KEY POINTS

- Maintain HB 3 formula funding and educational programs and continue to invest in public education
 - Flow the \$1.2 billion CARES Act funding for K-12 education, and any subsequent federal stimulus funding, to schools
 - Consider delaying the automatic school district tax rate compression until state revenues stabilize
 - Determine the effect of charter school expansion on the state budget
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Chairman Greg Bonnen and Members of the Committee:

We would like to thank Chairman Bonnen and the members of the House Committee on Appropriations: Subcommittee on Article III for reviewing the ongoing costs associated with the implementation of HB 3. The passage of this historic law in 2019 marked the beginning of a new chapter for public schools in Texas — one that expands full-day pre-Kindergarten and other impactful programs and provides targeted funding for students who need it most. While the impact of COVID-19 presents a new and unique set of challenges for the 87th Legislature, it's clear we must both maintain our previous commitments to better fund our schools and make additional investments to ensure they operate safely. The challenges ahead of us may be daunting, but with the

ingenuity and access to high-quality education that public schools provide, we can emerge from this situation stronger than before. With all that our public schools do for our state's economy and future, it is evident that a strong Texas recovery requires strong public schools.

Maintain HB 3 Formulas Funding and Programs

In 2019, the Texas public education system received a needed investment by finally bringing inflation-adjusted per-student spending back above 2011 levels. HB 3, which will take years to fully implement, created requirements for teacher pay raises, full-day pre-kindergarten, funding for an optional extended-year program, and additional dollars for low-income students. These new policies will positively impact our teachers, our students, and our economy for generations to come and Raise Your Hand Texas fully supports the full implementation of the educational programs under this legislation.

Continued Investment Needed

Less than a year after the Legislature made this historic commitment, however, COVID-19 changed Texas's education landscape and slowed the state's economy. Many now fear a repeat of the education budget cuts of 2011. At that time, Texas faced a \$28 billion budget shortfall and cut \$4 billion from the Foundation School Program (FSP), plus another \$1.3 billion in education grants. The reduction to the FSP impacted teachers and students by increasing class sizes. The cuts also impacted pre-kindergarten expansion, teacher incentive pay, optional extended-year programs, and services for at-risk students — all hallmark policies of 2019's HB 3.

Now, our schools face a new challenge. The global pandemic altered districts' approaches to instruction, health and safety, transportation, and food services. Districts must address student and teacher connectivity issues, update schoolwide learning management systems, and plan for safely reopening schools. Simply implementing the health and safety protocols for reopening campuses will cost an estimated \$485 per student for an average school district (ASBO study), nearly the same amount as the entire HB3 funding increase.

Flow the \$1.2 Billion in K-12 Cares Act Funding to Schools

The 2020 federal stimulus, or Federal CARES Act, provided Texas with additional funding for public education, including \$1.2 billion for low-income students. The Texas Education Agency used these funds during the 2019-20 school year to offset state

funding. During the 2021 session, that money should be restored to the Foundation School Program and not used to plug other holes in the state budget.

Consider Delaying the Automatic School District Property Tax Compression

The estimated increase in state funding requirements for HB 3 for the 2022-23 biennium is \$2.1 billion, which mostly corresponds to the state cost of the law's 2.5% automatic school district tax compression. Under the tax relief provisions, school district tax rates will automatically compress when local value growth exceeds 2.5%. The automatic property tax compression will cost the state an estimated \$1 billion each year without the need for the Legislature's approval. Raise Your Hand Texas asks the Committee to consider delaying the automatic M&O property tax compression until state revenues stabilize and there is a true method of finance to pay for it.

Determine Impact on State Budget Due to Charter School Enrollment Growth

HB 3 preserved a structural funding advantage benefiting charter schools based on small and mid-size district allotments. Prior to the 2019 legislative session, the Legislative Budget Board (LBB) estimated the funding advantage to cost the state approximately \$882 million for the 2018-19 biennium. Unfortunately, the LBB has declined to make such an estimate for the current or future biennia. Because each student's enrollment in a charter costs the state significantly more than their enrollment in an urban or suburban district school, the Committee should consider the cost of rapid growth in charter authorization and expansion before any cuts to public education.

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