

Written Testimony of Bob Popinski
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Before the House Committee on Public Education
The Honorable Dan Huberty, Chair
September 30, 2020

Interim Charge 1A: House Bill 3 2019 (HB 3), which relates to public school finance and public education.

KEY POINTS

- Maintain HB 3 formula funding and educational programs
 - Flow the \$1.2 billion CARES Act funding for K-12 education, and any subsequent federal stimulus funding, to schools
 - Maintain all HB 3 requirements for full-day pre-Kindergarten
 - 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 Dan Huberty and Members of the Committee:

We would like to thank Chairman Huberty and the members of the House Committee on Public Education for reviewing HB 3, which relates to public school finance and public education.

Maintain HB 3 Formulas Funding and Programs

In 2019, the Texas public education system received a needed investment. House Bill 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 the education landscape of Texas and slowed the state's economy. Many now fear a repeat of the public 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.

The global pandemic altered districts' approaches to instruction, health and safety, and food services. Districts are dealing with student and teacher connectivity issues, updating schoolwide learning management systems, and planning 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 "savings" should be used to avoid cuts in the Foundation School Program and not to plug other holes in the state budget.

Maintain all House Bill 3 Requirements For Full day Pre-Kindergarten

Research proves that full-day pre-K gives all students a fair shot at success in school and life. HB 3's funding of full-day pre-K for eligible 4-year-olds through the Early Education Allotment will have long-term positive impacts on our state. House Bill 3 requires districts to provide full-day pre-K to eligible 4-year-old students, but they may seek a waiver to the requirement for up to six years if facilities are an issue. Raise Your Hand Texas believes that we need to continue to fund this requirement and look at different approaches to expand full-day pre-K programs so all families who choose to

participate have access. Approaches could include the pursuit of expanded eligibility and additional program quality requirements.

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 provision, 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 enjoyed by charter schools based on the small and mid-size allotments. Prior to the 2019 legislative session, the Legislative Budget Board (LBB) estimated that funding advantage to be a net cost to the state of approximately \$882 million. 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. Policies must also be examined to place an elected body in charge oversight of charter expansion to ensure public input and spending efficiency.

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