

Summary of Comprehensive Texas School Finance Bill HB 89 (González) and SB 136 (Rodríguez)

If passed, this bill will bring Texas closer to realizing equitable and adequate educational opportunities for all Texas students and reducing inefficiencies in the school finance system.

	What This Bill Does	Why This is Important
1	Adds Sec. 42.011 to require equity study following any legislative changes in state/local funding.	The State has never examined and reported on differences in revenue, tax effort and property wealth, and the public should know how its schools are funded.
2	Adds Sec. 42.010 to ensure cost study of key elements and weights of an adequate education. (SB 556 [84R] incorporated)	Allows the public, the State and schools to understand the cost of the mandates and expectations placed on public schools and students.
3	Amends Sec. 42.101 to change the basic allotment from \$5,140 to \$5,440 for 2019-20 and \$5,840 for 2020-21.	More properly reflects the increasing cost of a basic education in Texas; may lower tax rates and provides communities more discretion in setting their tax rates.
4	Amends Sec. 42.101 by adding an inflationary factor to be applied to the basic allotment beginning in the 2021-22, set at the greater of 1 percent or a rate determined by the Texas Comptroller of Public Accounts in its biennial revenue estimate.	Allows the system to reflect increased educational costs over time without having to revisit this issue every two years.
5	Amends Sec. 42.152 to increase the Compensatory Education Allotment from 0.2 to 0.25; decreases allowable indirect cost from 45 percent to 25 percent.	More appropriately provides educational opportunities needed by economically disadvantaged students in today's educational system and realize their potential. Also increases efficiency by ensuring that more dollars generated by these students are spent on these students.
6	Amends Sec. 42.153 to increase the Bilingual Allotment from 0.1 to 0.25; amends Sec. 42.153(b), which places a maximum on allowable indirect cost of 25 percent.	More appropriately provides educational opportunities needed by English learner students to succeed in today's educational system and realize their potential. Also increases efficiency by ensuring that more dollars generated by these students are spent on these students.
7	Repeals Sec. 42.157, Public Education Grant (will be rolled into other increases).	Increases efficiency by eliminating grant intended to be used for students transferring

		from a school in a low-performing district to another district; rarely used.
8	Deletes Sec. 42.160 High School Allotment (will be rolled into basic allotment increase).	Makes the system more efficient by eliminating allotments outside of the formulas.
9	Amends Sec. 42.302 by eliminating unrecaptured portion of Tier II-A (golden pennies); increasing Tier II-B (copper penny) yield from \$31.95 to \$54.40 for 2019-20; and \$58.40 for the 2020-21.	Makes system more efficient by eliminating excessive enrichment dollars for super-wealthy districts and allowing all districts to recoup revenue at Austin ISD yield; lowers tax rates and provides communities more discretion in setting their tax rates by increasing the copper penny yield for all districts at the same level as the basic allotment.
10	Amends Sec. 41.002(a)(2), by setting Equalized Wealth Level for Tier II-A (golden pennies) at the higher of the Austin ISD wealth level or the district at the 95 th percentile of wealth.	Adds efficiency and flexibility to the system in the event that the Austin ISD wealth level decreases in the future.
11	Amends Sec. 41.002, Equalized Wealth Level by increasing Tier II-B from \$319,500/WADA to \$544,000/WADA for the 2019-20 and to \$584,000/WADA for the 2020-21.	Aligns the Equalized Wealth Level with the increases in the new copper penny yield and will allow local communities better access to those resources.
12	Repeals 1993 hold-harmless laws (41.002(e), (f) and (g)).	Increases equity and efficiency by shifting approximately 37 school districts to current formulas reflective of today's cost, as opposed to arbitrary funding levels dating back over two decades.
13	Repeals 41.097 (appraisal credit) and 41.098 (early agreement credit).	Increases equity and efficiency by eliminating unnecessary and unwarranted Chapter 41 credits: all districts are required to perform appraisals and giving Chapter 41 districts a credit for agreeing early on to pay credits that are due regardless of early agreement.
14	Requires that the Available School Fund be used for the Instructional Materials Allotment and that the remaining funds be added to increase the formulas that apply to all school districts equally or that each school district receive an equally distributed funding supplement per WADA on top of formula funding.	Increases equity and efficiency by allowing all school districts to equally benefit from the Available School Fund, rather than limiting the supplemental funding to Chapter 41 school districts.

WADA = *weighted average daily attendance*