

House Public Education Committee takes on School Finance Reform with HB 21

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Delivering on their promise to address the minimally constitutional school finance system this session, the House Public Education Committee heard HB 21 by Chairman Huberty. HB 21 is a good first step toward improving the school finance system because it aims to eliminate several funding elements that are outmoded, inefficient, and not based on current costs or needs. Specifically, this bill eliminates the High School Allotment, the Transportation Allotment, an allotment for non-professional staff salary increases, and an old funding adjustment based on 1991 property values. The intention of the bill authors is to redirect the funding from these items into the basic allotment—the base level of funding all districts start with.

We applaud Chairman Huberty for taking this first step toward improving the school finance system and for introducing HB 21 as a work in progress, with a committee substitute expected after hearing feedback from all stakeholder groups. While many aspects of this bill begin the remodel our school finance system needs, it's important to avoid potential design flaws as we move forward. CPPP has the following concerns about the current version on HB 21:

Method of Basic Allotment Increase

The intention of HB 21 is to use the funding otherwise dedicated to the eliminated elements to increase the basic allotment to \$5,350 from \$5,140. However, the bill does not contain a statutory change to the basic allotment and instead assumes the increase will come from the General Appropriations Act. If this bill passes into law, but the final budget bill does not grant a full \$5,350 basic allotment, funding for public education would be reduced.

Recommendation: Include a provision in HB 21 that changes the floor level of the basic allotment in statute to \$5,350.

Change to Transportation Funding

Current transportation funding is based on data that is over thirty years old and doesn't come close to covering a district's actual transportation costs. In addition, due to how funding is calculated for districts designated as "property-wealthy" and subject to recapture, these districts do not receive any funding from the current transportation allotment.

HB 21 eliminates the transportation allotment and intends to shift these funds to the basic allotment, effectively providing a \$125 increase for all districts for transportation. While we believe all districts should have access to transportation funding regardless of district wealth levels, the basic allotment might not be the correct place for that funding. Under this method, districts that do not provide transportation, like many charter schools, would still receive this funding. This approach also fails to account for the fact that different districts have different costs when it comes to transporting students to school.

Recommendation: Further explore options for funding transportation outside the foundation school program formulas intended for providing education instruction.

Addition of a New Weight

HB 21 includes the introduction of a new funding weight that would provide districts with ten percent additional funding for students with dyslexia, capped at five percent of students. Though we appreciate the intention to direct additional services to students with special needs, most of the weights to support special populations are over thirty years old and in need of review.

Recommendation: Conduct a study of current weights within the formulas to determine appropriate levels of funding, including any potential additional weights that might be needed.

We look forward to working with the House Public Education Committee on ensuring that HB 21 meets the Speaker's call for a bill that improves equity, reduces recapture, and increases the state share of education funding.

For more information or to request an interview, please contact Oliver Bernstein at bernstein@cphp.org or 512.823.2875.

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