

August 24, 2016

**Written Testimony: House Appropriations, Subcommittee on Article III
Educational Programs Outside the Foundation School Program**

Chandra Villanueva, villanueva@cphp.org

The Center for Public Policy Priorities is an independent public policy organization that uses data and analysis to advocate for solutions that enable Texans of all backgrounds to reach their full potential. To ensure all children are able to compete and succeed in life, our schools need a reliable source of funding and the flexibility to distribute that funding in a way that meets the unique needs of its students.

The Foundation School Program refers to the formulas and laws that determine the amount of money public school districts and charter schools receive for operations and facilities. The funding that districts receive through the Foundation School Program is known as formula funding. In addition to formula funding, the state funds a collection of educational programs¹ outside of the formulas. Educational programs funded outside the formulas are easy to cut, difficult to plan around, and create inefficiencies in how we fund our schools.

We recommend moving away from funding educational programs outside of the formulas. Instead, all educational program funding should be rolled into the formulas with guidance and technical assistance from the Texas Education Agency on evidence-based programs and interventions that improve educational outcomes.

Most educational programs funded outside of the formulas are directed toward improving the academic success of economically disadvantaged students and those at-risk of dropping out. In 2011, \$1.3 billion was cut from these programs and services. Funding for programs such as the Pre-Kindergarten Early Start program (\$208m), High School Completion and Success program (\$97m), the Teen Parenting Program (\$20m), and the Limited English Proficiency Student Success Initiative (\$19m) were completely eliminated and have not been restored.

These programs were cut, not because they were individually ineffective, but because it is easier to cut a line item in the budget that only some districts benefit from than it is to make changes in the formulas that impact all districts.

If improving the educational outcomes of economically disadvantaged students is the goal, then it would be more efficient to increase the compensatory education weight within the school finance formulas rather than fund a random collection of programs and interventions. With this increased compensatory education funding, districts would then be allowed the flexibility to choose the programs that meet their unique needs based on guidance about the types of programs and interventions proven to be effective.

¹ In addition to educational programs, outside the formula funding includes federal programs (primarily school nutrition), instructional materials, and agency administration and educator certification.

Pre-K is a perfect example of how outside the formula funding falls short of district needs, is an unreliable revenue source, and is inefficient. The Pre-Kindergarten Early Start grant program provided \$208 million in the 2010-11 biennium for districts to improve quality or expand to a full-day program before it was eliminated in 2011. Four years later, the 2015 Legislature replaced that program with the HB 4 High Quality Pre-K Grant Program funded at \$118 million for the biennium; \$90 million less than the previous Pre-K grant program.

Because a high number of children qualify for grant funding, the individual awards are only \$367 per student for each year of the grant program, or \$735 for the biennium. More than 20 districts have turned down this funding because it will not cover the cost of the required quality improvements. Since this funding is variable—dependent on the level of appropriation and the number of qualified students—districts are unable to anticipate what, if any, funding will be available in future years. This makes it hard for districts to make long term investments that would improve Pre-K quality.

In addition to the HB 4 High Quality Pre-K Grant Program, there is \$15 million a year (\$30m for the biennium) in Supplemental Pre-K funding that is also outside of the formulas. For the 2015-16 school year, all districts with a Pre-K program received roughly \$77 for each individual child enrolled. Since most districts divert resources from other priorities to enhance the quality of their Pre-K program, the supplemental funding is appreciated. However, this funding is inefficient because it is not tied to a specific purpose or cost.

It would be more efficient to make Pre-K improvements through the formulas. There are two ways to increase Pre-K funding through the formulas:

1. Provide full-day funding by increasing the ADA count for Pre-K students from 0.50 to 1. Although nearly half of districts are already providing a full-day program with half-day funding, some districts would benefit from a phase in period to allow them to make needed adjustments with their facilities and teaching staff.
2. Create a Pre-K allotment, similar to the High School Allotment, that is triggered when districts meet certain quality measures.

Formula funding, when paired with guidance on evidence-based interventions and performance expectations, provides districts needed flexibility and improves efficiency in school finance.