



Testimony to the House Public Education Committee in Support of HB 2

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March 4, 2025

Every Texan 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. We believe all Texans should have access to high-quality education that aids in their social and economic well-being.

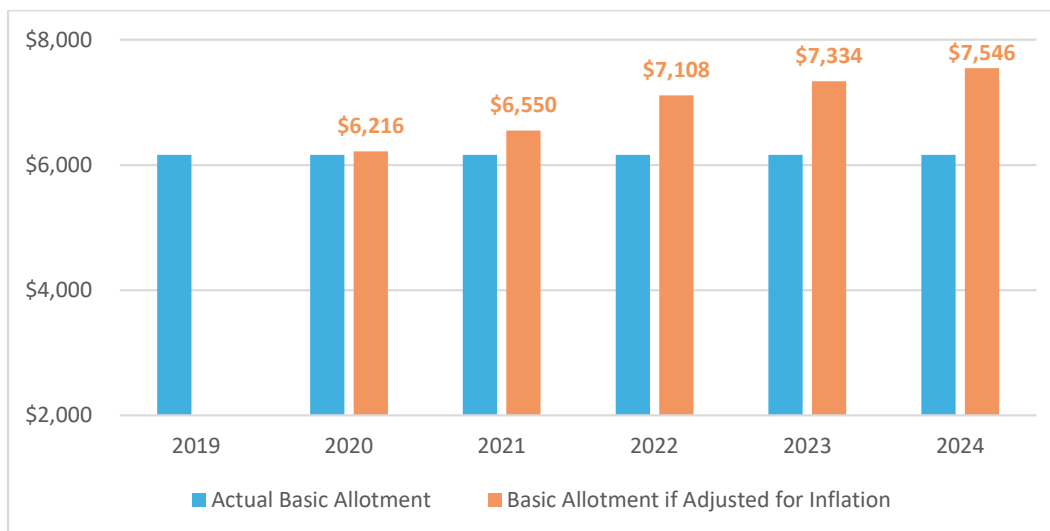
HB 2, as introduced, makes many positive changes to the public school finance system. Most importantly it strives to adopt recommendations from the Texas Commission on Special Education Funding that were delivered to the 2023 Legislature. However, this bill continues to provide public schools with inadequate support for compensatory education and emergent bilingual students.

Weights and the Basic Allotment

Weights for special populations and the basic allotment are completely arbitrary; they are based on political considerations rather than on careful research. This has always been the case. In 1984, when the system was created, the House and Senate disagreed on funding levels. The House version set the basic allotment at \$1,290, which was 75 percent of what was proposed by the Senate (\$1,715) – the House prevailed. The Senate also recommended higher funding levels for compensatory education, 30 percent compared to 20 percent in the House; and for bilingual education, 20 percent compared to 10 percent in the House. The House again prevailed. Forty years later, the compensatory and bilingual education weights are still below the initial Senate recommended levels.

The amount of funding schools receive to support compensatory education and emergent bilingual students is directly impacted by the value of the basic allotment. The basic allotment has been stagnant since the Legislature last increased it in 2019. If adjusted for inflation, the basic allotment would be \$7,546 today or \$1,386 more per student. As a result, schools have less resources to invest in the programs and interventions that help low-income and emergent bilingual students succeed.

Base Level Funding Has Not Changed in Five Years



Source: Bureau of Labor Statistics, CPI Inflation Calculator using July estimates for 2020 through 2024.

HB 2 does increase the basic allotment to \$6,380 from the current level of \$6,160 – a \$220 increase. This will increase the funding school districts receive from the compensatory education and bilingual education weights. Though this amount is far from what is needed to address inflation over the last five years the basic allotment was unchanged.

While an inflation adjustment is needed to address rising costs, the basic allotment would continue to be an arbitrary amount. As are the weights. When the basic allotment is inadequate and the weights are insufficient, school districts are unable to fully serve the needs of low-income and emergent bilingual students.

Compensatory Education

According to the Texas Education Agency (TEA), “the goal of the compensatory education program is to provide funding to reduce disparities in performance on assessments instruments or disparities in the rates of school completion between educational disadvantaged students and, at-risk students, and all other students.”¹

Texas first provided compensatory education funding in 1976 with an allotment of \$40 per student identified for federal compensatory education funding. In 1980, the Legislature moved to base that funding on the number of students enrollment in the national free and reduced lunch program. Weighted funding of 20 percent above base level per student enrolled in the free or reduced lunch program was enacted in 1985 with the passage of HB 72.²

A 1992 study on funding compensatory education program by the Legislative Budget Board and Legislative Education Board found that the range of per-student service costs suggest that one weight does not work well when compensatory education is provided on a programmatic basis. While weighted funding provides flexibility to districts and is more comprehensive than categorical grants, it may not be sufficient for all students. This report suggested the Legislature explore funding based on an index of needs where funding is based on a number of educational and socioeconomic factors associated with the target population but not based on individual students.³

Twenty-seven years later, with the passage of HB 3 (2019), the Legislature implemented a hybrid system weight/index of needs system to provide compensatory education funding. Under the new system, funding for students enrolled in the free and reduced lunch program is broken down into five tiers based on socio-economic conditions within the census block group the student lives in. The tiers range from 22.5 percent additional funding to 27.5 percent for the least to most severe economically disadvantaged.

While this change was a step in the right direction there are concerns that the tiers do not accurately reflect the socio-economic experiences of students living in sparse rural areas that have fewer census block groups. Because funding is based on where each individual student lives, compensatory education funding is now based on student enrollment rather than attendance. Enrollment-based funding more accurately provides resources to schools.

HB 2 increases the tiers to range from 23 percent additional funding to 28 percent for the least to most severe economically disadvantaged. This slight increase is still below the 30 percent initially recommended by the Senate in 1984 and still not based on any current research or study.

Bilingual Education

In 1975, the Legislature mandated that bilingual education programs for grades K – 3rd in school districts that identified 20 or more students with limited English proficiency and provided \$25 per student. Bilingual education was expanded to K – 12th grade and funding increased to \$50 per student in 1981. When weighted funding was implemented in 1984, the bilingual education weight was set at 10 percent above base level funding.⁴

HB 3 (2019) increased the 10 percent weight for bilingual education to 15 percent for emergent bilingual students in a one or two-way dual program. Only 22 percent of current emergent bilingual or English learners are in a dual language program, meaning 78

percent of these students are still funded at the 10 percent weight implemented 40 years ago.

Adding an additional 5 percent to the bilingual education weight for dual language programs was not based on research and is still below the 20 percent recommended by the Senate in 1984. Like compensatory education funding, bilingual education funding is now based on enrollment.

Recommendations to Improve HB 2:

- *Restore statute that required cost studies and ensure the studies are conducted.*
HB 72 (1984) added Section 16.202 to the education code requiring the State Board of Education (SBOE) to appoint an advisory board to assist the SBOE in determining annual average costs. Section 16.203 encouraged the legislature to consider the advisory committee's recommendations when setting the basic and special allotments. Over time that statute evolved to Section 42.007 and directed the LBB to study and make recommendations on the various funding elements. Unfortunately, those studies were not always conducted and the Legislature repealed this part of statute in HB 3 (2019).
- *Adjust the basic allotment for inflation.*
Not adjusting for inflation is cut to school funding. The funding gap grows each year when adjustments are not made.
- *Implement enrollment-based funding for all students.*
Nearly 460,000 students were not funded in the 2023-24 school year due to attendance-based funding. Now that compensatory education and bilingual education funding is based on enrollment it only makes sense to ensure all students in all categories are counted as well.

¹ Texas Education Agency. State Compensatory Education. <https://tea.texas.gov/finance-and-grants/financial-compliance/state-compensatory-education>

² Legislative Budget Board, Legislative Education Board, Educational Economic Policy Center, and Texas Education Agency. Public Education Special Cost Studies Staff Report. 1992

³ Legislative Budget Board, Legislative Education Board. Study of Funding Compensatory Education Programs. 1992

⁴ Legislative Budget Board, Legislative Education Board, Educational Economic Policy Center, and Texas Education Agency. Public Education Special Cost Studies Staff Report. 1992