86th Legislature: School Finance Update
March 26, 2019
Texas: 43rd out of 50 states
In Per Pupil Public Education Spending

2017 “Nation’s Report Card” (NAEP)

46 out of 50 in 4th Grade Reading
24 out of 50 in 8th Grade Math

EdWeek, Quality Counts 2018 Report
National Center for Education Statistics, 2017 NAEP Results
Annually, 200,000 students graduate and do not attain a degree within 6 years of high school graduation

State of Texas Education Pipeline, 2018

3rd Reading\(^3\) | Algebra I\(^3\) | High School Graduation\(^5\) | Postsec. Enrollment (of HS grads)\(^6\) | Postsec. Completion (of HS grads)\(^7\)
---|---|---|---|---
44% | 50% | 90% | 73% | 28%

201k (72%) High School Grads do not complete a Postsecondary Credential in 6 Years

Source: (3) STAAR indicators: Achievement levels represent percentage of students achieving "meets grade level" standard on 2017 STAAR exams. (5) Graduation rate: the percent of the 9th grade cohort from 2012 – 2013 school year that graduated four years later in 2016. Texas Education Agency: – 2016-2017 Accountability System – 4 year Federal Graduation Rate; (6) College enrollment: The percent of 2010 HS graduates who enrolled in a TX postsecondary institution; THECB 8th Grade Cohort 2016 report; (7) College completion: The percent of 2010 HS grads who earned a PS degree/certification within 6 years of HS graduation; THECB 8th Grade Cohort Study, 2016 report
Compared to the U.S., Texas’ large student population reflects much higher proportions of economically-disadvantaged and ELL students.

5.4 Million Students
(TX adds 80,000 students per year)

59% Economically Disadvantaged
(80% of our enrollment growth is from low-income students)

19% English-Language-Learners
(36% of our enrollment growth is from English-Language Learners)

= 1 million students

Texas Education Agency, 2016-17 Texas Academic Performance Reports
Investments Should Disproportionately Invest in Low Income and ELL Students

2018 STAAR Proficiency at “Meets” Standard Across All Grades and Subjects

- Non Low-Income Students (41%)
- Low Income Students (59%)
- English Language Learners (19%)

Source: STAAR, 2018 Aggregate Data at Meets Standard
Strategic Resources Matter: Even with high poverty, some campuses outperform more affluent peers

Campus 2018 STAAR 3rd Grade Reading “Meets Grade Level” Rates (All Students) Compared to Campus 2018 Student Economic Disadvantage Rates Across Texas

Source: TEA TAPR 2018 report and TEA STAAR 2018 report (only campuses with more than 20 testers included)
Note on $R^2$: The $R^2$ seen on the chart was found using the STAAR “meets rates and EcoDis rates of each Texas campus with more than 20 STAAR 3rd Grade Reading testers.
The Commission’s final report laid out recommendations to better fund Texas public schools, prioritizing academic outcomes and high-needs students.

**Statewide Goal for K-12:**
Set a 2030 goal, 60% of 3rd graders read on grade level and 60% of seniors graduate without needing remediation & enroll in a post-secondary program.

**Early Literacy Supports:**
Funding to support early literacy to be spent across Pre-K-3rd grade. Districts offering Pre-K are required to offer full-day, high quality Pre-K, subject to capacity constraints.

**Outcomes-based Funding at Key Benchmarks:**
Additional funds upfront for every 3rd grader who can read, and for every high school senior who graduates without needing remediation & enroll in a post-secondary program.

**Effective Educator Allotment:**
Optional allotment for districts to develop and implement a multi-measure evaluation system, to better compensate most effective teachers, and place the teachers at most challenged campuses.
Other recommendations in the Commission’s report reallocate dollars from outdated programs, reduce local burden from recapture, and revise existing programs to better serve Texas’ student population.

**Investments in Compensatory Education:**
Invest an additional $1.1B per year in funding for high-needs students on a sliding scale based on density of poverty, so campuses with greater poverty get more resources.

**Reallocate Outdated or Unused Programs**
Reallocate current allotments that are either outdated or no longer meeting the needs of Texas’ student body and direct towards high-impact programs and increases in the Basic Allotment.

**Reduce Burden of Recapture:**
Reduce capture through an increase in the basic allotment and increasing the yield on golden & copper pennies.
Recommendation:
Statewide Goals for Public Education
The state should set a goal that **by 2030, 60% of 3rd graders read at “Meets” standard, and 60% of high school seniors graduate without need for remediation** and enroll in post-secondary education, the military, or achieve an industry certificate.
Recommendation:
Investing in Early Literacy
$930 Mn Proposed Equitable Investment in 3rd Grade Reading

3rd Grade Reading Investment (in millions)

- $780
- $50
- $50
- $50
- $100
- $5

Sufficient to fund full day PreK statewide*

3rd Grade Reading Allotment
Dyslexia Support
Dual Language Funding
Extended School Year

**Roughly 240,000 low income/ELL students are eligible for PreK x $3,000/student equates to $720 million
Recommendation: Investing in Educator Effectiveness
Provide **optional funding** to school districts to develop and implement a TEA-approved **multiple-measure teacher evaluation system**. Funding could be used for a variety of strategies, including **salary increases for a district’s top performing educators** and/or **incentives for teachers who work at the district’s highest needs campuses**.

The Effective Educator Allotment will provide **$100M** in year one, growing **by $100M annually**, ultimately reaching **$1B** in academic year 2028-29.
Potential Components of a Teacher’s Annual Evaluation

Multiple Measures, Locally Developed, Locally Implemented

Dallas ISD

Measures behaviors of excellent teachers along a continuum for each indicator. The rubric is comprised of several indicators of teacher practice across specified domains.

50%

Teacher Performance

Dallas ISD uses raw scores and relative growth measures as compared to their peers’ scores to measure student academic achievement.

35%

Student Achievement

Students provide feedback on their classroom experience and relationship with their teachers through student experience surveys.

15%

Student Experience

Source: Best in Class and Communities Foundation of Texas, Accelerating Campus Excellence, October 2018
Effective educators in DISD can earn a $60,000 salary in 5 yrs vs. 20 yrs under traditional seniority-based pay structures.

Implemented in 2014, Dallas ISD’s Teacher Excellence Initiative (“TEI”) retains the district’s more effective teachers in the classroom via higher compensation.

Retention Rates by Dallas ISD Teacher Evaluation System Rating, 2017-18

<table>
<thead>
<tr>
<th>Rating</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Avg.</td>
<td>83%</td>
</tr>
<tr>
<td>Unsatisfactory</td>
<td>57%</td>
</tr>
<tr>
<td>Progressing I</td>
<td>78%</td>
</tr>
<tr>
<td>Progressing II</td>
<td>79%</td>
</tr>
<tr>
<td>Proficient I</td>
<td>83%</td>
</tr>
<tr>
<td>Proficient II</td>
<td>89%</td>
</tr>
<tr>
<td>Proficient III</td>
<td>92%</td>
</tr>
<tr>
<td>Exemplary I</td>
<td>93%</td>
</tr>
<tr>
<td>Exemplary II</td>
<td>91%</td>
</tr>
<tr>
<td>Master</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unsatisfactory</td>
</tr>
<tr>
<td>Progressing I</td>
</tr>
<tr>
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</tr>
<tr>
<td>Proficient I</td>
</tr>
<tr>
<td>Proficient II</td>
</tr>
<tr>
<td>Proficient III</td>
</tr>
<tr>
<td>Exemplary I</td>
</tr>
<tr>
<td>Exemplary II</td>
</tr>
<tr>
<td>Master</td>
</tr>
</tbody>
</table>

Ineffective teachers are less likely to remain in Dallas ISD... while the district’s most effective educators are retained at rates higher than the state average.

Proper Evaluations Enable Districts To:

✓ Ensure equity of **access to strong educators**
✓ **Strategically staff** high-need schools
✓ Differentiate **professional development**
✓ Identify **future school leaders** early in their career
✓ Pair **high performing mentors** with new teachers
✓ Strengthen and target **retention strategies**
✓ Develop and articulate **career pathways**
Accelerating Campus Excellence ("ACE")
A Strategic Staffing and Whole Child Support Model

<table>
<thead>
<tr>
<th><strong>Cost</strong></th>
<th>~$1,300/student</th>
</tr>
</thead>
</table>

**Effective Principals and Teachers**
- Strategic staffing
- Professional development
- Emphasis on mission/purpose

**Instructional Excellence**
- Data analysis/Professional Learning Communities
- PLC/Planning collaboration
- Observation, coaching, and feedback

**Extended Learning**
- Extra hour for Reading Language Arts and Math
- Open until 6PM for intervention and enrichment
- Breakfast, lunch, and dinner served

**Social and Emotional Support**
- Positive relationships
- Reduction of suspensions with restorative focus
- Joyful incentives

**Parent and Community Partnerships**
- Facility upgrades
- Increased communication
- New partnerships
Dallas ISD ACE 1.0 Elementary Schools (Year 3) Achieved Upwards of **40 and 67 Percentage Point Gains** in 5th Grade Reading and Math Respectively

**5th Grade Reading: Meets Grade Level**

<table>
<thead>
<tr>
<th>School</th>
<th>2015</th>
<th>2018</th>
<th>Change From: 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blanton ES</td>
<td>20</td>
<td>16</td>
<td>+40</td>
</tr>
<tr>
<td>U. Lee ES</td>
<td>20</td>
<td>16</td>
<td>+40</td>
</tr>
<tr>
<td>Mills ES</td>
<td>19</td>
<td>16</td>
<td>+38</td>
</tr>
<tr>
<td>Pease ES</td>
<td>19</td>
<td>16</td>
<td>+38</td>
</tr>
</tbody>
</table>

**5th Grade Math: Meets Grade Level**

<table>
<thead>
<tr>
<th>School</th>
<th>2015</th>
<th>2018</th>
<th>Change From: 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blanton ES</td>
<td>15</td>
<td>19</td>
<td>+48</td>
</tr>
<tr>
<td>U. Lee ES</td>
<td>9</td>
<td>12</td>
<td>+42</td>
</tr>
<tr>
<td>Mills ES</td>
<td>12</td>
<td>15</td>
<td>+38</td>
</tr>
<tr>
<td>Pease ES</td>
<td>4</td>
<td>22</td>
<td>+18</td>
</tr>
</tbody>
</table>

Source: Dallas ISD, TEA. Note: 2015 is pre-ACE, 2016 – Year 1, 2017 – Year 2, 2018 – Year 3
Fort Worth ISD’s Leadership Academies Have **Significantly Narrowed The Achievement Gap** With Other District Campuses In Just One Year

![Graph showing achievement gap narrowing over years for elementary and middle schools.](image-url)

Source: TEA STAAR 2013-2018 reports
Note: Rates above reflect weighted averages of campus cohort STAAR performance (“meets grade level,” all grades, all subjects)
ACE 1.0 Schools Experienced Significant Achievement Gains, but only represent 2% of all campuses. The other 98% still gained significantly under TEI.

All Elementary Students STAAR performance at "Meets" Level

<table>
<thead>
<tr>
<th>Year</th>
<th>ACE Cohort 1.0</th>
<th>Non-ACE DISD</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3-Year Growth

- ACE 1.0 (2016): +30pp
- Non-ACE: +13pp
- State: +7pp

Source: TEA STAAR 2015-2018 “meets grade level” rates
Recommendation:
Outcomes-Based Funding
Recommendation: Outcomes-based Funding

Provide additional funds on day 1 to school districts for every 3rd grader who achieves “Meets” standard in reading ($400M), and for every high school senior who graduates without needing remediation and enrolls in a post-secondary institution, attains an industry-accepted certificate, or enlists in the military ($400M).

Greater funding, 2.3x for literacy, and 2.7x for post-secondary readiness, would be provided for low-income students meeting these benchmarks as compared to their non-low-income peers.

Both these outcomes are characterized by wide disparities between our low-income and non-low-income students.
Equity in Decisions Are Just As Important as Equity in Funding
As Early as 3rd Grade, Far Fewer Low Income Students of Color Are Identified By Public Schools as Gifted & Talented Statewide

Statewide % of 2018 3rd Grade Reading STAAR Test Takers Who Were Identified as Gifted and Talented

<table>
<thead>
<tr>
<th>Overall</th>
<th>By Income</th>
<th>By Race</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Overall</td>
<td>State</td>
</tr>
</tbody>
</table>

Total Testers
- State: 403k
- Non-EcoDis: 150k
- EcoDis: 253k
- White: 109k
- Hispanic: 214k
- Black: 50k

Source: 2018 Texas Assessments 3rd grade reading report
Note: G/T enrollment by demographic is not publicly available therefore we used total STAAR test takers as a proxy. There were 410k students enrolled in 3rd grade based on TAPR, 98% of the grade took the 3rd grade reading STAAR.

- 2.6x More Likely
- 1.7x More Likely
- 2.4x More Likely
Outcomes-Based Funding Can Significantly Exceed $ in Basic Allotment

Wise Investment in College Readiness and Access Provides Much Higher Resource Potential For Public Schools Across Texas Following Injection of $400 Million

Pace of Outcomes Funding Growth Based on Achievement of 60% Proficiency by 2030

*Post Secondary Readiness and Access*

Estimated Proficiency Rates Following $400mm Investment in Post Secondary Readiness/Access

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Income</td>
<td>25%</td>
<td>28%</td>
<td>32%</td>
<td>35%</td>
<td>39%</td>
<td>42%</td>
<td>46%</td>
<td>49%</td>
<td>53%</td>
<td>56%</td>
<td>60%</td>
</tr>
<tr>
<td>Non Low Income</td>
<td>50%</td>
<td>51%</td>
<td>52%</td>
<td>53%</td>
<td>54%</td>
<td>55%</td>
<td>56%</td>
<td>57%</td>
<td>58%</td>
<td>59%</td>
<td>60%</td>
</tr>
<tr>
<td>Total</td>
<td>35%</td>
<td>36%</td>
<td>40%</td>
<td>43%</td>
<td>45%</td>
<td>47%</td>
<td>50%</td>
<td>52%</td>
<td>55%</td>
<td>57%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Note: Outcomes-Based funding tied to Basic Allotment so weights increase at same rate as Basic Allotment. Model assumes low-income proficiency increases 3.5% annually while non-low income proficiency increases 1% annually due to wise investment of outcomes funding.
Recommendation:
Funding Based on Density of Poverty
The Commission’s recommendations focus critically on improving the equity of Texas’ school finance system, by providing additional resources to students who need it most.

Provide Additional Funding for Compensatory Education:

Invest an **additional $1.1B per year** in **Compensatory Education**, a weight in the school finance formula that provides extra funding for high-needs students, and **create a sliding scale** for distribution of Compensatory Education dollars in order to direct greater funds to campuses with higher concentrations of low-income students.

- **Lower concentration of low-income students**
  - 0.225 weight

- **Higher concentration of low-income students**
  - 0.275 weight
Where We Are Today
Both the House & Senate Education Committees Have Proposed Bills To Improve Our School Finance System

<table>
<thead>
<tr>
<th>Commission-Recommended Policy</th>
<th>House Bill 3</th>
<th>Senate Bill 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statewide Goal for Early Literacy and Postsecondary Readiness</td>
<td>Requires local school boards to set 3 and 5 year goals for early literacy, but does not specify a 60% statewide goal</td>
<td>Aligned towards 60% proficiency by 2030; Requires local school boards to set 3 and 5 year goals</td>
</tr>
<tr>
<td>Significant Increase to the Basic Allotment</td>
<td>17% increase (from $5,140 to $6,030)</td>
<td>Does not specify a new basic allotment number</td>
</tr>
<tr>
<td>Early Literacy Supports</td>
<td>$780 million directed to grades K-3 (enough to fund full-day Pre-K); $200m for dual-language, dyslexia, and school year</td>
<td>Amount for early education unspecified; Additional summer programming not included</td>
</tr>
<tr>
<td>Effective Educator Allotment</td>
<td>Does not provide for merit pay.</td>
<td>Creates an effective educator allotment but does not specify amount</td>
</tr>
<tr>
<td>Outcomes-Based Funding</td>
<td>Not currently included</td>
<td>Provides additional funding for at-risk students achieving third grade reading proficiency and postsecondary readiness</td>
</tr>
<tr>
<td>Increase Funding Based on Density of Poverty</td>
<td>$1.1 billion to be distributed on a sliding scale that recognizes the density of poverty</td>
<td>Increase considered for low-income students, but no sliding scale and no specific amount specified</td>
</tr>
<tr>
<td>Eliminate Outdated and Inefficient Funding</td>
<td>Removes the Cost of Education Index, the GT Allotment, the High School Allotment, and the Chapter 41 Hold Harmless and Early Agreement Provisions</td>
<td>Removes the Cost of Education Index, the GT Allotment, the High School Allotment, and the Chapter 41 Hold Harmless and Early Agreement Provisions</td>
</tr>
<tr>
<td>Reduce Recapture and/or Provide Property Tax Relief</td>
<td>$0.04 Tier 1 Tax Compression; Increase to the yield on Tier II Golden and Copper Pennies</td>
<td>No property tax reduction included; Changes the yield on Tier II Golden &amp; Copper Pennies, but amt. unspecified</td>
</tr>
</tbody>
</table>