

SUBJECT: Delaying FSP August 2019 payment, increasing education basic allotment

COMMITTEE: Appropriations — favorable, without amendment

VOTE: 22 ayes — Zerwas, Ashby, G. Bonnen, Cospers, Dean, Giddings, Gonzales, González, Howard, Koop, Miller, Muñoz, Perez, Phelan, Raney, Roberts, J. Rodriguez, Rose, Sheffield, Simmons, VanDeaver, Wu

0 nays

5 absent — Longoria, Capriglione, S. Davis, Dukes, Walle

WITNESSES: For — Jana McKelvey, Texans for Special Education Reform (TxSER); Christy Rome, Texas School Coalition; Kyle Piccola, the Arc of Texas; (*Registered, but did not testify*: David Anderson, Arlington ISD Board of Trustees; Michelle Smith, Austin ISD; Eva DeLuna, Center for Public Policy Priorities; Chris Masey and Chase Bearden, Coalition of Texans with Disabilities; Dwight Harris, Texas American Federation of Teachers; Colby Nichols, Texas Association of Community Schools, Texas Rural Education Association; Michelle Smith, Texas Association of School Business Officials; Paige Williams, Texas Classroom Teachers Association; Kyle Ward, Texas PTA; Dee Carney, Texas School Alliance; Monty Exter, Association of Texas Professional Educators; Andrew Dell'Antonio; Felicia Miyakawa)

Against — (*Registered, but did not testify*: Adam Cahn, Cahnman's Musings)

On — Alyssa Potasznik; (*Registered, but did not testify*: Ursula Parks, Legislative Budget Board; Drew Scheberle, Greater Austin Chamber of Commerce)

BACKGROUND: The fiscal 2018-19 general appropriations act enacted by the 85th Legislature established the basic allotment paid to school districts as \$5,140.

Education Code, sec. 29.018 establishes a grant program to help school districts cover the cost of educating students with disabilities. Districts may apply for grants if they do not receive sufficient funds, including state funds for special education and federal funds, for a student with disabilities to pay for the special education services provided to the student or if they do not receive sufficient funds for all students with disabilities in the district to pay for such services. The commissioner of education is required to adopt rules for the grant program.

**DIGEST:**

HB 30 would appropriate from the Foundation School Fund \$963.5 million for each year of fiscal 2018-19 to the Texas Education Agency (TEA) for the Foundation School Program (FSP). The bill would correspondingly reduce the fiscal 2019 appropriation made by the general appropriations act to TEA by \$1.9 billion. It would be the intent of the Legislature that the August 2019 FSP payment to school districts be deferred and made in September 2019.

HB 30 would set the basic allotment for each fiscal year of the upcoming biennium at \$5,350, an increase from the \$5,140 basic allotment set in the fiscal 2018-19 general appropriations act.

The bill would not take effect unless the 85th Legislature enacted the following during the first called session:

- HB 21 by Huberty or another law that improved equity in and reduced the amount of school property tax revenue subject to recapture and increased the state's share of the funding for the FSP; and
- a law that authorized the deferral of the August 2019 FSP payment to school districts.

TEA would be required to use \$30 million of the appropriation in HB 30 to make grants to school districts and open-enrollment charter schools to help cover the costs of educating students with disabilities. The grants would have to be made under a current provision in Education Code, sec. 29.018 that establishes the grant program. It would be the intent of the

Legislature that uses of the grants include:

- fees for educational therapies or support services provided by a practitioner or other provider;
- transportation costs necessary for a student to receive educational support services;
- costs associated with purchasing instructional materials, as defined by Education Code, sec. 31.002; and
- costs of computer hardware and software and other assistive technology devices to facilitate learning.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect on the 91st day after the last day of the special session.

SUPPORTERS  
SAY:

HB 30 is the funding mechanism that would implement CSHB 21 by Huberty, also on today's calendar. These bills together would increase the state's commitment to public education. By adjusting fiscal 2018-19 appropriations, the bill would allow a deferral of the August 2019 payment to school districts from fiscal 2019 to the next fiscal year, increasing available funds in this biennium to allow an increase in the basic allotment from \$5,140 to \$5,350, as well as other funding increases proposed in CSHB 21. Increasing the basic allotment would help all school districts and improve funding equity.

The Legislature has used deferred payments from the Foundation School Fund and other funds previously to increase available revenue in a biennium, and HB 30 would be in that same vein. This would allow the state to increase its share of public education funding and enable school districts to provide higher quality education. HB 30 is a responsible and reasonable way to implement CSHB 21 that would avoid tapping the state's savings account.

HB 30 would appropriate \$30 million to fund an existing grant program, created in 2009 but never given state funding, to help districts educate students with disabilities. It can be a strain for districts to provide these

necessary and expensive services, and HB 30 would support these efforts. Using grants would help target these funds to districts in need, and the rules adopted by the commissioner of education and current law requiring reporting on the district's expenditures would ensure accountability in the grant program.

OPPONENTS  
SAY:

The Legislature should not use a deferral of school payments as a way to increase funding for public schools. Deferrals are best used during economic downturns when the state needs to avoid cutting critical state services without increasing revenue collections. A deferral enabled by HB 30 would eventually have to be reversed, and the state would find itself with \$1.9 billion that already had been obligated. Any deferral now to increase appropriations to districts and fund programs would likely come out of future public education funds. The state's economic future is uncertain, and the Legislature should retain the option of using a deferral if critical state services need to be funded and state revenue is not enough to do so.

OTHER  
OPPONENTS  
SAY:

There is ample money in the Economic Stabilization Fund to increase funding to public education this biennium, and this should be used instead of a deferral of payments to school districts. With an estimated balance of \$11.9 billion in the ESF at the end of fiscal 2019, there is no need to put future legislatures in the position of having to reverse a deferral.

Increases in special education funding would be better implemented through the school finance formulas, rather than grants. Using formulas helps stabilize the funding and can help facilitate equity of funding across districts.

NOTES:

According to the Legislative Budget Board's fiscal note, the appropriation and corresponding reduction in HB 30 would have a net impact of \$0 to general revenue related funds through fiscal 2018-19.

CSHB 21 by Huberty, which would modify school funding formulas and defer the August payment to school districts until early September, is scheduled for second-reading consideration today.