





Associate Commissioner for School Finance

Director of Forecasting & Fiscal Analysis

Assistant Director of State Funding

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Background



This new allotment, based on a recommendation from the [Texas Commission on Public School Finance's Final Report](#), improves transparency and separates student centric weights from district centric weights, except the small and mid-sized adjustment continues to be a multiplier for the special education allotment to ensure maintenance of financial support.

The stand-alone allotment increases public transparency toward spending associated with districts by size characteristics, while helping the state streamline formulas to focus more on the needs of the student, regardless what district the student attends.

- In calculating Tier One funding, no more adjusted allotment
  - CEI is repealed, with funding redirected to the basic allotment
  - Small and mid-sized adjustment is a stand-alone allotment in Tier One
  - Small and mid-sized adjustment does not affect other funding except special education
- This change from existing formulas to create a new allotment is cost neutral with the increase to the basic allotment.

### *To the Administrator Addressed*

Texas Education Code, Section 48.101 – (HB 3, Enrolled Page 40)



The Basic Allotment (BA) was \$5,140 per student for the 2018–2019 biennium and is set in the General Appropriations Act (GAA).

The \$5,140 BA per student was increased for district characteristics:

- Increased for the school districts' cost of education index (CEI);

- Increased if the school district qualifies as small district or mid-sized district

Once the BA was increased for district characteristics, it (the adjusted allotment) was used in a series of formulas that recognized student characteristics.





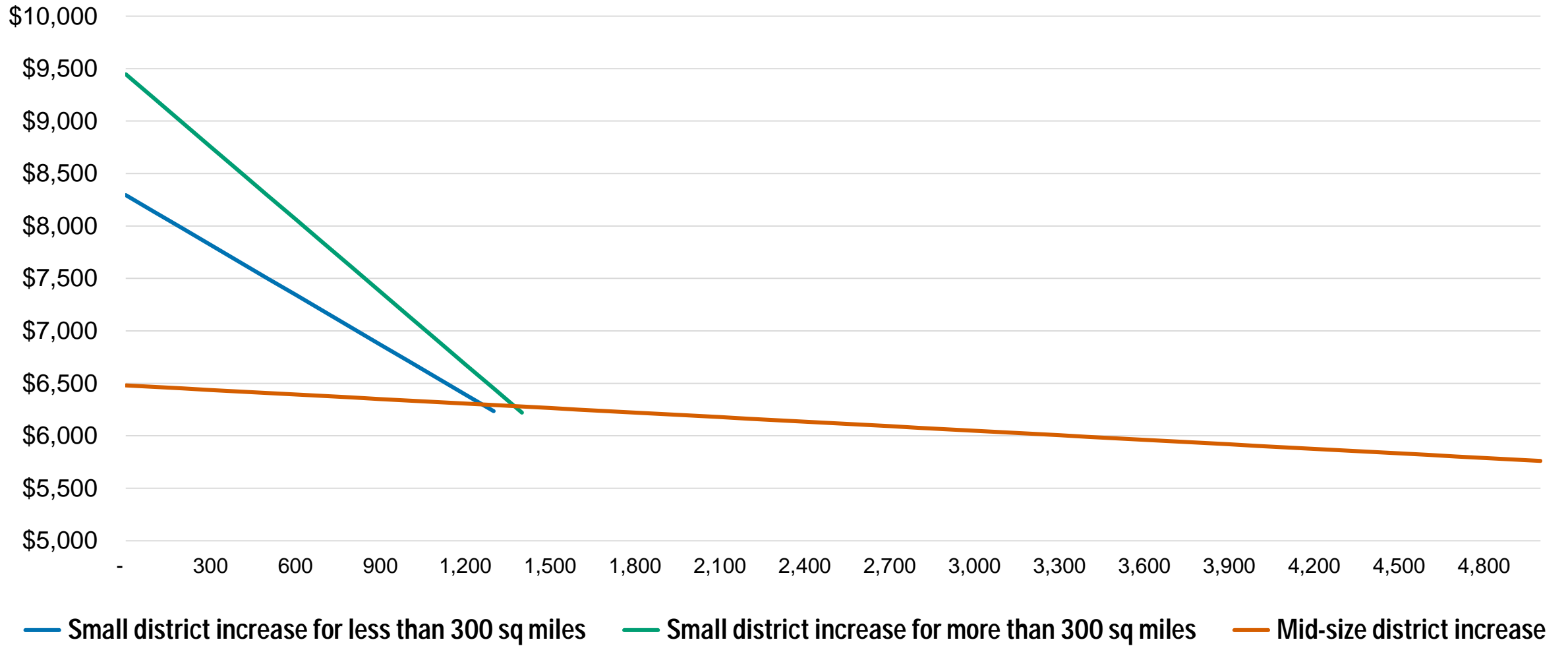
The mid-sized district adjustment (MDA) applied to all school districts with less than 5,000 students in regular program average daily attendance.

The small district adjustment (SDA) applied to districts with less than 1,600 students in regular program average daily attendance (ADA) and had two formulas that provided differing levels of funding:

The formula resulted in an increase to the district's basic allotment before it was used to calculate the district's Tier One allotments.

# The elimination of the 300 square mile bonus under prior law

In 2017, House Bill 21 (85-1) created a six-year transition period to merge the two adjustments together. The transition period began in FY2019 and by FY2024, there would only be one formula to govern all small-size districts, regardless of the number of square miles in the district. For districts with < 300 square miles, the adjustment factor was scheduled to increase from 0.000025 (FY2018) to 0.00040 (FY2024).





The Basic Allotment (BA) is increased to \$6,160 per student for the 2019–2020 biennium and is set in the General Appropriations Act (GAA).

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# Changes to Tier One Allotments that use the AA / BA

## Pre HB 3

The allotments funded using the district's adjusted allotment (AA)

- Regular Program Allotment
- Special Education
- Career & Technology
- Gifted & Talented
- Compensatory Education
- Bilingual Education
- Public Education Grant

## HB 3

The allotments are funded using the district's



Teacher Incentive Allotment

CCMR Outcomes Bonus

Mentor Program Allotment

Dropout Recovery & Residential Placement Facility Allotment

College / Career Entrance Exam Reimbursements

The mid-sized district allotment (MDA) applies to all school districts with less than 5,000 students in regular program average daily attendance.

The small district formula provides for separate Tier One allotment per student in regular program average daily attendance (ADA) for some school districts.

The small district allotment (SDA) applies to districts with less than 1,600 students:

Reflects immediate phase-in of 0.0004 factor for all small districts

HB 3 created a new carve out for small districts that have fewer than 300 students in average daily attendance and are the only school district located and operating in a county.

These school districts have a factor of 0.00047 substituted for the 0.0004 that other small districts receive.



A new allotment was created for charter schools based on the small and mid-sized district allotment, but it is more accurate to think of it as a charter allotment.

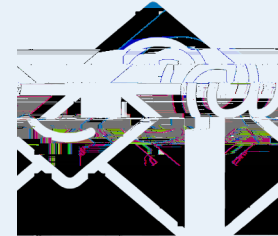
It is calculated based on a weighted average of the small and mid-sized district allotment, and interested stakeholders can find more information in next week's webinar on charter school funding, which can be found at [www.tea.texas.gov/hb3](http://www.tea.texas.gov/hb3)

# House Bill 3 Resources

Stay tuned for the most up-to-date information from TEA on the implementation of House Bill 3



Visit [tea.texas.gov/HB3](http://tea.texas.gov/HB3) for the most up-to-date information



Email [HB3info@tea.texas.gov](mailto:HB3info@tea.texas.gov) with any questions

