

## **Public School Finance Q & As**

### **Q: Why aren't school districts getting the same amount of money for this biennium they got last biennium?**

A: Due to the recession and lack of federal stimulus money (ARRA), we had to reduce public school funding by \$4 billion.

### **Q: How are these reductions in public school funding taken?**

A: The reductions are taken as follows:

- Year 1 (FY 2012):
  - \$2 billion are taken by an across the board percentage cut (Eissler plan)
  - an additional \$830 million (Edujobs) is distributed to the school districts minimizing these cuts
- Year 2 (FY 2013):
  - \$500 million is taken by an across the board percentage cut
  - \$1.5 billion is taken through a reduction of the target revenue hold harmless entitlement (Shapiro plan)

### **Q: Why did we have to change the law in order to redistribute money to school districts?**

A: We need to change the law for the following reasons:

- The State of Texas does not have enough money to fully fund the school districts for next biennium under the current law.
- We would run out of money in the late winter or spring of 2013.
- Under current law, we would start next session owing the school districts \$4 billion.

### **Q: Under SB 1811, what happens during the interim and next session?**

A: A joint legislative committee will review all school finance options during the interim to decide the best way to fund public schools. Starting next session, like all other state appropriations, the funding of public schools will be debated and determined by the Legislature. Members will have the opportunity to provide input in this discussion during the appropriations process in the House Appropriations Committee and on the House floor during the debate of the budget bill.

### **Q: What does SB 1811 do to formula funding?**

A: SB 1811 does not change the weights or adjustments in formula funding. Next session, the Legislature will have an opportunity to change formula funding, if so desired, through the regular appropriations process.

### **Q: What happens to target revenue hold harmless?**

A: The bill repeals all target revenue hold harmless in 2018, unless the Members of the Legislature change the law in any session between now and then.

### **Q: Is SB 1811 a two-year (or permanent) plan?**

A: Next session, Members will need to adopt a new plan or revise the existing plan. This will be done through the joint legislative committee during the interim and through the appropriations process.

## **School Finance Provisions in SB 1811**

### **SCHOOL FUNDING**

#### **Fiscal Year 2012**

- Prorates district entitlement across the board in the amount of \$2 billion a

year by reducing regular program funding.

Fiscal Year 2013

- Prorates district entitlement across the board in the amount of \$500 million.
- Reduces target revenue hold harmless entitlement in the amount of \$1.5 billion a year.

Fiscal Years 2014 and beyond

- The regular program adjustment is set by the legislature through the appropriations process.
- Target revenue hold harmless reductions are set by the legislature through the appropriations process.
- Includes intent language that the legislature continue to reduce target revenue hold harmless and increase the basic allotment.

Fiscal Year 2018

- Repeals target revenue hold harmless.

#### ADDITIONAL CHANGES

- Establishes an interim a joint legislative committee to evaluate the overall structure of public school finance.
- Repeals the funding gain limitation implemented last session with HB 3646.
- Modifies the proration statute to apply proportionate reductions to all districts. Districts are not entitled to prorated amounts in the subsequent biennium.
- Repeals the current statutory provision that raises the basic allotment when state property value increases.
- Allows districts to forego an additional public hearing if they set their I&S tax rate at a level lower than previously discussed publicly.
- Corrects the current minimum salary schedule by establishing dollar amounts and resets the factors off the basic allotment.