

TO: All Small and Midsized School Districts

FROM: The Coalition for Cost-based Funding

DATE: 1/2/19

SUBJECT: Proposals by the Commission on School Finance Concerning the Small & Midsized District Adjustments

As you are aware, the Commission has been discussing many aspects and changes to the current school finance formulas. One of the proposed changes impacts the small and midsized districts adjustments and your school district.

As you discuss this change with your legislators, it is important to correctly identify the proposed change. In order to avoid as much confusion as possible, what follows is a brief synopsis of our understanding of the proposed change at this date.

The Commission proposes to change the current small and midsized formulas so they:

1. Impact only Regular Program ADA (students in adjusted daily attendance). According to TEA estimates at the Commission meeting on December 11, 2018 this change would provide a \$600 million savings to the state. The final commission report recommended a cost-neutral approach.
2. Reduce funding for students of special needs by not recognizing diseconomies of scale (i.e., Special Education, Career & Technology, Compensatory Education, Bilingual Education, etc.)
3. Produce no additional funding for any new categories of funding (adjusted Compensatory and Bilingual weights, K-3 additional weight, etc. as proposed by the Commission)

Because of the \$600 million change in funding for small districts, the Commission added cost-neutrality language in their final report. It is recommended that the cost or benefit of this recommendation be neutral to the state and the impacted districts collectively. We suppose this means the intent of the Commission is that districts would not lose funding because of this change. How that is to be accomplished and how that impacts new funding for the proposed new categories is not clear. This needs to be determined before an accurate assessment of the impact of these changes can occur, but we are hopeful this is a first step move in the right direction.

*It is important to note and should be made very clear: The Commission is **not** proposing to completely **eliminate** the small and midsized district adjustments. However, because the proposed change could cause the small and midsized adjustments to no longer recognize the true and direct diseconomy of scale for all students in these districts in the future, it could easily result in our school finance system moving to negatively impact the educational resources available to address the needs of the majority of students in these districts in future biennia.

Texas Association of Midsized Schools

Texas Rural Educators Association

Texas Association of Community Schools

Texas Association of Rural Schools

The Equity Center