



RE: May 24, 2022, Texas House Public Education Committee Testimony-Impact of HB 3 (86th) and HB 1525 (87th)

Our Mission

The Mission of the Texas Association of Midsize Schools is to impact the state's school finance system in order to obtain equitable funding of education resources while addressing disparities in size and diseconomies of scale.

What is MS Allotment?

The Mid-sized School (MS) district adjustment was created in 1995 and then amended in 2009 to include eligible recapture districts based on size. Mid-sized districts are defined as those with fewer than 5,000 students in ADA. The Small School (SM) ends at 1,600 students, therefore, MS members are ISD's with 1,600 to 5,000 students.

The MS formula:

- **MS Allotment Formula:** $((5,000 - \text{Regular Program ADA}) \times 0.000025) \times \text{Basic Allotment}$
- **Example:** ISD with 3,000 students applied to formula. $(5,000 - 3,000 = 2,000) \times 0.000025 = .05 \times 6,160$ (Basic Allotment) = \$308/per student $\$308 \times 3,000$ Regular Program Students = \$924,000 MS Allotment

Impact of HB 3 (86th) on MS Allotment:

- HB 3 restructured the small and mid-sized adjustments. Instead of flowing funds to small and mid-size districts as an adjustment that occurs before other funding adjustments, the funding now flows as an allotment under tier one at the same time as other funding adjustments, such as the compensatory education allotment and the bilingual allotment. Rationale was to increase spending transparency, while helping the state streamline formulas to focus more on the needs of the student.
- The small and mid-sized adjustment continued to be a multiplier for the special education allotment (to assist with maintenance of financial support for federal law purposes).
- Glitch in formula for CTE. This was addressed in HB 1525 (87th).
- Of course, MS schools benefitted, as all schools did, with Basic Allotment increase in HB 3.

Impact of HB 1525 (87th) on MS Allotment:

- CTE "Glitch" was corrected and now CTE treated similar to SPED in MS Allotment calculation.
- As part of CTE cleanup, all ISD's benefit from incentivizing additional funding for advanced CTE in coherent sequences of CTE coursework.
- Sustained MS Allotment in school funding formula.

Legislative Matters TAMS is Monitoring During Interim:

- House International Relations and Economic Development
 - 313 agreements
 - Labor shortages
- House Ways and Means
 - Property taxes and appraisals

- o 313 agreements
 - o State Spending American Rescue Plan (\$3Billion)
- House State Affairs
 - o Bonds
 - o HB 5 Broadband
- House Business and Industry
 - o Workforce shortages
- House Higher Education
 - o Teacher shortage
- House Pensions and Investments
 - o TRS
- House Committee on Elections
 - o Ballot Language and propositions
- House Appropriations
 - o School spending of ESSR dollars
- Senate Local Government Committee
 - o Ballot Language
 - o Taxpayer lobbying
 - o Efficiency audits
- Senate Finance
 - o Use of ESSR
 - o Property tax relief
 - o TRS/Pensions
- Senate Business and Commerce
 - o Broadband
- Senate Education and Higher Education
 - o Various topics-New Chair
 - o Teacher shortage
- Senate Local Government Committee
 - o Ballot Language

Special Commissions:

- Special Education
 - Virtual Education
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Challenges and Potential Legislative Issues for 88th:

1. *Disparate impact of added requirements on SM/MS staff who already serve multiple roles within the school system. (I.e. HB 4545 and Reading Academies)*
2. *Exacerbation of supply chain issues to non-urban areas.*
3. *(Like all ISD's) Concerns about inflationary cost drivers.*
4. *Fast Growth Allotment. Many TAMS districts are experiencing unprecedented, sustained growth. An increase to FG Allotment will better ensure funding flowing to more ISD's. Some smaller MS districts struggle with hitting the 250-student trigger for FG Allotment.*
5. *Importance of continuation of MS Allotment to address diseconomy of scale for our districts.*