

**LEGISLATIVE EDUCATION STUDY COMMITTEE
BILL ANALYSIS**

Bill Number: HB 19aa

51st Legislature, 2nd Session, 2014

Tracking Number: .194715.2

Short Title: Update School Finance At-Risk Index

**Sponsor(s): Representatives Luciano “Lucky” Varela and Jimmie C. Hall, and
Senator John M. Sapien**

Analyst: Ian Kleats

Date: February 12, 2014

AS AMENDED

The House Appropriations and Finance Committee amendments:

- **strike House Education Committee (HEC) Amendment 4, which had provided for an amended appropriation of \$12.0 million and an effective date of July 1, 2015; and**
- **strike the bill’s original appropriation of \$20.0 million made in Section 2 and replace it with a new section providing an effective date of July 1, 2015.**

The House Education Committee amendments in:

Section 1 of HB 19:

- **outline the reporting requirements of a school district receiving additional at-risk program units to include identifying:**
 - **ways in which the district and individual schools will use at-risk funding; and**
 - **the intended outcomes to improve the academic success of at-risk students;**
- **define “at-risk student” as a student who meets the criteria to be included in the calculation of the at-risk index; and**
- **change the at-risk factor to 0.106 (from 0.115 as introduced).**

Section 2 of HB 19:

- **change the FY 15 appropriation to \$12.0 million (from \$20.0 million as introduced); and**
- **direct the appropriation to the State Equalization Guarantee (SEG) distribution (from the Public Education Department (PED) as introduced).**

Finally, the HEC amendments establish an effective date of July 1, 2015 (or FY 16) for the provisions in Section 1 of the bill.

Original Bill Summary:

HB 19 amends a section of the *Public School Finance Act* to:

- increase the factor used in calculation of a school district’s at-risk index to 0.115, up from 0.0915; and
- require a school district receiving additional at-risk program units to report (see “Original Technical Issues,” below) certain services, along with the intended outcome of those services, including:
 - reading coaches;
 - additional instructional time;
 - tutoring; and
 - school- and student-level interventions to improve academic proficiency.

This bill does not contain an effective date, and its provisions would become effective May 21, 2014 (see “Original Technical Issues,” below).

Original Fiscal Impact:

\$20.0 million is appropriated to PED from the General Fund for distribution through the State Equalization Guarantee (SEG) to pay for additional units generated by the increase of the at-risk index (see ‘Original Technical Issues,’ below).

Proposed Amendments Relating to Fiscal Impact:

\$12.0 million is appropriated from the General Fund to the SEG distribution in FY 15 to provide specific services to improve educational outcomes of at-risk students.

Original Fiscal Issues:

Based on consensus estimates between the Legislative Education Study Committee (LESC) and the Legislative Finance Committee (LFC) staff using PED’s FY 14 preliminary funded run, HB 19 would generate:

- approximately 5,194.134 new units in the SEG; and
- approximately \$19,828,866 additional at-risk funding based on the FY 14 preliminary unit value of \$3,817.55.

Proposed Amendments Relating to Fiscal Issues:

Based on PED’s FY 14 preliminary funded run and using the same methodology as the consensus estimates between the LESL and LFC staff, HB 19, as amended, would generate:

- **approximately 3,175.012 new units in the SEG; and**
- **approximately \$12,120,767 additional at-risk funding based on the FY 14 preliminary unit value of \$3,817.55.**

Original Technical Issues:

On page 1, line 22 through page 2, line 4, HB 19 specifies the types of services to be included in a report from school districts receiving at-risk program units, but removes a reference to a specific report. As a result, it is unclear where this report of specified services shall be included, and when and to whom it is to be provided. The sponsor may wish to amend HB 19 to clarify these issues.

HB 19 contains no effective date. As a result, its provisions would become effective 90 days after the end of the legislative session, which is May 21, 2014. Schools would become eligible for additional units in FY 14, a fiscal year in which no additional funds have been appropriated to the SEG for new at-risk units, and the SEG distribution would have to be recalculated by PED for at least the final SEG disbursement in June. The sponsor may wish to amend HB 19 to include an effective date of July 1, 2014, the start of the fiscal year.

HB 19 appropriates funds to PED. The SEG, through which the funding from these new units would flow, is funded by the SEG distribution of the Public School Fund. The sponsor may wish to amend HB 19 to appropriate this money directly to the SEG distribution, which has been common practice in each year's *General Appropriation Act* and for other funding formula changes.

Background:

At-Risk Factor

Current Law

Currently, the public school funding formula calculates at-risk program units as follows:

$$0.0915 \text{ at-risk factor} \times \text{MEM} = \text{at-risk program units}$$

PED determines each district's at-risk factor based on a three-year average of the percentage of:

- Title I-eligible students;
- English language learners; and
- the district's mobility rate.

Proposed Modifications by HB 19

HB 19 would maintain the same calculation for at-risk program units but increase the at-risk factor to 0.115 as follows:

$$0.115 \text{ at-risk factor} \times \text{MEM} = \text{at-risk program units}$$

Committee Referrals:

HEC/HAFC

Related Bills:

None as of February 12, 2014.