

Senate Bill 8 Summary
Special Session II
July 31, 2005

While changes were made to the funding formulas in Senate Bill 8 as filed by Senator Shapiro, there were only a few changes of note made to the reform provisions of the bill.

Major changes to the funding formulas include: the approach to salary/compensation for teachers, counselors, nurses, librarians, and support staff; the allowance of \$0.02 in the enrichment tier without voter approval; the elimination of all provisions regarding the limits on recapture; and \$100 million for the funding of Proclamation 2002.

The items of note with respect to the education reforms include removing the language regarding uniform school start dates and November school board elections from the bill.

Summary

Senate Bill 8	
Tax Rates	<p>For 2005-06, the M&O tax rate is reduced by \$0.25 from 2004-05 school year. If district does not adopt the lower rate, the district's total entitlement shall be reduced 15 percent.</p> <p>For 2006-07, districts would initially be required to adopt an M&O rate not to exceed 80 percent of their 2004-05 rate (capped at \$1.20). Districts with tax rates over \$1.50 in 2004-05 would be required to reduce their rates by 30 cents. Districts with initial tax rates of less than \$1.20 would be permitted to increase rates by up to 4 cents per year under a revised roll back formula. District with adopted tax rate of less than \$1.20 would have all entitlements reduced proportionately.</p> <p>Districts can levy up to a 5 cent enrichment tax in 2006-07, 10 cents in 2007-08 and 2008-09, and 15 cents after that time with voter approval. For the 2006 tax, however, districts may levy up to a \$0.02 without voter approval.</p> <p>It appears that the enrichment tax may not be accessed until \$1.20 has been adopted.</p>

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2005-06 Funding Formulas

The funding formulas would remain the same as in current law.

A hold harmless would be based on 2005-06 revenue per student using the adopted rate for the 2004-05 school year or the maximum Tier II rate for 2005-06 under current law plus \$2,000 per teacher, counselor, nurse and librarian. Teachers, counselors, nurses and librarians will receive \$1,500. A salary increase is provided for all school district employees. Funding for the increase is based on a calculation of the number of teachers counselors, nurses and librarians multiplied by \$500. The amount is then divided by the total number of school district employees (except administrators) to arrive at the average salary increase per employee. The amount will vary by district, but should approximately be \$250 per employee.

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2006-07 Funding Formulas

Teachers, counselors, nurses and librarians will receive \$2,750 over 2004-05 salary schedule. A salary increase is provided for all school district employees. Funding for the increase is based on a calculation of the number of teachers counselors, nurses and librarians multiplied by \$250.

Accreditation allotment is \$4600 per student.

Special Education allotments: (1) \$17,370, for a student in a homebound instructional arrangement; (2) \$8,602, for a student in a hospital class instructional arrangement; (3) \$17,370, for a student in a speech therapy instructional arrangement; (4) \$8,602, for a student in a resource room instructional arrangements; (5) \$8,602, for a student in a self-contained, mild and moderate, regular campus instructional arrangement; (6) \$8,602, for a student in a self-contained, severe, regular campus instructional arrangement; (7) \$7,287, for a student in an off-home-campus instructional arrangement; (8) \$2,903, for a student in a nonpublic day school; (9) \$5,533, for a student in a vocational adjustment class; (10) \$12,986, for a student who resides in a residential care and treatment facility, other than a state school, whose parent or guardian does not reside in the district, and who receives educational services from a local school district; and (11) \$7,726, for a student who resides in a state

The compensatory education allotment is set at the greater of \$877 per qualifying student (this is determined by multiplying the percentage of students who qualify for free and reduced lunch in grades pre-k through 8 by total ADA) or 19 percent of the accreditation allotment.

The bilingual allotment is set at the greater of \$500 or 10 percent of the accreditation allotment for students in grades pre-k through 8 and the greater of \$1,000 per student or 21 percent of the accreditation allotment for students in grades 9 through 12.

The career and technology allotment is \$178 per credit hour for grades 8-12 in 2006-07. After 2006-07, there would be a newly defined set of courses (the qualifying courses are yet to be determined).

The PEG allotment is set at \$250.

The gifted and talented allotment is set at \$526.

Except for Special Education, districts would have flexible use over the dollars allotted through the special programs allotment, but would have to maintain spending levels at the 2005-06 per pupil amount.

Instructional Material Allotment: \$150 (\$60 on targeted technology programs) **beginning September 2007**

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Enrichment Tax	<p>Districts can levy up to a 5 cent enrichment tax in 2006-07, 10 cents in 2007-08 and 2008-09, and 15 cents after that time with voter approval. For the 2006 tax, however, districts may levy up to a \$0.02 without voter approval.</p> <p>The tax is equalized with a guaranteed yield of \$39.10 in 2006-07, \$39.70 in 2007-08, and \$40.80 in 2008-09. In 2009-10, equalization would be at the 95th percentile. In 2010-11 and after, equalization would be at the 96th percentile.</p>
Recapture Provisions	<p>Current law first year of biennium. Starting in second year of biennium, any local tax revenue that exceeds cost of Tier I is recaptured. All provisions establishing limits on recapture have been removed.</p>
Other Finance Provisions	<p>The Cost of Education Index applies to 50 percent of the entitlement. The index is updated to the Teacher Fixed Effects (phased in over a four year period). All districts are held harmless at their prior year index values. There is also a stipulation that limits the variation between the highest and lowest values within a region to current levels.</p> <p>Transportation is funded at \$1.50 per route mile (including special education miles).</p> <p>The New Instructional Facilities Allotment is set at \$375 and funded for a third year for fast growing districts and the program remains at current law levels (\$250 for two years) for all other districts.</p> <p>A portion of the cost of social security would be recognized—16 percent in 2006-07, 33 percent in 2007-08 and 50 percent in 2008-09—for districts participating in social security as of January 2005.</p> <p>Funds Proclamation 2002: \$100 million.</p>

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<p>Teacher/Employee/Salary Issues</p>	<p>Allows probationary teachers to be discharged without hearing before in independent hearing officer (in front of board instead).</p> <p>A teacher employed under probationary contract may be discharged at any time for financial exigency that requires reduction in personnel. Page 81</p> <p>Districts not required to pay salary according to minimum salary schedule to educators that receive retirement annuity or that hold emergency, probationary, or temporary teaching certificate. Page 86</p> <p>Teachers who have meet rule of 80 to 85 will receive an additional \$1,000 per year; rule of 85-90 will receive \$2,000 per year; rule of 90-95 will receive \$3,000 year; and rule of 90 or above will receive \$4,000 per year. page 92</p> <p>Salary Incentive Program: Commissioner shall establish salary incentive program in accordance with locally developed plans, \$50 million per year. page 95</p>
<p>65 percent on Instructional Activities</p>	<p>Directs districts to allocate at least 65 percent of total revenue to fund direct instructional activities using NCES definition by 2008-09 (50 percent for 2005-06, phased to 65 percent). Gives commissioner rulemaking authority. Page 134</p>
<p>Accountability — additional indicators</p>	<p>Requires the higher education coordinating board to set a level of achievement on state tests that demonstrates progress towards college readiness. Results on college readiness examinations would be considered in the determination of exemplary status as would results on a nationally norm-referenced test, the percentage of GT students, participation in AP, the percentage of students achieving commended performance, and the percentage of students participating in the recommended or advanced program</p> <p>Establishes a new measure of progress towards English language proficiency.</p> <p>New measure of incremental growth in student achievement to be developed page 163</p>

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Accountability — additional sanctions	<p>Additional sanctions for campuses that have been low performing for two consecutive years include reconstitution, closure, or transfers to other campuses page 175</p> <p>If campus is rated academically unacceptable for two-consecutive years, commissioner may assign technical assistance team or private take-over of campus. page 178</p> <p>Criminal penalty for cheating on TAKS: Class A misdemeanor (\$4,000 fine, up to one year in jail). page 156</p>
Accountability — other provisions	<p>Requires TEA to develop end of course assessments for Algebra I. page 148</p> <p>Allows assessment instruments to test a broader range of knowledge and skills. Students may not be required to answer these items correctly for passing standard. page 144</p>
Mandate Exemptions for Exemplary Campuses	<p>District or campuses rated Exemplary are exempted from all mandates that do not apply to open enrollment charter schools. page 151</p>
College readiness examinations	<p>The state would pay for each high school student to take one college readiness examination (optional). Results compiled and made available in PEIMS. page 134</p>
Mentoring Programs	<p>TEA to establish mentoring program from funds appropriated. Each district may assign mentor to teachers with less than 2 years of experience. page 94</p>
Other programs—Dual language	<p>Establishes a dual language pilot program and dual language certification. page 241</p>
Charter Schools	<p>Establishes new statutory provisions related to Public Charter Districts; repeals existing Chapter 12 provisions of the Education Code on September 1, 2006. SBOE is authorized to grant a charter to an eligible entity to operate a public charter district in a facility of a commercial or nonprofit entity, an eligible entity, or a school district, including a home-rule school district. Eligible entities include a higher education institution, private or independent institution of higher education, an organization that is 501(c) (3) tax exempt, or a governmental entity of the state. Sets a limit of 215 charters. An employee of a school district may not be transferred to or employed by the public charter district over the educator’s objection. Establishes statutory requirements for the operation and accountability of public charter districts. Creates a Blue Ribbon Charter Campus Pilot Program, limited to three charter holders.</p> <p>Establishes a facilities program for high performing charter schools. pg 302</p>
Superintendent outside employment restrictions	<p>A superintendent may not receive any financial benefit for services performed for a business entity that conducts business with or solicits business from the school district. Any benefit received from a business entity that does not do business with the school district must be approved by the school board on a case-by-case basis. page 126</p>

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School Board Member Restrictions	Board members may be removed for being absent for more than half of the meetings the member was eligible to attend in a calendar year. page 124
School Leadership Pilot Program	Requirement for advanced management training as part of continuing education requirements for superintendents and principals. page 78
Language Program Reenrollment	Allows for students who have exited a bilingual program to be reenrolled. Page 249
Sunset Provisions	2017 sunset date with review of RESC included. Provisions include compliance monitoring system, performance base grant system, best practices clearing house, special education due process hearing moved to SOAH, training for board members of RESCs. Page 106
State and Agency Policy	<p>Allows commissioner of education to subpoena individuals with respect to audits and other agency investigations. Page 112</p> <p>All decision made by the commissioner related to funding are final and cannot be appealed. Pg 45</p> <p>It is the policy of this state that each school district may compensate and have the ability to compensate any teacher in an amount greater than the amounts required by Sections 21.402 and 21.403 based on the teacher's ability to improve the academic achievement of students. (b) In determining a teacher's compensation, a school district may and should consider: (1) the teacher's ability to improve the academic achievement of the teacher's students; (2) the grade level or subject the teacher is assigned to teach; (3) skills required beyond basic teaching skills; and (4) the assignment of the teacher, including whether the teacher is assigned to a subject or school that is difficult to staff. (c) A school district can and should provide additional compensation to a teacher who substantially contributes to improvement in student achievement.</p> <p>Conflict of Laws: No Child Left Behind Act prevails. page 142</p>

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Other Provisions

In addition to the adjustment otherwise by the small and mid-size allotment, the commissioner shall, in accordance with rules adopted by the commissioner, provide an additional adjustment for each school district that is located in a county with a population of less than 5,000 and that contains a majority of the territory in the county. The total amount distributed under this section may not exceed \$3 million in any fiscal year. **page 34**

This subsection applies only to a school district whose central administrative office is located in a county with a population of 9,000 or less and a total area of more than 6,000 square miles. If after conducting the annual study for a tax year the comptroller determines that the local value for a school district is not valid, the comptroller shall adjust the taxable value determined under Subsections (a) and (b) as follows: (1) for each category of property sampled and tested by the comptroller in the school district, the comptroller shall use the weighted mean appraisal ratio determined by the study, unless the ratio is more than four percentage points lower than the weighted mean appraisal ratio determined by the comptroller for that category of property in the immediately preceding study, in which case the comptroller shall use the weighted mean appraisal ratio determined in the immediately preceding study minus four percentage points;(2) the comptroller shall use the category weighted mean appraisal ratios as adjusted under Subdivision (1) to establish a value estimate for each category of property sampled and tested by the comptroller in the school district; and (3) the value estimates established under Subdivision (2), together with the local tax roll value for any categories not sampled and tested by the comptroller, less total deductions determined by the comptroller, determines the taxable value for the school district

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Studies/Research/Projects

- Study of funding elements by December 2008 **pg 9**
- Study of instructional facilities by December 2006 **pg 75**
- Review on state and federally funded grant programs by December 2006 **pg 205**
- TEA to produce 5 year plan to renovate PEIMS by January 2007 **pg 136**
- Study on educator training requirements by January 2006 **pg 102**
- Develop student electronic tracking system for public and higher education by beginning of 2006-07 school year **pg 108**
- Implement the cost-outcome methodology to assess the effectiveness of school districts and public charter districts in providing services during the 2007-2008 school year to students at risk of dropping out of school during 2006-07 school year **pg 129**
- Allows for the establishment of three education research centers to conduct research on student data without violating federal privacy laws, school finance and educator preparation. **page 110**
- Requires TEA to make available all financial information for district and campus level. **page 136**
- Commissioner shall award funding in streamlined process for at-risk funding/grant programs (optional extended year, basic skills for high school, summer school for LEP students, pregnant related services), excluding early childhood and reading and mathematics initiatives. **page 127**
- 7th grade career and technology funding study January 2012. **page 20.**
- LBB biennial study of the cost school district targeted technology program. **pg 235**
- TEA shall report on status of study that recommends linkage between school financial performance and academic performance by September 2006. **page 203**
- LBB and TEA biennial performance evaluation of school district targeted technology program. **pg 234**
- Implementation of computer adaptive assessments by May 2007 (districts implement to the extent practicable) **page 238**

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August 1, 2005

Senate Bill 8 Policy Issues

65 Percent on Instructional Activities Issue

Senate Bill 8 contains a provision requiring school districts to spend at least 50 percent of available revenue on direct instructional activities, increasing to 65 percent by 2008-09. The definition of instructional activities as described in the bill is the definition used by the National Center for Education Statistics (NCES) NCES defines instructional activities as only the activities dealing directly with the interaction between teachers and students.

According to NCES “instructional activities may be provided for students in a school, in another location such as a home or hospital, and in other learning situations such as those involving co-curricular activities. Included here are the activities of aides or classroom assistants of any type who assist in the instructional process.”

School districts, however, provide a host of services to students that are important to the instructional process but are not covered by the NCES definition. Librarians, counselors, and nurses are among those employees who are clearly important (in fact, the Legislature is currently considering a mandated pay increase for these individuals), but are not considered instructional employees under the NCES definition. Other functions not included in the NCES definition are attendance (truancy) and social work services, speech pathology and audiology services, curriculum and instruction development, staff training, instruction-related technology, and transportation.

Although directing more funding to direct instructional activities is a worthy goal, school districts will be required to reduce funding to critical function areas, not just administrative costs (the most recent Academic Excellence Indicator System report from the Texas Education Agency points out that less than four percent of district operating budgets are spent on central administration). Even if districts were to eliminate administrative positions entirely (including not only superintendents but also those individuals responsible for administering payroll, planning the district budget, recruiting and hiring new teachers), ensuring compliance with state reporting requirements and so on), they would still not manage to comply with this section of the bill without making reductions in other areas.

While this bill gives the commissioner of the Texas Education Agency rulemaking authority to adopt additional rules with respect to the definition, the functions described above (attendance and social work services, speech pathology and audiology services, curriculum and instruction development, staff training, instruction-related technology, and transportation) should be explicitly included in the language of Senate Bill 8 as functions that provide for direct instructional activity and services to students.

One alternative to the current proposal would be to increase the lower limit of 50 percent up to 55 percent over the next two years, while providing the commissioner with direct waiver authority. At the end of the two years, a comprehensive review should be conducted on this issue and submitted to the Legislature for further review, before any additional percentage increases are required.

From a policy perspective, the imposition of a 65 percent requirement represents a retreat from the philosophy associated with the 1995 Education Code revisions which, in conjunction with the state accountability system, emphasized student performance and left the question of how to achieve those results to local school districts. One issue that remains largely unaddressed is how school districts would respond to a requirement to shift funding under a narrowly-drawn instructional definition. The result is almost certain to be across-the-board salary increases for instructional employees in many districts, which runs counter to the performance pay goals sought elsewhere in the bill.

Expansion of the Commissioner's Authority in Senate Bill 8

One area that has received little attention in the school finance and reform debate is the expansion of the authority of the Commissioner of Education in SB 8. This issue is raised only as a policy question. It is not intended as a criticism of the current Commissioner or her predecessors.

Probably the most significant example in SB 8 is in Section 2B.09 (p. 112). Under this section, any ruling by the Commissioner of Education as it relates to the accountability system or school finance can only be appealed to the Commissioner as part of an informal review process. No ruling could be appealed in state district court under this provision. While the record would suggest that the past and present Commissioners have conducted the state's business in a fair manner, there are instances where the Commissioner and other affected parties may not agree with a ruling that has been made. Giving the potential finance and governance consequences, having the option to appeal a ruling to district court is an effective check and balance on the Commissioner's authority and one that should not be discarded without considerable deliberation as to the long-term consequences of such a change.

The same section of SB 8 would provide the Commissioner with broad subpoena powers as it relates to audits and investigations. The question here is whether the Commissioner's Office is the appropriate place to locate subpoena power. If an audit issue or investigation is significant enough to warrant this type of scrutiny, it would seem that it would be best to leave this authority in the hands of local law enforcement officials who have expertise in this area of law.

A common practice is to assign to the Commissioner the task of adopting rules to implement new laws enacted by the Legislature. This is certainly appropriate and administrative flexibility is needed because any major change in statute often results in some residual issues that could not be anticipated at the time of passage. What has also become common practice is to provide that a Commissioner's rulings in these areas are final and not subject to appeal. As an example, the Commissioner's determination of state aid under the transition aid formula falls into this category (p. 45 of SB 8). Again, the question remains whether the Commissioner should be authorized to take action for which an appeal is not available by statute.

Accountability Issues

A little-noticed provision of Senate Bill 8 (also included in earlier versions) calls for the Legislature to surrender its autonomy to the federal government in the event that state law runs into conflict with the No Child Left Behind Act. (See p.142.) While federal law is likely to take precedent over state laws in most instances, the question remains as to whether the State of Texas needs to explicitly surrender its sovereignty over accountability issues. NCLB will be up for renewal in 2007 and a new President will take office in 2009. Under the projected standards, large numbers of campuses and districts could face low-performing ratings in a few years to the point that the state may determine that the federal government has overstepped its authority in its rating system. This is not to suggest that legislative action like that taken in Utah earlier this year is needed—a bill was passed under which state law always took precedent over NCLB as a matter of state policy—but some type of balance is needed. No change would be the most appropriate course of action. The state does not need to find itself in the position where NCLB controls the state accountability system.

Related Educational Policy Issues

School Election Issues

While Senate Bill 8 does not address November school board elections, this is likely to remain a significant Conference Committee issue. Under the House proposal that was accepted as part of the Conference Committee Report on House Bill 2 in the First Called Session, school board members would serve four-year terms, with elections held in November of even-number years. The plan calls for roughly half of the board members to be elected each even-numbered year. School board elections would always be held at the same time as an election for President or Governor, and the U.S. Senate, depending on the timing of the two six-year terms.

The argument for November elections generally is that voter turnout is lower in May and school district employees have too much influence over the election of board members. At least one report has argued that Board elections should include partisan labels, because school issues are difficult to learn about and that party affiliation is the best cue on how to vote, although the bill as introduced calls for nonpartisan elections.

While turnout is important, local voters are not reticent about replacing school board members and turning down bond elections they oppose. Turnout concerns are not evident in discussions of primary elections, where March elections are probably not the most efficient if the goal is to have an informed electorate prior to a general election. Even if school board elections remain nonpartisan, they will be substantially “down ballot” and engaging in any public discourse on local school issues in the midst of a presidential campaign or one for governor will be nearly impossible.

One issue that has not been addressed in this discussion is what impact November school board elections could have on the quality of school board members who choose to serve locally. The question is whether local business people and other interested parties who seek election on a May ballot—when attention is focused on local issues and the cost of campaigning is relatively low in many communities—will continue to serve, if they are thrown into an electoral mix with statewide and national races.

While the school board elections would be nonpartisan, little else falls into that category in November of even-numbered years. Candidates for state representative and state senator could find themselves being asked to take positions on issues that traditionally have been school district issues: bond elections and curriculum matters like sex education and what is taught in the local science curriculum.

In addition to November Board elections, one remaining electoral issue is school enrichment tax elections. Given that only two uniform election dates remain, most of these elections are likely to be held in May if an additional tax is to be levied for the next school year. How the voters will react is uncertain, especially if a homestead exemption policy permits citizens subject to the over-65 and disabled tax freeze to face property tax increases is adopted. (See below.)

Uniform School Calendar Start and End Dates Issues

The provision in House Bill 2, First Called Session, that mandated uniform school start and end dates (school starting on the first Tuesday after Labor and ending by June 7th) would impose a state requirement on what has traditionally been a local issue. Each school board determines the district's school start and end date based on the needs and wishes of the local community, while meeting the required number of instructional days. While there is a difference of opinion in some communities on this issue, the majority viewpoint prevails or trustees incur the wrath of unhappy voters in the next school board election.

School calendars are created to help maintain the instructional needs of both teachers and students by allowing semester finals to take place before the winter holidays. Also, many districts are concerned about a three-month layoff for students who are marginally satisfactory performers but simply do not get the help they need over the summer months. (Students with significant academic deficiencies are likely to end up in after-school or summer remedial programs.) It is recommended that school start and end dates remain a local issue, and not an issue mandated by the state.

Homestead Exemption Issues

While it is not clear at this stage whether an increase in the current \$15,000 mandatory homestead exemption will be part of the final package of property tax relief measures, Senate Bill 8 does not currently contain a mechanism for providing adjustments to school district revenues to offset the local revenue loss that would result from a homestead exemption increase.

When the school homestead exemption was increased from \$5,000 to \$15,000 in 1997, statutory language directed the Comptroller's Office to reduce the prior-year state property values to offset the cost of the homestead exemption and state funding formulas provided additional state aid or reduced recapture payments to offset the decrease in local property values and tax revenue. Since it is a mandatory exemption, the state property values in the next year reflected the reduced local tax collections and value associated with the increased homestead exemption. For so-called "gap" districts, hold-harmless funding was provided, because districts in gap status do not experience a state aid increase or recapture decrease to reflect the lost revenue and property value from the increase in the homestead exemption.

One other homestead exemption issue is the treatment of taxpayers subject to the over-65 and disabled freeze of school district taxes. While it was not included in this bill, HJR 12 includes a provision that permitted the taxes of those taxpayers who benefit from the tax freeze to experience tax increases in response to future school bond or enrichment tax elections. The current freeze level would remain as the ceiling for these taxpayers. This change represents a significant departure in state policy regarding the treatment of over-65 and disabled homeowners. Homeowners who are over 65 years of age or disabled are likely to vote "No" in even greater numbers on local bond issues and the new enrichment tax elections than they do with the current school tax-freeze provision.

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House Bill 2 Policy Issues

65 Percent on Instructional Activities Issue

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While this bill gives the commissioner of the Texas Education Agency rulemaking authority to adopt additional rules with respect to the definition, the functions described above (attendance and social work services, speech pathology and audiology services, curriculum and instruction development, staff training, instruction-related technology, and transportation) should be explicitly included in the language of House Bill 2 as functions that provide for direct instructional activity and services to students.

One alternative to the current proposal would be to increase the lower limit of 50 percent up to 55 percent over the next two years, while providing the commissioner with direct waiver authority. At the end of the two years, a comprehensive review should be conducted on this issue and submitted to the Legislature for further review, before any additional percentage increases are required.

From a policy perspective, the imposition of a 65 percent requirement represents a retreat from the philosophy associated with the 1995 Education Code revisions which, in conjunction with the state accountability system, emphasized student performance and left the question of how to achieve those results to local school districts. One issue that remains largely unaddressed is how school districts would respond to a requirement to shift funding under a narrowly-drawn instructional definition. The result is almost certain to be across-the-board salary increases for instructional employees in many districts, which runs counter to the performance pay goals sought elsewhere in the bill.

School Election Issues

Under House Bill 2, school board members would serve four-year terms, with elections held in November of even-number years. The plan calls for roughly half of the board members to be elected each even-numbered year. School board elections would always be held at the same time as an election for President or Governor, and the U.S. Senate, depending on the timing of the two six-year terms.

The argument for November elections generally is that voter turnout is lower in May and school district employees have too much influence over the election of board members. At least one report has argued that Board elections should include partisan labels, because school issues are difficult to learn about and that party affiliation is the best cue on how to vote, although the bill as introduced calls for nonpartisan elections.

While turnout is important, local voters are not reticent about replacing school board members and turning down bond elections they oppose. Turnout concerns are not evident in discussions of primary elections, where March elections are probably not the most efficient if the goal is to have an informed electorate prior to a general election. Even if school board elections remain nonpartisan, they will be substantially “down ballot” and engaging in any public discourse on local school issues in the midst of a presidential campaign or one for governor will be nearly impossible.

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Uniform School Calendar Start and End Dates Issues

The provision in House Bill 2 that mandates uniform school start and end dates (school starting on the first Tuesday after Labor and ending by June 7th) imposes a state requirement on what has traditionally been a local issue. Each school board determines the district's school start and end date based on the needs and wishes of the local community, while meeting the required number of instructional days. While there is a difference of opinion in some communities on this issue, the majority viewpoint prevails or trustees incur the wrath of unhappy voters in the next school board election.

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Homestead Exemption Issues

While it is not clear at this stage whether an increase in the current \$15,000 mandatory homestead exemption will be part of the final package of property tax relief measures, House Bill 2 does not currently contain a mechanism for providing adjustments to school district revenues to offset the local revenue loss that would result from a homestead exemption increase.

When the school homestead exemption was increased from \$5,000 to \$15,000 in 1997, statutory language directed the Comptroller's Office to reduce the prior-year state property values to offset the cost of the homestead exemption and state funding formulas provided additional state aid or reduced recapture payments to offset the decrease in local property values and tax revenue. Since it is a mandatory exemption, the state property values in the next year reflected the reduced local tax collections and value associated with the increased homestead exemption. For so-called "gap" districts, hold-harmless funding was provided, because districts in gap status do not experience a state aid increase or recapture decrease to reflect the lost revenue and property value from the increase in the homestead exemption.

One other homestead exemption issue is the treatment of taxpayers subject to the over-65 and disabled freeze of school district taxes. While it was not included in this bill, HJR 12 includes a provision that permitted the taxes of those taxpayers who benefit from the tax freeze to experience tax increases in response to future school bond or enrichment tax elections. The current freeze level would remain as the ceiling for these taxpayers. This change represents a

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significant departure in state policy regarding the treatment of over-65 and disabled homeowners. Homeowners who are over 65 years of age or disabled are likely to vote “No” in even greater numbers on local bond issues and the new enrichment tax elections than they do with the current school tax-freeze provision.