

School Finance Talking Points

TALKING POINTS:

1. By 2020, more than 60% of Texas jobs will require some sort of education beyond a high school diploma, yet only 30% of Texas higher schoolers obtain a degree within six years of graduation. Reforming our school finance system by implementing best practices and funding them through strategic investments is necessary to change the trajectory of public school in Texas for the better.
2. Student outcomes throughout Texas' educational pipeline need improvement, particularly for high-needs students. By the end of 3rd grade, just 41% of Texas students are meeting grade level literacy standards. For low-income students, just 32% are achieving this same benchmark. By the end of a student's academic career, the outlook has not improved substantially: over 40% of students require postsecondary remediation upon high school graduation, and this share of students can reach higher levels in our urban, higher-needs school districts.
3. Providing additional funding for early literacy supports, rewarding student success at critical benchmarks, and properly compensating effective educators are strategies that are proven to significantly impact student outcomes throughout our pipeline. We support legislation that includes these strategies, which were recommended to the 86th Legislature by the Texas Commission on Public School Finance.
4. In terms of funding, we believe that successful school finance reform would:
 - Provide \$780m annually through a weight for K-3 low-income and ELL students, requiring districts to offer full-day, high-quality pre-K subject to capacity restraints.
 - Provide \$400m in outcomes-based funding for every student meeting 3rd grade literacy expectations, weighted equitably so low-income students receive 2.3x more funding.
 - Provide \$400m in outcomes-based funding for every high school senior who graduates without needing remediation and enrolls in a postsecondary institution, attains an industry-accepted certification or enlists in the military. This would be weighted equitably so low-income students receive 2.3x more funding.
 - Provide \$100m of optional funding via weights in the school finance formula to school districts who implement a locally-developed multi-measure evaluation system in collaboration with teachers and principals (and approved by TEA). This funding could be used to strategically increase compensation for the most effective teachers and place effective teachers at high need/high impact campuses.
5. It is crucial that funding for these programs be new dollars allocated within the school finance formula to ensure that the funding is both reliable and sustainable for school districts, and the burden of recapture is reduced for impacted school districts and local property taxpayers.

BACKGROUND:

Texas is an economic engine. Families, small business owners and corporate executives flock to the Lone Star State and call it home.

In fact, 1 in 10 kids nationally are educated right here in Texas classrooms -- yet when you look at our student outcomes and life after high school graduation, we simply aren't living up to our reputation as the best in the country.

By 2020, **more than 60%** of Texas jobs will require some sort of education beyond a high school diploma. Our current public education system leaves a gap in future workforce needs, as **fewer than 30%** of Texas high schoolers obtain a degree within six years of graduation.

The good news: Texas is a data-rich state, and when we analyze the statistics, we can see where our students are struggling. Better yet, we can identify practices that will reverse the trend. With the demonstrated leadership of the members of the Texas Commission on Public School Finance and the 86th Texas Legislature, we are confident that we have the power to change the trajectory of the Texas public education system for the better.

We support legislation that includes additional education investment in the following areas proven to significantly impact student outcomes:

1. The state should **provide additional funding for early literacy supports.**
 - a. Currently, only 41% of all Texas 3rd graders are reading at grade-level, and when we look at our low-income students, that number plummets to a disappointing 32%.
 - b. These statistics are particularly troubling because we know that students need to *read to learn* beginning in 4th grade. If a child is behind in 3rd grade reading, it is really difficult to catch up later. In fact, they are 4x more likely to drop out of high school.
 - c. **The K-3 Allotment (\$780M)** proposed by the Texas Commission on Public School Finance would provide additional funds to districts for each of their kindergarten-3rd grade students who is an English language learner and/or comes from a low-income family. (What would the exact weights be?)
 - d. This allotment would allow more money to be invested in Pre-K through 3rd grade. Districts offering Pre-K would be required to offer full day Pre-K for 4 year-olds (subject to capacity constraints) and to meet the high quality pre-K standards established in the 84th legislative session.

2. We also believe Texas needs to **reward student success at critical benchmarks.**
 - a. Because of the state's current accountability standards, high school principals tend to focus more on STAAR End of Course testing ("EOC's") and high school graduation rather than what happens after the student leaves campus. It's time to rethink that.
 - b. To stay competitive in the international economic landscape, Texans need to exit high school prepared for success in college, career and military. We support outcomes-based funding that would annually reward schools that increase proficiency in early literacy and measures contributing to college and career readiness.
 - **Proficiency in early literacy**
 - As mentioned previously, data has proven that kindergarten through 3rd grade is a very important time period in a student's life, with early learning levels being clear indicators of future success.
 - Unfortunately, our current accountability structure hinders early literacy development. Because standardized tests take place in 3rd-5th grade, the best teachers are often placed in the later grades, while the worst are "hidden" in Pre-K -2nd. This is unacceptable. We need to ensure that students are equipped with the best teachers and the best resources from the very start.
 - **The Early Literacy Allotment (\$400M)** proposed by the Texas Commission on Public School Finance would provide additional funds to public schools for

each of their 3rd graders who is reading on-grade level. These funds would be equitably allocated in year one based on current proficiency levels, with every district gaining money and none losing any.

- Like the K-3 Allotment, the funds distributed through this allotment must be spent on supports for Pre-K through 3rd grade. Yet, in this case, schools can choose which supports they would like to invest in.
- The funds distributed through this outcomes-based system grow as early literacy proficiency increases due to the wise investment of new resources (the \$400M from this allotment and the \$780M from the K-3 Allotment). This will lead to more and more investment in early childhood education.
- This would grow funding much faster than historical increases in the Basic Allotment (if 3rd grade reading proficiency grows to 60% from total \$1.2bn investment in 3rd grade reading, outcomes funding pool will increase >50% to roughly \$625mm)
- Examples of success in such a model can be seen in the Florida Legislature's Early Learning Performance Funding Project which provided outcomes-based funding to School Readiness providers that improved their program quality, teacher-child interactions, and/or child outcomes. Year 3 evaluations showed that there was a significant and positive effect among at-risk children and their teachers. For example, one statistic showed that among the 13 Early Learning Florida courses, average percentage gain scores on knowledge assessment varied from 17% to 82%.

- **Measures contributing to college and career readiness: ACT/SAT/TSI performance and enrolls in postsecondary education, military or achieves an industry-accepted certificate.**

- Texas currently graduates more than 90% of high school students each year. However, more than 40% of these students are not adequately prepared for postsecondary education and end up needing some kind of remediation.
- Students who require remediation must pay to take developmental education courses in their postsecondary education for no credit, wasting student loan and Pell grant funds on education that should have happened before high school graduation.
- **The College and Career Readiness Allotment (\$400M)** proposed by the Texas Commission on Public School Finance would provide additional funds to public schools for each of their high school seniors who graduates without needing remediation and enrolls in a postsecondary institution, attains an industry-accepted certification or enlists in the military. These funds would be allocated in year one.
- This allotment would help to shift the priority from giving students diplomas to ensuring that are actually prepared for life post-graduation. We simply cannot continue to allow ~200,000 Texas students to graduate annually without doing substantially more to help them earn a living wage credential aligned with current Texas workforce needs.

c. Our public school finance system has not kept pace with our state's changing demographics. Significant investments must be made, particularly within our most disadvantaged populations, in the critical areas of early literacy and post-secondary readiness. Any proposed allotments must be equitably weighted to appropriately fund for economically disadvantaged students at a

higher level to reflect the increased challenges these students face in meeting these critical benchmarks.

3. We believe it's time to **properly compensate effective educators**.

- a. Teachers matter -- they're the largest in-school factor for a student's success. We need to make sure that we are rewarding our most effective teachers with salaries that match their impact.
 - Even one effective educator can increase a student's lifetime earnings by more than \$250,000.
- b. **The Effective Educator Allotment (\$100M)** proposed by the Texas Commission on Public School Finance would provide optional funding via weights in the school finance formula to school districts who implement a locally-developed multi-measure evaluation system in collaboration with teachers and principals (and approved by TEA).
- c. This funding could be used to:
 - Strategically increase teacher compensation for its more effective teachers
 - Place effective teachers at high need / high impact campuses (including high eco-dis, rural, and early education classrooms).
- d. This salary system greatly improves a district's retention ability, as it enables teachers to earn a higher salary earlier in their careers. Executed well, this system will drive teacher salaries up and encourage the next generation to choose the teaching profession.
 - In Dallas, where a multi-measure system was implemented in 2014, the district has seen 90% retention of its top 60% of teachers (rated proficient I or above) vs. 84% for the state average. This system helps ensure our strongest teachers stick around with students who need them the most.
- e. Multi-measure evaluations allow students to access great teachers -- and Dallas has shown tremendous improvements in student performance. purposes:
 - After Dallas' Accelerating Campus Excellence Initiative took effect, schools saw upwards of 67 percentage point gains in math and 40 percentage point gains in reading in just 3 years.

CLOSE:

Comprehensive school finance reform has the potential to change our state's trajectory for decades to come. Today, Texas' student population looks materially different than it did 30 years ago, and our school finance system ought to evolve to reflect that reality by strategically investing in populations in need of the most help and early enough in their academic path to make the biggest difference. New revenues to fund outcomes-based incentives and reward our more effective educators with higher salaries earlier in their career have the potential to meaningfully accelerate student achievement and raise Texas' national standing.