

**Texas Education Agency
Summary of Budget Recommendations - House**

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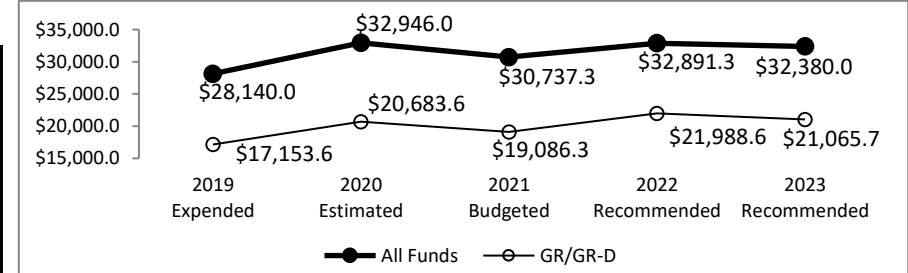
Mike Morath, Commissioner of Education

Aaron Henricksen, LBB, Public Education Team Manager

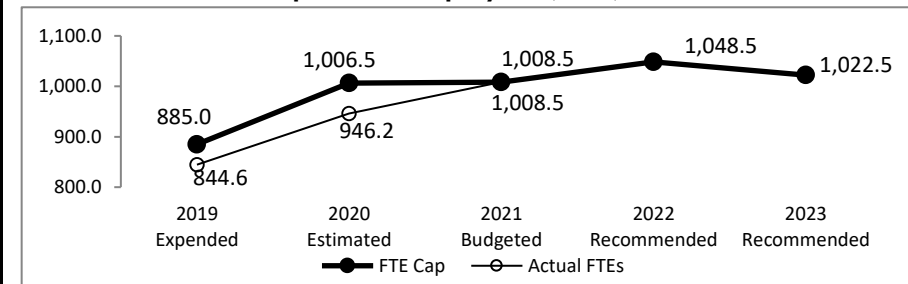
Tedd Holladay, LBB, TEA Non-FSP Programs/Administration

FSP ONLY (LESS SET-ASIDES)				
Method of Financing	2020-21 Base	2022-23 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$37,361,754,796	\$41,121,115,160	\$3,759,360,364	10.1%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	\$37,361,754,796	\$41,121,115,160	\$3,759,360,364	10.1%
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$11,506,470,000	\$11,832,113,636	\$325,643,636	2.8%
All Funds	\$48,868,224,796	\$52,953,228,796	\$4,085,004,000	8.4%
NON-FSP PROGRAM AND ADMINISTRATIVE BUDGET				
Method of Financing	2020-21 Base	2022-23 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$2,408,185,595	\$1,933,241,070	(\$474,944,525)	(19.7%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	\$2,408,185,595	\$1,933,241,070	(\$474,944,525)	(19.7%)
Federal Funds	\$12,222,819,172	\$10,289,571,134	(\$1,933,248,038)	(15.8%)
Other	\$184,115,173	\$95,272,601	(\$88,842,572)	(48.3%)
All Funds	\$14,815,119,940	\$12,318,084,805	(\$2,497,035,135)	(16.9%)
TEA TOTAL				
Method of Financing	2020-21 Base	2022-23 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$39,769,940,391	\$43,054,356,230	\$3,284,415,839	8.3%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	\$39,769,940,391	\$43,054,356,230	\$3,284,415,839	8.3%
Federal Funds	\$12,222,819,172	\$10,289,571,134	(\$1,933,248,038)	(15.8%)
Other	\$11,690,585,173	\$11,927,386,237	\$236,801,064	2.0%
All Funds	\$63,683,344,736	\$65,271,313,601	\$1,587,968,865	2.5%

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



Agency Budget and Policy Issues and/or Highlights

Foundation School Program (FSP) recommendations include updates to major budget drivers including property value growth, enrollment growth, & property tax rates. FSP GR growth is primarily attributable to increased costs associated with enrollment growth & replacing one-time federal funds received during 2020-21 related to the pandemic.

The GR reduction in Non-FSP Program and Administration is attributable to: 1) the exclusion of an instructional materials unexpended balance in the agency's base (\$312.7 million); 2) the discontinuance of one-time funding for Special Education Supports (\$50.5 million); 3) the expiration of funding for federal obligations related to the maintenance of financial support for special education (\$107.9 million).

The bill pattern for this agency (2022-23 Recommended) represents an estimated 61.4% of the agency's estimated total available funds for the 2022-23 biennium.

**Texas Education Agency
Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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Foundation School Program (FSP) Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):

A)	Maintenance and Operations: All Funds are projected to increase, primarily attributable to increased costs associated with enrollment growth, and replacing one-time federal funds received during the 2020-21 biennium related to the pandemic.	\$3,772.8	\$0.0	\$0.0	\$325.6	\$4,098.4	A.1.1
B)	Facilities: Biennial costs for facilities are projected to decrease, primarily due to increasing property values in fiscal year 2023.	(\$13.4)	\$0.0	\$0.0	\$0.0	(\$13.4)	A.1.2

Significant Non-FSP Program and Administration Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):

C)	Funding for Technology and Instructional Materials Allotment based on 24.4 percent of distribution from the PSF to the ASF. Recommendations exclude the IMA unexpended balance of \$312.7 million in the agency's base and maintain the agency's five percent reduction to the program.	(\$312.7)	\$0.0	\$0.0	\$0.0	(\$312.7)	B.2.1
D)	Elimination of one-time funding for the Special Education Supports Program	(\$50.5)	\$0.0	\$0.0	\$0.0	(\$50.5)	A.2.3 & B.3.5
E)	Elimination of one-time funding for funding for the maintenance of financial support for special education.	(\$107.9)	\$0.0	\$0.0	\$0.0	(\$107.9)	A.1.1
F)	Elimination of one-time ESF funding for school safety infrastructure grants.	\$0.0	\$0.0	\$0.0	(\$97.0)	(\$97.0)	A.2.2
G)	Expiration of federal coronavirus relief funds.	\$0.0	\$0.0	(\$1,932.4)	\$0.0	(\$1,932.4)	A.2.3, B.2.2, B.2.3, B.3.2, B.3.4, & B.3.5

OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):

H)	Agency Operations, Administration, and Information Systems Technology: Expiration of one-time grants and funding and realignment of administrative funds.	(\$4.6)	\$0.0	\$0.0	\$0.0	(\$4.6)	B.3.2, B.3.3, B.3.4, B.3.5, & B.3.6
I)	Net impact of reallocation of funds for certain programs associated with 5 percent cuts.	\$1.6	\$0.0	\$0.0	\$0.0	\$1.6	B.1.1
J)	Reduced matching appropriation to School Lunch Program.	(\$0.1)	\$0.0	\$0.0	\$0.0	(\$0.1)	B.3.2

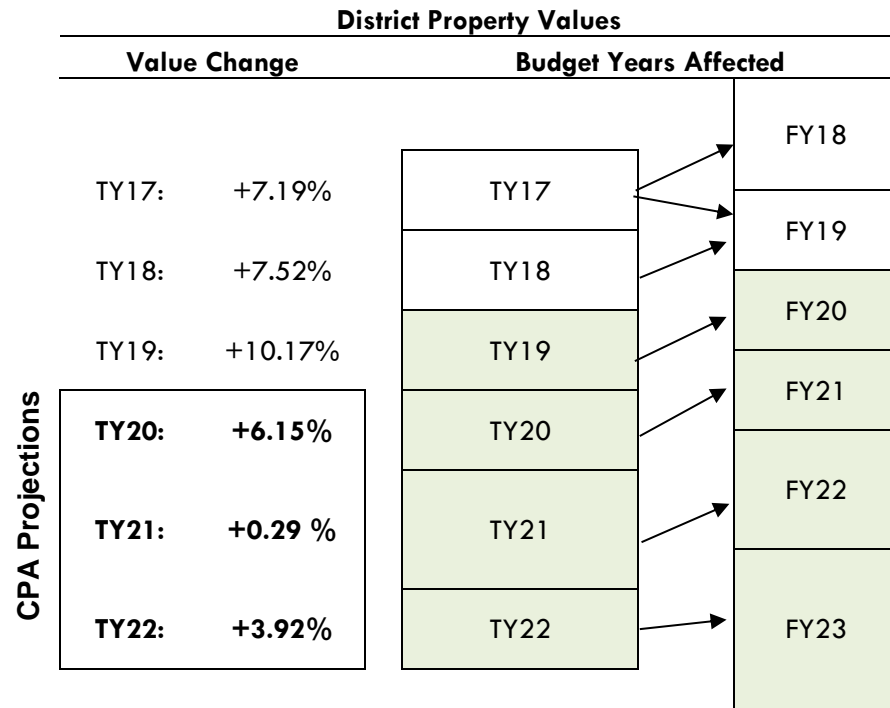
**Texas Education Agency
Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
K)	Increased funding for administration of Permanent School Fund Liquid Account.	\$0.0	\$0.0	\$0.0	\$9.7	\$9.7	B.3.2, B.3.4, and B.3.5
L)	Reduction associated with one-time disposition of closed charter school funds.	(\$0.8)	\$0.0	\$0.0	(\$1.5)	(\$2.3)	A.2.4
M)	Expiration of federal Hurricane Harvey grants.	\$0.0	\$0.0	(\$0.8)	\$0.0	(\$0.8)	A.2.4
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$3,284.4	\$0.0	(\$1,933.2)	\$236.8	\$1,588.0	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$3,774.4	\$0.0	\$0.0	\$335.3	\$4,109.7	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		(\$490.0)	\$0.0	(\$1,933.2)	(\$98.5)	(\$2,521.7)	As Listed

NOTE: Totals may not sum due to rounding.

**Texas Education Agency
Selected Fiscal and Policy Issues - House**

1. **Foundation School Program Major Budget Drivers Assumptions and Yields**



District Property Values (DPV)

- The Comptroller projects minimal property value growth in Fiscal Year 2022, primarily due to a decline in commercial property values offset by growth in residential property values; followed by stronger growth in Fiscal Year 2023 as the economy recovers from the 2020 recession.
- Under current law, DPV growth reduces the level of state aid needed to meet entitlement.

Tax Effort

Assumption: On a statewide basis, districts will successfully pass tax ratification elections each year, drawing roughly \$100 million in additional state aid in FY2022 and \$200 million in FY2023. Districts were generally prohibited from having tax ratification elections in FY 2020, and it is yet unclear how many districts have successfully passed tax ratification elections in FY 2021.

Yields

Basic Allotment: \$6,160 (no change)
Golden Penny Yield: \$98.56 per penny per WADA in FYs2022 and 2023.

Statute establishes the minimum Basic Allotment at \$6,160, but allows a higher Basic Allotment to be established in the GAA. LBB Recommendations continue the Basic Allotment at the same level.

The Golden Penny Yield, which is applied to the first eight pennies levied above the compressed tax rate is statutorily tied to the Basic Allotment, and is therefore included in LBB Recommendations at the same level of \$98.56 per penny per WADA in each fiscal year.

Student Growth		
	Number of Students	Rate of Growth
FY17	47,135 ADA	0.96%
FY18	29,421 ADA	0.59%
FY19	15,467 ADA	0.31%
FY20	42,777 ADA	0.85%
FY21	36,013 ADA	0.71%
FY22	36,269 ADA	0.71%
FY23	36,527 ADA	0.71%

Student Growth

TEA projects growth in compensatory education (2.89%), career & technical education (6.12%), FTEs served in special education settings (5.55%), and special education mainstream ADA (4.3%).

10-year average ADA growth is 0.96%.

In the 2022-23 biennium, an annual increase of 36,000 ADA is estimated to roughly translate to an increase of 125,000 weighted ADA (WADA) per year. With a statewide average revenue of about \$6,317 per WADA for the biennium, this increase generates an additional ~\$875 million in state cost per cohort per year.

TEA Projections

Please note, updated projections will be received in February and March 2021.

Driver	Agency	Statutory Deadline
ADA, Special Program ADA, and FTEs	TEA	October 1 - even year March 1 - odd year
Tax Rate of Each District	CPA	February 1 - each year
Total Taxable Value in State for Following Biennium	CPA	October 1 - even year March 1 - odd year

FSP Items Specified in General Appropriations Act

Item	Rider	Appropriated		LBB Recommendations	
		FY2020	FY2021	FY2022	FY2023
Basic Allotment	3	\$6,160	\$6,160	\$6,160	\$6,160
State Compression Percentage	3	93%	93%	93%	93%
Actual Highest Tier 1 Tax Rate	-	93%	91.64%	91.64%	90.40%
Instructional Facilities Allotment	3	\$0	\$0	\$0	\$0
New Instructional Facilities Allotment	3	\$100.0 million	\$100.0 million	\$100.0 million	\$100.0 million
Transportation Allotment	5	Transportation allotment elements are established by rider #5			

- LBB Recommendations include funding the New Instructional Facilities Allotment at 2020-21 biennial levels.
- LBB Recommendations do not include appropriations for Instructional Facilities Allotment (IFA) program awards to be made in 2022-23, but continue to fully fund IFA awards made in previous biennia.
- The Actual Highest Tier 1 Tax Rate is not specified in the General Appropriations Act but is included to provide context related to Tax Rate Compression.

2. 2020-21 Base Adjustment and 2022-23 Current Law Costs

	GR	All Funds
2020-21 FSP APPROPRIATION (LESS SET-ASIDES)	\$42,803.7	\$51,906.1
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2020-21 All Funds BASE ADJUSTMENTS FROM 2020-21 APPROPRIATED (in millions)		
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New Costs/(Savings)		
1 Updated Drivers. Primarily due to stronger than projected property value growth in fiscal year 2020.	(\$1,570.5)	(\$1,570.5)
2 Settle-Up, Prior Year and Other Adjustments. Primarily additional costs incurred due to Hurricane Harvey.	(\$287.2)	(\$287.2)
3 CARES Act. Federal CARES Act funding used to supplant state funds to help districts respond to the pandemic (see Selected Fiscal and Policy Issue #12).	(\$1,145.9)	(\$1,145.9)
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TOTAL, 2020-21 ALL FUNDS COST ADJUSTMENT OVER 2020-21 APPROPRIATION	(\$3,003.6)	(\$3,003.6)
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MOF Shifts		
4 Recapture. Revenue higher than appropriated, decreasing GR draw.	(1,281.0)	\$0
3 Property Tax Relief Fund (PTRF). Revenue higher than appropriated, decreasing GR draw.	(\$176.1)	\$0
4 Tax Reduction and Excellence in Education Fund (TREE). Revenue higher than appropriated, decreasing GR draw.	(\$947.0)	\$0
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Total, MOF Shifts	(\$2,404.1)	\$0
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TOTAL, 2020-21 BASE ADJUSTMENTS	(\$5,407.7)	(\$3,003.6)
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Total General Revenue-related MOF Shifts		
Available School Fund	\$28.6	
Lottery Revenue	\$36.7	
Foundation School Fund No. 193	(\$5,473)	
Total	\$5,407.7	
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2020-21 FSP BASE (ADJUSTED)	\$37,396.0	\$48,902.5
*Totals may not sum due to rounding		

Payments to districts are subject to settle-up. State overpayments are recouped in subsequent years; state underpayments are owed in September.

2022-23 FSP COSTS OVER 2020-21 BIENNIAL BASE (ADJUSTED) (in millions)			GR	All Funds
Costs				
1	Enrollment Growth. 125,000 additional WADA in each fiscal year.		\$3,130.0	\$3,130.0
2	District Property Value Change. Projected DPV growth of 0.29% in Fiscal Year 2022 and 3.92% in Fiscal Year 2023 results in reduced state costs.		(\$950.0)	(\$950.0)
3	Tax Compression. Annualization of the 2021 tax compression in the 2022-23 biennium, and additional tax compression in the 2022-23 biennium.		\$992.4	\$992.4
4	CARES Act. Amount required to replace one-time federal funding under the CARES Act, which was used to supplant state funds to help districts respond to the pandemic (see Selected Fiscal and Policy Issue #12).		\$1,145.9	\$1,145.9
5	Harvey. Elimination of one-time funding for Hurricane Harvey relief.		(\$636.0)	(\$636.0)
6	Settle Up. The 2022-23 biennium is projected to have higher settle-up costs than the 2020-21 biennium.		\$20.4	\$20.4
7	Enrichment Tax Effort and Prior Year and Other Adjustments. LBB Recommendations assume an increase of \$381.5 million in additional state cost due to the combined effects of tax effort increase and cost for prior year adjustments for DPV, collections, and payments associated with local economic development agreements.		\$382.3	\$382.3
MOF Shifts				
8	Recapture. Biennial increase in revenue, decreasing GR draw.		(\$432.4)	\$0
9	Property Tax Relief Fund (PTRF). Biennial increase in revenue, decreasing GR draw.		(\$180.4)	\$0
10	Tax Reduction and Excellence in Education Fund (TREE). Biennial increase in revenue, decreasing GR draw.		(\$348.9)	\$0
11	Economic Stabilization Fund. Elimination of one-time funding from the Economic Stabilization Fund used to fund Harvey amount above.		\$636.0	\$0
TOTAL 2022-23 COSTS OVER 2020-21 BASE			\$3,759.4	\$4,085.0
Total General Revenue-related MOF Shifts				
	Available School Fund		\$763.5	
	Lottery Revenue		\$14.0	
	<u>Foundation School Fund No. 193</u>		<u>\$2,981.8</u>	
	Total		\$3,759.4	
Total General Revenue-related MOF Shifts				
2022-23 FSP CURRENT LAW COST				
*Totals may not sum due to rounding			\$41,155.4	\$52,987.5

3. **House Bill 3.** The 2020–21 GAA appropriated \$11.5 billion in General Revenue Funds greater than what was required by previous law for public schools to implement the provisions of House Bill 3 that increased public education funding, provided salary increases, provided school district property tax relief, and decreased recapture. The funding was contingent upon the enactment of House Bill 3, which became effective September 1, 2019. The additional funding of \$11.5 billion includes the following components:
- \$6.5 billion for increased school funding, including: an increase to the Basic Allotment to \$6,160; funding to provide salary increases to teachers, librarians, counselors, nurses and other school employees, with districts and charters required to spend at least 30.0 percent of their funding gain from the increased Basic Allotment for salary increases; full-day prekindergarten for eligible students; and major structural reforms to the school finance system;
 - \$5.0 billion for property tax relief through the compression of school district tax rates. Tier 1 tax rates are compressed to at least 93.0 percent, with additional compression beginning in fiscal year 2021 in districts where property value growth exceeds 2.5 percent; and
 - a projected decrease of recapture payments of \$3.5 billion during the 2020–21 biennium from what they would have otherwise been.
4. **Property Tax Compression.** House Bill 3 includes \$5.0 billion for the 2020–21 biennium for property tax relief through the compression of school district property tax rates. School district M&O tax rates are made up of the district's Tier 1 tax rates and, for most districts, an additional Tier 2 tax rate, which is an optional enrichment tax rate. Tier 1 tax rates were compressed to 93.0 percent for fiscal year 2020. Beginning in fiscal year 2021, Tier 1 tax rates will be compressed further by the amount that the district's or statewide average's district property value exceeds 2.5 percent. For example, based on projections by the Comptroller of Public Accounts, district property values are expected to increase by 4.01 percent for fiscal year 2021. Therefore, each district's Tier 1 tax rate will be compressed further by at least 1.51 percent (4.01 percent minus 2.5 percent). To the extent that a district's property values exceed the statewide average, the Tier 1 tax rate will be compressed even further. For most districts, this compression will have the effect of decreasing the Tier 1 tax rate from \$1.00 per \$100 of district property valuation during fiscal year 2019 to \$0.93 for fiscal year 2020 and \$0.916 for fiscal year 2021.

House Bill 3 additionally compressed Tier 2 tax rates for copper pennies, which were subject to recapture and were the last \$0.11 of tax effort per \$100 of property valuation levied by school districts for those districts at the maximum tax rate before the legislation. Pursuant to House Bill 3, two copper pennies of tax effort were added to the district's golden pennies, which are not subject to recapture and provide a higher level of state aid, and the remaining 9 copper pennies were compressed to 5.8 pennies. Therefore, pursuant to House Bill 3, a district that levied the maximum M&O tax rate of \$1.17 would be compressed to \$1.068 for fiscal year 2020, including \$0.07 of tax compression for Tier 1 and \$0.032 of tax compression for Tier 2. For fiscal year 2021, this amount would be compressed further to at least \$1.054.

5. **State Share of FSP Entitlement.** Prior to HB 3, the state share of the total FSP entitlement had been decreasing, primarily due to strong property value growth. Following the enactment and implementation of HB 3, the state share increased due to a combination of additional state aid and property tax relief.

Combined State and Local Share of FSP Entitlement (in millions)

Fiscal Year	Local	Recapture	State	Total	% State Share
2016	\$24,019.2	\$1,587.5	\$19,873.3	\$45,480	43.7%
2017	\$25,223.7	\$1,721.9	\$19,388.2	\$46,334	41.8%
2018	\$26,811.6	\$2,105.7	\$19,051.9	\$47,969	39.7%
2019	\$28,554.2	\$2,871.6	\$19,179.2	\$50,605	37.9%
2020	\$29,551.0	\$2,432.2	\$22,379.0	\$54,362	41.2%
2021	\$30,297.0	\$2,813.2	\$22,430.8	\$55,541	40.4%
2022	\$30,098.4	\$2,795.3	\$23,148.4	\$56,042	41.3%
2023	\$30,417.4	\$3,030.9	\$23,727.4	\$57,176	41.5%

Maintenance and Operations State and Local Share of FSP Entitlement (in millions)

Fiscal Year	Local	Recapture	State	Total	% State Share
2016	\$20,438.4	\$1,587.5	\$19,138.6	\$41,164	46.5%
2017	\$21,499.9	\$1,721.9	\$18,653.6	\$41,875	44.5%
2018	\$22,880.2	\$2,105.7	\$18,512.8	\$43,499	42.6%
2019	\$24,400.7	\$2,871.6	\$18,600.1	\$45,872	40.5%
2020	\$25,233.1	\$2,432.2	\$21,938.2	\$49,603	44.2%
2021	\$25,785.1	\$2,813.2	\$22,008.6	\$50,607	43.5%
2022	\$25,787.6	\$2,795.3	\$22,721.8	\$51,305	44.3%
2023	\$26,053.8	\$3,030.9	\$23,322.8	\$52,408	44.5%

Facilities State and Local Share of FSP Entitlement (in millions)

Fiscal Year	Local	State	Total	% State Share
2016	\$3,580.9	\$671.0	\$4,252	15.8%
2017	\$3,723.8	\$645.8	\$4,370	14.8%
2018	\$3,931.4	\$539.1	\$4,471	12.1%
2019	\$4,153.5	\$579.1	\$4,733	12.2%
2020	\$4,318.0	\$440.8	\$4,759	9.3%
2021	\$4,512.0	\$422.1	\$4,934	8.6%
2022	\$4,310.8	\$426.7	\$4,737	9.0%
2023	\$4,363.6	\$404.6	\$4,768	8.5%

NOTE:

- (1) Fiscal years 2021-23 are estimated. Fiscal years 2022-23 assume current law entitlement.
- (2) The State category includes appropriations from the Economic Stabilization Fund of \$806.5 million for fiscal years 2019, \$424.0 million for fiscal year 2020, and \$212.0 million for fiscal year 2021 for districts affected by Hurricane Harvey.
- (3) The State category includes \$1,145.9 million in fiscal year 2021 CARES Act federal funding (see Selected Fiscal and Policy Issue #12).

6. Recapture Analysis

LBB Recommendations include an estimated 2022 - 23 recapture revenue of \$5.8 billion, a \$432.4 million increase over 2020-21 levels.

In an effort to address inequities among school districts in terms of access to revenue for public education, the Texas Education Code, Chapter 49, requires school districts with Maintenance and Operations (M&O) tax revenue at the Tier 1 level, or at the “copper penny” level to equalize their wealth. Most schools with excess revenue opt to remit tax revenues associated with property value above the entitlement directly to the state, through a process called recapture. Recapture revenue is only used as a method of financing the state's FSP obligations, and is not used for any other non-FSP related appropriation.

Analysis:

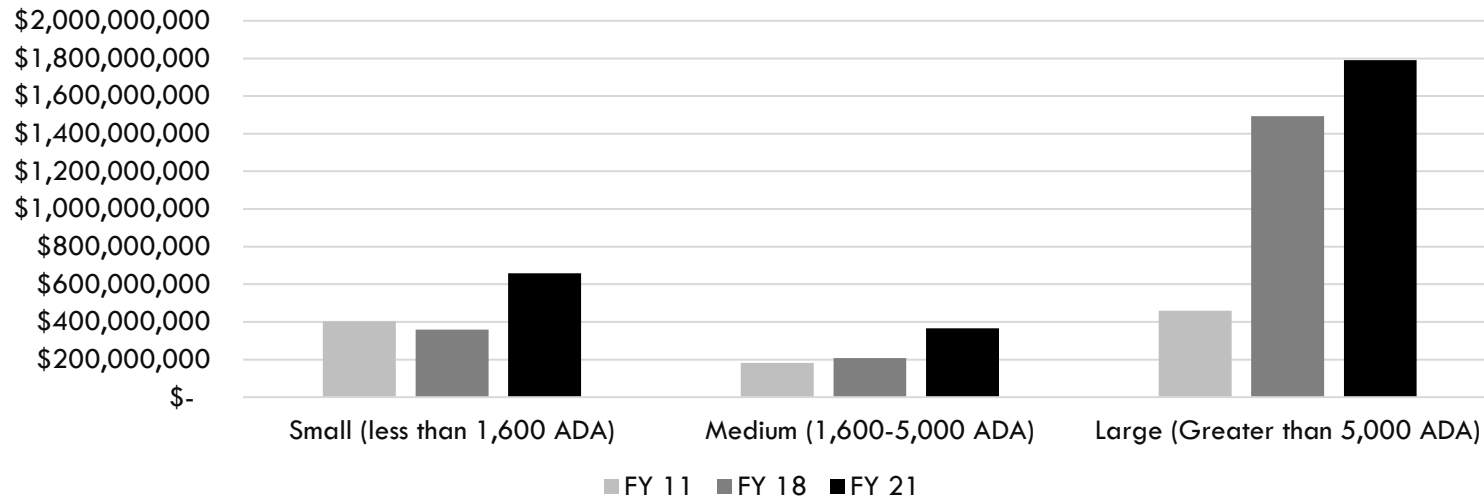
For fiscal years 2006 through 2023, the following table provides the total recapture revenue, the percentage of recapture as a percentage of total M&O revenue, and the total number of districts paying recapture. Although the total amount of recapture revenue has grown in the 18 years shown, House Bill 3 of the 86th Legislature helped slow the growth and helped keep recapture revenue within a general range of 3 to 6 percent of total M&O revenue.

Tier 1 and Tier 2 Recapture

Fiscal Year	Total Recapture Paid (in millions)	Recapture as a Percent of Total M&O Revenue	Total Districts Paying Recapture	Percent of Total ADA	Percent of Total WADA
2006	\$1,305.5	5%	142	12.5%	11.9%
2007	\$1,426.5	5%	150	12.7%	12.2%
2008	\$1,140.4	4%	178	13.2%	12.7%
2009	\$1,463.5	4%	191	17.5%	17.0%
2010	\$1,051.2	3%	201	11.4%	11.0%
2011	\$1,043.8	3%	213	12.6%	12.2%
2012	\$1,086.8	3%	222	13.6%	13.1%
2013	\$1,068.4	3%	216	12.2%	11.8%
2014	\$1,212.8	3%	226	12.3%	11.9%
2015	\$1,492.6	4%	241	14.1%	13.6%
2016	\$1,587.5	4%	231	14.7%	14.6%
2017	\$1,721.9	4%	234	16.6%	16.4%
2018	\$2,109.0	5%	191	18.7%	18.1%
2019	\$2,872.6	6%	214	23.4%	22.8%
2020	\$2,581.5	5%	160	21.4%	20.8%
2021*	\$2,813.2	5%	168	21.9%	21.1%
2022*	\$2,795.3	5%	166	17.6%	16.9%
2023*	\$3,030.9	6%	173	18.4%	17.8%

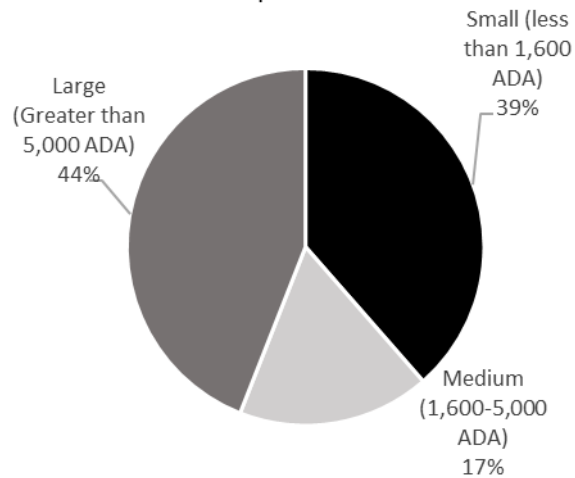
* Fiscal years 2021 through 2023 are estimated

Comparison of Total Amount of Recapture Paid by Size of School in FY 11 and FY 18

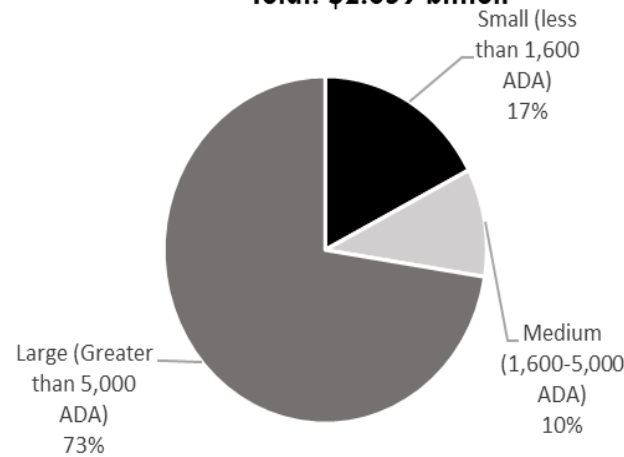


The graphs on this page provide a comparison of the total amount of recapture paid by district size in fiscal years 2011, 2018, and 2021. The categories include small districts, with an ADA of 1,600 or less; medium districts, with an ADA of 1,600-5,000; and large districts, with an ADA greater than 5,000. In this analysis, small districts experienced a decline in recapture between 2011 and 2018, but have since seen an increase, medium districts experienced a modest increase, while the majority of the increase in recapture can be attributed to large districts, with a 225% increase in recapture amounts over 2011 levels. The large increase in recapture payments remitted by large districts, in FY 2018, is likely due to rapidly growing property values in the affected districts, particularly in urban and suburban areas, mixed with a student population that is not experiencing corresponding robust growth. The trend continues in FY 2021.

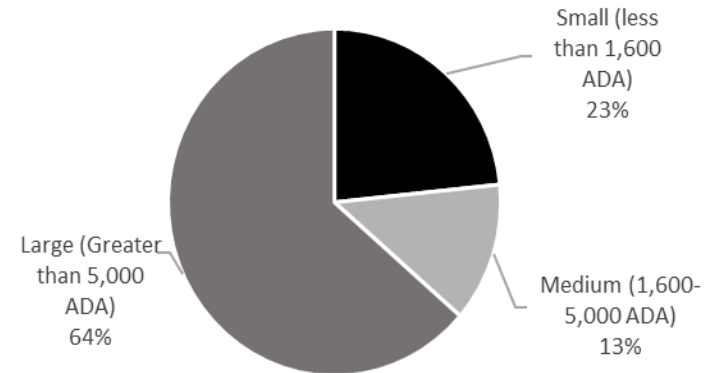
Fiscal Year 2011, Share of Total Recapture Paid by District Size
Total: \$1.045 billion



Fiscal Year 2018, Share of Total Recapture Paid by District Size
Total: \$2.059 billion



Fiscal Year 2021, Share of Total Recapture Paid by District Size
Total: \$2.814 billion



7. **FSP Formula Items Established by Appropriation**

Items established by appropriation which are not currently funded:

Item	Description	Program History		
		Biennium Last Funded	Appropriated/ Authorized Amount	Number of Districts Funded
Average Daily Attendance Decline	Additional state aid through the FSP formula available to districts with ADA that declines more than 2 percent between years. Statute limits the total amount available through ADA adjustments under this provision to the sum certain amount appropriated for this purpose.	2010–11 biennium	Up to \$22 million biennially	134 Districts for school year 2009-10
Rapid Property Value Decline	Additional state aid through the FSP formula available to districts with property values that decline by more than 4 percent between years.	Fiscal Year 2019	\$25 million	70 districts

EDA and IFA Yield Increase

In addition to the items listed above, the yields for both of the FSP facilities funding programs, the Existing Debt Allotment (EDA) and the IFA, can be increased by appropriation. The current yield for IFA is \$35 per ADA per penny of tax effort for eligible debt service, and the current yield for EDA is \$38 per ADA per penny of tax effort for eligible debt service. The IFA yield was last increased in 1999 and was set at \$35. The EDA yield was increased by the Eighty-fifth Legislature by a statewide total of \$60 million in state aid above the previous yield of \$35.

Currently there are 298 districts receiving state aid through the EDA or IFA programs. The following table includes the number of districts receiving state aid through one of these programs and the percent of districts receiving state aid through at least one of these programs compared to all districts that have eligible debt service.

Districts Receiving State Aid from IFA or EDA				
	2020	2021	2022	2023
Number of Districts	450	439	454	448
Percent of All Districts with Eligible Debt Service Receiving State Aid	44.3%	43.2%	44.7%	44.1%

8. School District Adopted M&O Rate and Tax Rate Election (TRE) Statistics

Fiscal Year	Prior to HB 3						Post HB 3	
	FY14	FY16	FY17	FY16	FY18	FY19		FY20*
Number of Districts with Taxing Authority	1,020	1,019	1,018	1,018	1,018	1,017		1,016
Number of Districts at \$1.17 M&O Cap	288	329	370	399	430	426	Number of Districts with 5.8 Copper Pennies	405
Number of Districts Between \$1.04 and \$1.17	65	84	87	109	129	173	Number of Districts Greater than 8 Golden Pennies and Less than 5.8 Copper Pennies	97
							Number of Districts Between 4 Golden Pennies and 8 Golden Pennies	70
Number of Districts at \$1.04	572	533	500	469	419	387	Number of Districts with 4 Golden Pennies	436
Number of Districts Between \$1.00 and \$1.04	41	33	29	22	22	13	Number of Districts with less than 4 Golden Pennies	8
Number of Districts Below \$1.00	54	40	32	19	18	18		
% of Districts at \$1.17 Cap	28%	32%	36%	39%	42%	42%	% of Districts with 5.8 Copper Pennies	40%
% Districts Between \$1.04 and \$1.17	6%	8%	9%	11%	13%	17%	% of Districts Greater than 8 Golden Pennies and Less than 5.8 Copper Pennies	10%
							% of Districts Between 4 Golden Pennies and 8 Golden Pennies	7%
% of Districts at \$1.04	56%	52%	49%	46%	41%	38%	% of Districts with 4 Golden Pennies	43%
% Districts Between \$1.00 and \$1.04	4%	3%	3%	2%	2%	1%	% of Districts with less than 4 Golden Pennies	1%
% Districts Below \$1.00	5%	4%	3%	2%	2%	2%		

9. **Charter Schools.** Charter schools are not authorized to levy local property taxes. Therefore, the entire FSP entitlement for a charter school is provided as state aid.

The charter school Tier 1 entitlement is determined by multiplying counts of students enrolled in general and targeted education programs by applicable program weights and the state average of school district adjusted allotments. Enrichment funding provided through Tier 2 for charter schools is calculated using the state average number of enrichment pennies levied by school districts with taxing authority.

The following figure shows, from fiscal years 2012 to 2023, charter school state aid, charter school average daily attendance, and the percentage of total ADA made up by charter schools.

Year	State Aid (in Millions)	Average Daily Attendance (ADA)	Percentage of Total ADA
2012	\$1,172.1	139,049	3.0%
2013	\$1,327.1	161,846	3.4%
2014	\$1,561.3	183,228	3.8%
2015	\$1,793.2	207,003	4.3%
2016	\$2,030.9	226,771	4.6%
2017	\$2,256.4	250,592	5.0%
2018	\$2,550.8	271,781	5.4%
2019	\$2,858.3	289,906	5.8%
2020	\$3,351.3	298,707	5.9%
2021*	\$3,682.3	333,565	6.5%
2022*	\$4,020.2	362,304	7.1%
2023*	\$4,491.2	394,454	7.6%

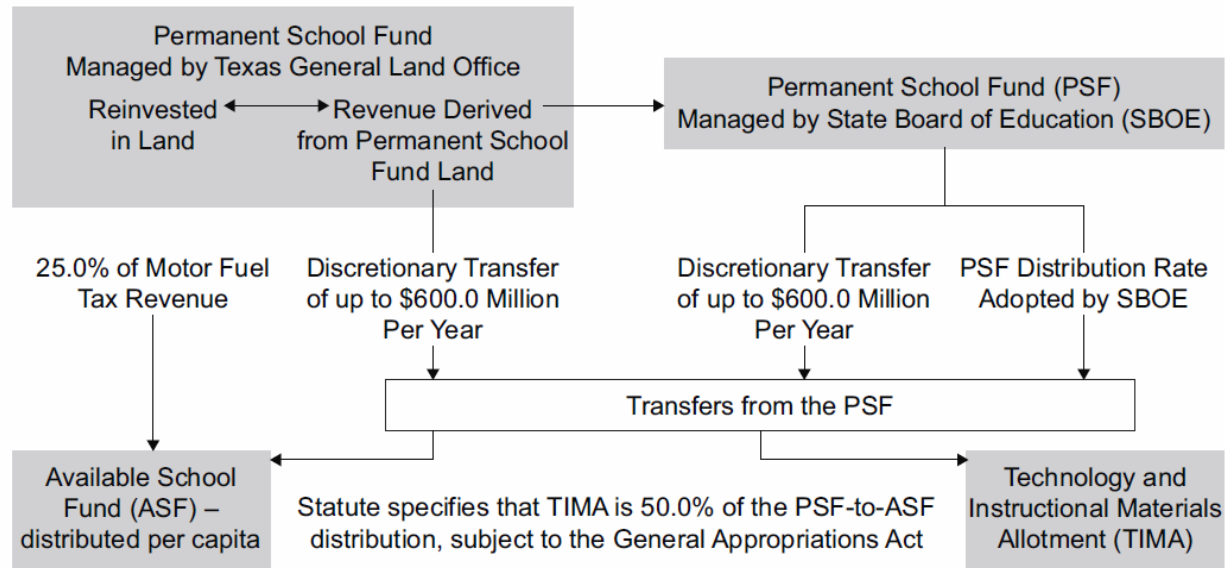
*Projected

10. **Permanent School Fund, Available School Fund, and the Technology and Instructional Materials Allotment**

LBB Recommendations provide \$1,045.4 million to the Technology and Instructional Materials Allotment, a \$56.0 million decrease from 2020-21 appropriated amounts.

The Permanent School Fund (PSF) is a constitutionally dedicated fund for the support of public education. The PSF is managed by the State Board of Education (SBOE), which manages a portfolio of securities within the PSF, and the General Land Office (GLO), which manages PSF lands and generates revenue through the sale and lease of land; grazing, agricultural, commercial and right-of-way uses; and oil and gas revenues. The Available School Fund (ASF) is a constitutionally dedicated fund for the support of the public education system. It is funded from distributions from returns on investment of the Permanent School Fund (PSF). The ASF is used to fund the Technology and Instructional Materials Allotment (TIMA), a program that provides local education agencies with funding for technology and instructional materials. The ASF also funds the per capita distribution, which is a method of finance for the Foundation School Program (see Figure 1).

Figure 1
ALLOCATION OF FUNDS FROM THE PERMANENT SCHOOL FUND TO AVAILABLE SCHOOL FUND, 2020–21 BIENNIUM



NOTE: Amounts represent changes enacted through House Bill 4611, Eighty-sixth Legislature, 2019, and subsequent November 2019 passage of the constitutional amendment proposed in House Joint Resolution 151, Eighty-sixth Legislature, 2019.
 SOURCE: Legislative Budget Board.

The amounts that are available for the Technology and Instructional Materials Allotment and the per capita distribution are related to the amount of funds that are transferred from the PSF to the ASF each biennium by the GLO and the SBOE. In addition to their authority to transfer revenue to the SBOE-managed portion of the PSF, the GLO may transfer directly from the PSF to the ASF no more than \$600.0 million each fiscal year, or \$1.2 billion each biennium. On August 19, 2020 the School Land Board (SLB) voted to transfer \$875.0 million from the GLO’s portion of the PSF to the ASF in the 2022-23 biennium.

In addition to any direct transfer from the GLO, before every legislative session, the SBOE adopts a rate of distribution from its PSF corpus to the ASF for the upcoming biennium. On November 18, 2020 the SBOE adopted a distribution rate for fiscal years 2022 and 2023 of 4.18 percent. Applied to an estimated SBOE PSF corpus of \$41.1 billion, the SBOE’s rate of distribution is anticipated to generate an annual distribution of approximately \$1.7 billion, or \$3.4 billion for the biennium, an increase of \$1.2 billion from the 2020-21 SBOE biennial distribution of \$2.2 billion, when the SBOE adopted a distribution rate of 3.0 percent. Along with the projected \$875.0 million sent directly to the ASF by the GLO, the total estimated distribution from the PSF to the ASF is \$4.3 billion for the 2022-23 biennium.

The SBOE has authority that is similar to the GLO’s authority to distribute up to \$600.0 million each fiscal year from the Permanent School Fund to the Available School Fund in the form of a direct transfer. On September 9, 2020 the SBOE voted to directly transfer \$300.0 million in fiscal year 2021 directly from the SBOE-managed portion of the PSF to the SLB-managed portion of the PSF, after which the funds will be transferred to the ASF. The SBOE has not indicated an intention to make a similar transfer in the 2022-23 biennium.

Instructional Materials Funding in LBB Recommendations

Statute requires that 50.0 percent, or an alternate amount specified in the General Appropriations Act, of the amount transferred from the PSF to the ASF be deposited into the Technology and Instructional Materials Fund during each biennium. LBB Recommendations establish a funding level for the Instructional Materials Allotment that is based on 24.4 percent of the distribution from the PSF to the ASF. This provides \$1,045.4 million to the TIMA, excluding amounts appropriated for program administration. This level of funding represents a \$56.0 million decrease from 2020-21 appropriated amounts but no change from 2020-21 base amounts, when excluding unexpended balances. This level of funding for the Instructional Materials Allotment yields a General Revenue savings of \$1,104.8 million that is available for the Per Capita Distribution and the FSP, as compared to a hypothetical scenario in which 50 percent of the PSF to ASF transfer was distributed to the Instructional Materials Allotment.

Figure 2, below, has more information on historical funding for the Instructional Materials Allotment, including information on Unexpended Balances which have been carried in the fund between biennia. It is currently too early in the fiscal year for TEA to provide an estimate the unexpended balance likely to be carried forward from the 2020-21 biennium.

Figure 2: Technology and Instructional Materials Funding, 2014-15 to 2022-23 Biennia

	TIMA Appropriation*	Unexpended Balance From Previous Biennium	Distribution Rate of the PSF to ASF Transfer
2014-15	\$843,106,168	\$113,267,259	50.0 percent
2016-17	\$1,059,369,568	\$109,003,521	50.0 percent
2018-19	\$1,103,381,468	\$169,313,798	44.3 percent
2020-21	\$1,049,980,630**	\$312,723,282	50.0 percent
2022-23***	\$1,049,980,630	n/a	24.4 percent

Source: Legislative Budget Board and Texas Education Agency

Notes: * Includes administrative funds for the Technology and Instructional Materials Allotment, which are appropriated in Strategies B.3.2, B.3.4 and B.3.5.

** Represents a \$57.0 million reduction from 2020-21 appropriated amounts

***LBB Recommendations

11. Significant General Revenue Funding Changes for Non-FSP Programs and Administration from the 2022-23 Base

LBB Recommendations include \$1,933.2 million in General Revenue Funds for Non-FSP Programs and Administration, a 19.7 percent decrease from the 2020-21 base. This decrease is primarily attributable to a \$312.7 million reduction in funding for the Technology and Instructional Materials Allotment.

Significant changes from the 2020-21 base include the following:

- **Instructional Materials Allotment:** LBB Recommendations includes \$1,045.4 million for the Technology and Instructional Materials Fund (Fund 3), which is a 5 percent decrease from the level of funding provided by the 86th Legislature and is a decrease of 23.0 percent from the 2020-21 base funding level, when including unexpended balances (see Selected Fiscal and Policy Issue #10). This provides a level of instructional materials funding equivalent to 24.4 percent of the estimated transfers made by the State Board of Education and the School Land Board from the Permanent School Fund to the Available School Fund.
- **Agency Administration:** The funding level for agency administration (excluding State Board for Educator Certification and Certification Exam Administration) is \$117.5 million in General Revenue Funds, a decrease of 3.4 percent from the 2020-21 base funding level. This decrease is attributable to:
 - a) **Agency Operations:** A funding level of \$56.6 million in General Revenue Funds, which is an increase of \$0.8 million, or 1.5 percent from the 2020-21 base funding level.
 - b) **Central Administration:** A funding level of \$16.0 million in General Revenue Funds, which is a decrease of \$0.2 million, or 1.0 percent from the 2020-21 base funding level.
 - c) **Information Systems Technology:** A funding level of \$44.9 million in General Revenue Funds, a decrease of \$4.9 million, or 9.8 percent from the 2020-21 base funding level.

- **FSP Transfer:** TEA is authorized by rider to transfer up to \$8.0 million in each fiscal year of the biennium from FSP to non-FSP programs. LBB Recommendations include reductions of \$5.3 million in the 2022-23 biennium from Fund 193. These reductions account for the discretionary transfer of funds under Rider 25 to support the following programs in the 2020-21 biennium: Academic Decathlon, TEKS Review and Revision, Incentive Aid, Texas Military Connected Children, and Subsidy for High School Equivalency Exams.

The following pages provide a full listing of funding levels for TEA's Non-FSP Programs and Administration for 2022-23 included in LBB Recommendations, including a comparison to 2020-21 base amounts.

Texas Education Agency: Non-FSP Program and Administration, General Revenue (in millions)					
Program	2020-21 Base	2022-23 (Change)	2022-23 (Total)	2022-23 (Percent Change)	Notes
Funding for Districts and Students					
Student Success Initiative/Community Partnerships	\$10.5	\$0.0	\$10.5	-	
TX Advanced Placement	\$14.9	\$0.0	\$14.9	-	
Pathways in Technology ECHS	\$7.4	\$0.2	\$7.6	3.3%	Return funding to the level prior to transfer to administrative strategies.
Texas Science, Technology, Engineering and Math	\$3.4	\$0.0	\$3.4	-	
Reading Excellence Team Pilot	\$1.2	\$0.0	\$1.2	-	
Reading-to-Learn Academies	\$5.0	\$0.0	\$5.0	-	
Literacy Achievement Academies	\$8.1	\$0.0	\$8.1	-	
Math Achievement Academies	\$7.5	\$0.0	\$7.5	-	
Texas Gateway and Online Resources	\$14.6	\$0.0	\$14.6	-	
Early College High School	\$5.7	\$0.0	\$5.7	-	
Gifted and Talented	\$0.9	\$0.0	\$0.9	-	
Adult Charter School	\$8.2	\$0.0	\$8.2	-	
Academic Decathlon	\$0.4	(\$0.4)	\$0.0	-100.0%	Removal of FSP discretionary transfer
Early Childhood School Readiness	\$6.5	\$0.0	\$6.5	-	
TEKS Review and Revision	\$0.4	(\$0.4)	\$0.0	-100.0%	Removal of FSP discretionary transfer
Special Education Supports	\$50.0	(\$50.0)	\$0.0	-100.0%	Removal of one-time funding associated with this program.
School Improvement and Governance Support	\$2.5	\$0.0	\$2.5	-	
Incentive Aid	\$2.5	(\$0.5)	\$2.0	-19.3	Removal of FSP discretionary transfer
Texas Military Connected Children	\$0.5	(\$0.5)	\$0.0	-100.0%	Removal of FSP discretionary transfer
FitnessGram	\$1.6	\$0.3	\$1.9	18.8%	Return funding to the level preceding Rider 65 transfer to administrative strategies.
Educator Quality and Leadership	\$27.7	\$1.3	\$29.0	4.7%	Restoration of funding reduction associated with 5 percent cuts, based on agency request.
Kindergarten Entry Assessment System	\$0.7	\$1.3	\$2.0	173.0%	
Educator System Support	\$7.6	\$0.7	\$8.3	9.4%	
Online Reading Academies	\$1.2	\$0.0	\$1.2	-	
Provide Free Reading Instruments	\$0.7	\$0.0	\$0.7	-	

Program	2020-21 Base	2022-23 Recommended (Change)	2022-23 Recommended (Total)	2022-23 Recommended (Percent Change)	Notes
Blended Learning Grant Program	\$12.0	\$0.0	\$12.0	-	
Summer CTE Grant Program	\$7.3	\$0.7	\$8.0	10.0%	Restoration of funding reduction associated with 5 percent cuts, based on agency request.
Subsidy for High School Equivalency Exams	\$1.5	(\$1.5)	\$0.0	-100.0%	Removal of FSP discretionary transfer
Miscellaneous	\$2.2	(\$2.2)	\$0.0	-100.0%	Includes funding associated with closed charter schools
Subtotal	\$212.6	(\$51.0)	\$161.6	-24.0%	
Instructional Materials					
Instructional Materials	\$1,358.2	(\$312.7)	\$1,045.4	-23.0%	See Selected Fiscal and Policy Issue #10. Includes \$20.0 million for Open Source Instructional Materials.
Subtotal	\$1,358.2	(\$312.7)	\$1,045.4	-23.0%	
Pass-through Grants to Non-Governmental Organizations					
Communities in Schools	\$57.7	\$0.2	\$58.0	0.4%	Partial restoration of funding associated with 5 percent cuts, based on agency request.
Teach for America	\$10.5	\$0.0	\$10.5	-	
Best Buddies	\$0.5	\$0.0	\$0.5	-	
Amachi	\$3.9	\$0.0	\$3.9	-	
Academic Innovation and Mentoring	\$4.3	\$0.0	\$4.3	-	
MathCounts	\$0.4	\$0.0	\$0.4	-	
Safe and Healthy Schools/School Safety Programming	\$2.0	\$0.0	\$2.0	-	
Subtotal	\$79.3	\$0.2	\$79.5	0.31%	
Indirect Funding to TEA					
Windham School District	\$108.5	\$0.0	\$108.5	-	See Significant Fiscal and Policy Issue #15
State Funds for Assessment	\$169.5	\$0.0	\$169.5	-	See Significant Fiscal and Policy Issue #13
ESC Dyslexia Coordinators	\$0.3	\$0.0	\$0.3	-	
Council on Early Childhood Interventions	\$33.0	\$0.0	\$33.0	-	
Regional Day School-Deaf	\$66.3	\$0.0	\$66.3	-	
Student Performance at Regional Day Schools	\$0.1	(\$0.1)	\$0.0	-100%	Removal of funding associated with implementation of SB 54, 86 th Legislature

Program	2020-21 Base	2022-23 Recommended (Change)	2022-23 Recommended (Total)	2022-23 Recommended (Percent Change)	Notes
Athletic Programs for Students with Disabilities/UCS	\$3.8	\$0.0	\$3.8		
ESC Core Services	\$23.8	\$0.0	\$23.8	-	
FSP Texas Juvenile Justice Department	\$8.4	(\$0.0)	\$8.4	-0.4%	Includes a reduction of \$31,866.
Juvenile Justice Alternative Education Program Funding	\$11.9	\$0.0	\$11.9	-	
School Lunch Matching	\$27.2	\$0.0	\$27.2	-	Reduced request to match MOF projection from the Texas Department of Agriculture
Students with Visual Impairments/ESCs	\$11.3	\$0.0	\$11.3	-	
Students with Autism	\$20.0	\$0.0	\$20.0	-	
Non-Ed Community Based Support	\$2.0	\$0.0	\$2.0	-	
Subtotal	\$486.0	(\$0.1)	\$485.9	-0.0%	
		-			
Agency Administration					
Agency Operations	\$55.7	\$0.9	\$56.6	1.6%	Expiration of one-time grants, transfer of VSN funds to Strategy B.3.5, and realignment of administrative funds
Central Administration	\$16.2	(\$0.2)	\$16.0	-0.9%	Expiration of one-time grants and realignment of administrative funds
Information Systems-Technology	\$49.8	(\$4.9)	\$44.9	-10.0%	Expiration of one-time grants, transfer of VSN funds from Strategy B.3.2, pass-thru VSN revenue, removal of one-time school safety funding, removal of one-time funding for SB 1839 implementation, and realignment of administrative funds
State Board for Educator Certification	\$10.8	(\$0.3)	\$10.4	-3.0%	Expiration of one-time grants.
Certification Exam Administration	\$31.9	\$0.0	\$31.9	-	
Subtotal	\$164.3	(\$4.6)	\$159.8	-2.8%	
Non-FSP GR Total	\$2,300.1	(\$366.8)	\$1,933.2	-15.9%	

12. Overview of Education Related COVID-19 Federal Legislation and Funding and Texas Education Agency's (TEA's) Response to the Pandemic

The state has received or is eligible for several streams of federal funding to help schools offset costs attributable to the COVID-19 pandemic. Much of these funds were appropriated through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which established the Elementary and Secondary School Emergency Relief (ESSER) Fund.

According to TEA, the state received approximately \$1.3 billion in CARES ACT ESSER funds, distributed as follows:

- 90% to districts and charter schools (\$1.2 billion);
- 9.5% to statewide discretionary projects (\$0.1 billion); and
- 0.5% to TEA administrative costs (\$6.0 million).

School district and charter school ESSER entitlements for Fiscal Year 2020 were based on their Title I, Part A entitlement and were used to ensure schools did not face a reduction in state funds due to school closures and reduced attendance during the 2019-2020 school year. Local Education Agencies (LEAs) may use funds for a wide range of purposes, including any activities authorized in the Every Student Succeeds Act (ESSA), Individuals with Disabilities Education Act (IDEA), the Adult Education and Family Literacy Act, the Perkins Career and Technical Education (CTE) Act, or the McKinney-Vento Homeless Assistance Act. In addition, LEAs can use funds for additional activities authorized under the CARES act, including many functions that are related to public health, distance learning, and pandemic response.

Federal law allows these funds to supplant state formula funding, and \$1,145.9 million in FSP expenses were funded with ESSER funds in fiscal year 2021. This allows ESSER funds to reimburse expenses that would have otherwise been covered by the state. Additionally, the majority of federal education funding for 2019-2020, including Title I, Part A, received a statewide Carryover Waiver, allowing unexpended funds in 2019-2020 to be used in 2020-2021. ESSER funds require a maintenance of effort.

The Coronavirus Relief Fund (CRF), also established by the CARES Act, provides financial resources to state and local governments to address the Coronavirus pandemic, with the state portion awarded to the Office of the Governor. TEA expects a total allocation of \$595.0 million to for Operation Connectivity for procurement of personal devices and internet connection for students attending a Texas public school during the 2020-21 school year. These amounts are expected to include approximately \$420.0 million to reimburse schools for pandemic-related remote learning expenses, and \$140.4 million to match \$32.6 million in local CRF funds for a bulk purchase program for devices. However, these amounts are allocated by the Office of the Governor and thus are subject to change.

The CARES Act also included funds for the Governor's Emergency Education Relief (GEER) Fund. These funds were distributed to governors' offices in each state to provide flexibility to allocate funds to educational organizations that were significantly affected by the pandemic. Texas received an allocation of \$307.0 million from the GEER Fund. Of this amount, TEA received \$60.0 million to achieve full funding of Texas Home Learning (THL), which is discussed below, and for supplemental Special Education Services. Windham School District also received \$1.5 million from the GEER to support salaries and associated operating expenses. States receiving funds under the GEER are required to maintain fiscal effort on behalf of elementary, secondary, and postsecondary education.

The CARES Act also included Federal Emergency Management Agency (FEMA) reimbursements to schools for certain expenses related to the pandemic in the 2019-2020 school year. In Texas, these funds were distributed by the Texas Department of Emergency Management (TDEM). Through this program TDEM is estimated to provide \$68.7 million to school districts for personal protective equipment (PPE).

Texas has also been awarded \$20.0 million from the Rethink K-12 School Models Grant Program for THL through the CARES Act.

Figure 1: Anticipated Coronavirus Aid, Relief, and Economic Security Act funding directed toward public education (As of January 2021)

Funding Source	Amount(in millions)	Recipient of Funds	Use of Funds
CARES Act/ESSER Fund	\$1,285.9	Local Education Agencies and TEA	Variety of Authorized Expenses, including Hold Harmless Offset, Operational Connectivity, and Texas Home Learning
CARES Act/CRF	\$785.0	Local Education Agencies	Operation Connectivity and Reimbursement of COVID-19-related expenses.
FEMA/TDEM	\$68.7	Local Education Agencies	PPE
CARES Act/GEER Fund	\$60.0	Local Education Agencies, Students/Families, and TEA	Texas Home Learning and Supplemental Education Services
CARES Act/Rethink K-12 School Models Grant	\$20.0	TEA	Texas Home Learning
CARES Act/Child Nutrition Program*	\$350.6	TEA	Additional operating expenses in the National School Lunch and National School Breakfast Programs
Total*	\$3,189.2		

Note: *The Texas Department of Agriculture received \$534.7 for these programs, of which \$350.6 million was allocated to TEA.

In response to the spread of COVID-19 to Texas in 2020, TEA was forced to shift its focus from student outcomes to include remote instruction delivery support and initiatives to ensure a safer school experience for students, educators, and staff. To achieve this, the agency response focused on providing guidance on administrative and instructional functions. To meet the needs of schools in the changing environment, the Commissioner of Education began daily updates with superintendents and other stakeholders, beginning in March of 2020. The agency also created a dedicated COVID-19 Support and Guidance section of the TEA website to provide updates in areas related to the pandemic, including public health orders; instructional continuity planning; special education and special populations; academics; reporting and data; waivers, finance and grants; and student assessment. The agency provided specific guidance to schools on specific topics that included: federal and state funding, options on when to close and open campuses, and the provision of virtual instruction.

To address the needs of parents and guardians, the agency established Texas Home Learning 3.0. This initiative provides resources for educators and parents. This includes TEKS-aligned instructional materials for prekindergarten through grade 12 students to support in-person and virtual learning. To aid schools, students, and families, THL provides a Learning Management System (LMS) called Schoology at no cost to schools for two years by leveraging funding from ESSER statewide discretionary funds. According to the agency, this LMS is designed to bring together teachers, students, parents, and administrators in one platform. The intent is to provide access to classes, assignments, grades, and other resources. According to TEA, as February 2021, approximately 415 school districts have adopted Schoology, with a total enrollment of approximately 2 million students. TEA also reports that 471 LEAs are accessing instructional materials on THL.

The CARES Act also included supplemental funding for Child Nutrition Programs for the 2019-2020 school year. The administering agency for these programs, the Texas Department of Agriculture, received \$534.7 million and allocated \$350.6 million to TEA for additional operating expenses incurred in the National School Lunch and National School Breakfast Programs.

Additional CARES Act funds may be available to schools through the Child Care Development Block Grant for providing childcare to the children of essential workers and the School Emergency Response to Violence grant.

In addition to CARES Act funding, Federal Emergency Management Agency (FEMA) reimbursements may be available to schools for COVID-19 related expenses in the 2019-2020 school year.

Texas is anticipated to be awarded additional COVID-19 assistance related to public education through the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, which was enacted by Congress and signed by President Trump on December 27, 2020. Many of the funding streams in the CRRSA Act are similar to those in the CARES Act, including the GEER and ESSER Funds. TEA has estimated that Texas is expected to be awarded \$135.5 million in GEER funding and \$5.5 billion in ESSER funding through the CRSSA Act. No decisions related to the management or use of CRSSA Act funds have been made at this time. For this reason, the recommendations do not include any assumptions as to the use of CRSSA Act funds. In addition to these amounts, Texas is anticipated to receive an allocation of \$153.2 million in GEER funding to be distributed to private schools, per the requirements of the legislation.

13. **Status of the Texas Student Assessment Program**

LBB Recommendations provide \$70.0 million in General Revenue funds for the implementation of HB 3906, 86th Legislative Session. This bill was funded with a transfer of \$70.0 million from the Foundation School Program in the 2020-21 biennium. LBB Recommendations eliminate the FSP transfer for this program, and instead funds the program out of Fund 1.

On March 16, 2020, Governor Abbott waived the STAAR testing requirements for the 2019-2020 school year. In response to that action, TEA requested and received a waiver from the USDOE of the federal assessment, accountability and reporting requirements for the 2019-2020 school year. TEA has not indicated that a similar waiver will be proposed in the 2020-21 school year.

Starting with the 2020-2021 school year, TEA began administering optional beginning-of-year (BOY) assessments. BOY assessments are a tool that schools and parents can use to gauge how well students understand the statewide curriculum as students begin a new school year. The BOY assessments are available both online and as a paper-based assessment.

HB 3906, 86th Legislative Session, made several changes to the Texas student assessment program. These changes included the creation of the Educator Advisory Committee, which met for the first time in January, 2020. The bill also called for a transition to online testing. TEA has developed a timeline and is working toward the goal of a full implementation of online assessments by the 2022-2023 school year. The bill also requires a cap on the percentage of multiple-choice questions on any STAAR assessment of 75%. TEA has begun field testing assessments that meet this requirement. Finally, the bill calls for additional interim assessments. The new 2020-2021 BOY assessments area result of this requirement.

14. **School Safety Update**

LBB Recommendations maintain base funding for customized school safety programming, and eliminates funding for the one-time ESF appropriations for the school safety infrastructure enhancements.

In the Eighty-sixth Legislature, lawmakers enacted Senate Bill 11, comprehensive legislation related to improving school safety and student mental health. In their LAR, TEA reported on their progress in implementing the bill. TEA stated that the agency had been working with the Texas School Safety Center, regional Education Service Centers, and the Health and Human Services Commission, among other stakeholders to develop the Safe and Supportive School Program (SSSP). According to the agency:

[the] SSSP is a comprehensive approach to school safety with an overarching goal to achieve both physical safety and psychological safety for all persons in the learning environment. The six primary functions of the SSSP are to: promote a positive school climate; build multi-tiered systems of support; conduct behavioral threat assessments; ensure campus staffs are well trained; collect data to continuously improve; and support facility safety and security, including planning and implementing multi-hazard emergency operations plans.

The Eighty-sixth Legislature also provided funding for the several new school safety programs at TEA, as summarized below.

School Hardening and Post-Disaster Reimbursement

In Senate Bill 500, the supplemental appropriations bill, the 86th Legislature provided \$100.0 million from the Economic Stabilization Fund (ESF) for school safety infrastructure enhancements. Of Texas' 1,201 Local Education Agencies, 1,190 applied for and received funding under this program. Grant amounts ranged from a base amount of \$25,000 to \$3,394,317. The median grant award was \$25,000 and the mean award was \$83,777.

LBB staff asked TEA staff whether there were additional funding needs among LEAs. According to the agency, several LEAs asked whether they could apply for higher amounts, and some did so initially, only to have their award reduced to the each district's formula allocation. TEA reports that there is need among LEAs for additional funding, particularly if allowable uses under the program were expanded to provide flexibility to meet individual district needs. TEA indicated that with a broader scope of allowable uses, an additional \$100.0 million in funding could be used to improve school safety by LEAs.

SB 500 also appropriated \$10.9 million from the ESF for school district reimbursement of post-disaster expenditures. These funds were intended to reimburse Santa Fe ISD for costs associated with the attack that occurred in May 2018. According to TEA, these funds were provided to the school district in fiscal year 2019.

School Safety Allotment and Customized School Safety Programming

The Legislature also provided \$100.0 million through the Foundation School Program for the School Safety Allotment (\$9.72 per ADA, estimated), established by SB 11.

The 2020-21 GAA provided \$2.0 million in General Revenue Funds for a non-governmental organization with an established safe school institute for the purposes of providing customized school safety programming. LBB Recommendations would hold funding for this program constant at \$2.0 million in the 2022-23 biennium.

15. **Exceptional Items**

Not included in recommendations are two exceptional items included in the Texas Education Agency's Legislative Appropriations Request:

Ensuring Equitable Opportunity through Targeted Supports

The agency is requesting \$20.0 million and 5.0 FTEs for this new program. The item would address two priorities: 1. Developing effective teachers. 2. Creating targeted interventions to reduce achievement gaps. To address the first priority, the exceptional item would expand existing teacher development programs and develop online training modules. To address the second priority, the exceptional item would implement targeted interventions and instructional materials designed to close achievement gaps.

Windham School District Program Expansion

The agency is requesting \$5.7 million to restore reductions included in Windham School District's 2022-23 baseline request. The request would allow for the reinstatement of 43.5 full time equivalent certified teaching positions in the areas of academic, life skills and career and technical education and 10 positions to support instruction. These positions were eliminated as a part of Windham's 5 percent reduction in the summer of 2020. However, Windham's FTEs are not included as part of TEA's reported FTEs and so the FTE increase is not reflected in its request. According to staff at Windham School District, the timing of the reductions corresponded with employee retirements or resignations, and so the Windham did not have to let staff go as a result of the funding reduction.

According to the agency, the exceptional item would:

- Provide 1,301,580 additional contact hours received by inmates within Windham School District each year.
- Increase the number of students served in academic training by 5,539 per year.
- Increase the number of students served in career and technical training by 1,091 per year.
- Increase the number of career and technical industry certifications earned by Windham students by 2,568 each year.

16. **Summary of LBB Report on TEA's Implementation of Certain Required Federal and State Special Education**

In April 2018 TEA released the Special Education Strategic Plan. The plan was drafted in part to address corrective actions required by the United States Department of Education (USDOE) in a January 2018 letter that highlighted noncompliance with the Individuals with Disabilities Act (IDEA). The Eighty-sixth Legislature, General Appropriations Act (GAA), 2020–21 Biennium, Article X, House of Representatives, Rider 9, requires Legislative Budget Board (LBB) staff to submit to the Eighty-seventh Legislature, 2021, a report regarding the status and funding of special education services in Texas. The report is required to address the following elements:

- the status of corrective actions required by USDE;
- the implementation of TEA's Special Education Strategic Plan;
- agency compliance with special education requirements established in the 2020–21 GAA;
- the status of new special education initiatives passed by the Eighty-sixth Legislature, 2019; and
- fiscal year 2020 expenditures and fiscal year 2021 budgeted amounts by method of finance for special education services.

In December 2020, LBB staff published a report addressing each of the requirements specified in the rider. In addition, the report summarizes the results of an LBB staff survey of special education coordinators at each of the 20 regional Education Service Centers in Texas regarding the provision of special education services in response to COVID-19-related school closures during school years 2019–20 and 2020–21.

Based on data provided by TEA and feedback the agency has received from USDE, the agency primarily has complied with federal guidelines and has made substantial progress in implementing its Special Education Strategic Plan. However, some programs have been disrupted by emergency closures and orders related to the COVID-19 pandemic. Those programs include a delay in the issuance of guidance and information related to all special population programs, parental guidance documentation and guidance on Identification and Evaluation procedures. In addition, third party monitoring of special education programs at districts has been halted, and the planning for a statewide Special Education Personnel Forum has been delayed.

Respondents to the LBB staff survey of ESC special education coordinators identified the following areas of concern as schools started the 2020-2021 school year:

- Special education requirements have remained constant, while the educational environment has changed dramatically;
- Setting educational plans for special education identified students is often a very meeting intensive activity which has been hampered by the pandemic;
- Districts face staff shortages, especially when specialists are needed;
- Lack of universal WI-FI; and
- Difficulties implementing shared service arrangements across multiple communities during the pandemic.

Regarding federal corrective action requirements, in October 2020, USDE'S Office of Special Education Programs (OSEP) issued a letter highlighting various areas of concern or noncompliance, or areas in which additional documentation was required to verify TEA's compliance. Subsequently, TEA provided OSEP with documentation to comply with the federal agency's requests. To date, TEA has not received additional information from OSEP regarding its response to the October 2020 letter.

17. **Update on E-RATE and Operation Connectivity (high-speed internet access)**

The Eighty-fifth Legislature appropriated \$25.0 million out of Economic Stabilization Fund No. 599 to TEA in fiscal year 2018. That appropriation has leveraged an additional \$34.4 million from the Universal Service Administrative Company (USAC). While grants have been awarded for the entire appropriation, grantees have until May 31, 2021 to complete projects totaling the final \$6.7 million.

According to independent organization Education Super Highway, 16 Texas school districts still need to be upgraded to scalable infrastructure based on the Federal Communications Commission recommended goal that every school's broadband infrastructure be scalable to 10 gigabits per second.

There is another potential \$13 million in USAC state match districts could receive by May 31st, 2021. These funds have been allocated it to current project and needs to be drawn from the LEAs. \$6.5 million is USAC funding and \$6.5 million is state match funding.

Support for internet and devices is available to districts through Operation Connectivity, a recently established partnership between Office of the Governor, TEA, and Dallas ISD. The goal of Operation Connectivity is to connect all of Texas's 5.5 million public school students with a device and reliable internet connection. To that end, more than one million personal devices and internet Wi-Fi hotspots have been procured by TEA on behalf of Texas schools. Currently financed by CRF CARES Act funding and matched by school districts, the procurement effort is intended to ensure that all students attending a Texas public school will have both a device and connection to the internet throughout the 2020-21 school year and beyond.

**Texas Education Agency
Rider Highlights - House**

Modification of Existing Riders

3. **Foundation School Program Funding.** Update sum-certain appropriation, assumptions, and yields.
8. **Instructional Materials and Technology.** Recommendations update the rider to provide instructional materials funding equivalent to 24.4 percent of the PSF to ASF transfer, or \$1,045.4 million for the Technology and Instructional Materials Fund (Fund 3) for the 2020-21 biennium. Rider also specifies that funding from the Instructional Materials Fund is provided for administrative expenses associated with the Instructional Materials Allotment.
11. **Reimbursement of Advisory Committee Members.** Removes Special Education Allotment Advisory Committee, which expires on September 1, 2021. Adds Educator Advisory Committee, which was established under Texas Education Code Sec. 39.02302.
12. **Student Testing Program.** Specifies that \$70.0 million in General Revenue funds is appropriated in the 2022-23 biennium to implement House Bill 3906, 86th Legislature. Specifies that TEA shall not transfer any funds for the purposes of implementing House Bill 3906, 86th Legislature from Foundation School Fund 193 in the 2022-23 biennium.
17. **Professional Development for the Provision of Access to the General Curriculum for Students with Disabilities in the Least Restrictive Environment.** Replaced references to “Response to Intervention” with “Multi-Tiered Systems of Support”.
20. **Permanent School Fund.** Provides authority for TEA to use increased fund balances resulting from the creation of the Permanent School Fund Liquid Account, which was established under House Bill 4388, 86th Legislature, to support administrative costs associated with the fund. Provides unexpended balance authority across biennia.
22. **Communities in Schools.** Recommendations provide \$65,788,350 for this program in the 2022-23 biennium.
28. **FSP Funding for the Texas Juvenile Justice Department.** Modify the rider to no longer provide a prorated Basic Allotment, and instead provide the full Basic Allotment, which should be approximately the same funding the Department would have received under this rider, plus deleted Rider 88, Salary Increase for School Personnel.
29. **Regional Education Service Center Dyslexia and Related Disorders Coordinators.** Updated rider to specify that the required elements of the program include the proper identification of students with dyslexia and support in how to best serve these students.
37. **Child Nutrition Program.** Updated dollar amounts to match projections from Texas Department of Agriculture.
38. **JJAEP Accountability.** Revised the rider to make clear which entity prepares the report and submits the report to the LBB.
39. **Capital Budget Expenditures from Federal and Other Funding Sources.** Provides the agency with additional authority to use gifts, grants, inter-local funds, and federal funds collected in excess of amounts identified in its capital budget rider when such funds are designated for the purchase of specific capital items.
41. **Educator Quality and Leadership.** Deletes a reference to a program that has been discontinued.

64. **Disposition of Property and Use of Funds from Closed Charter Schools.** Updated language in the rider to ensure consistency with current law.
78. **Interstate Education Compacts.** Specifies that funding for this program shall not exceed \$320,000 in each fiscal year of the biennium.

The following riders are modified to reflect changes in the agency's 2020-21 base: Rider 6, Windham Schools; Rider 42, Early Childhood School Readiness Program; Rider 43, Student Success Initiative/Community Partnerships; Rider 44, School Improvement and Governance Support; Rider 46, Texas Advanced Placement Initiative; Rider 47, Teach for America; Rider 48, Texas Science and Technology and Mathematics; Rider 49, Early College High School; Rider 50, Amachi Texas; Rider 51, Texas Academic Innovation and Mentoring; Rider 52, Texas Gateway and Online Resources; Rider 56, Adult Charter School; Rider 60, Mathematics Achievement Academy; Rider 61, Literacy Achievement Academies; Rider 62, Reading Excellence Team Program; Rider 63, Reading-to-Learn Academies; Rider 65, FitnessGram Program; Rider 66, Pathways in Technology Early College High Schools (P-TECH); and Rider 82, Athletic Programs for Students with Disabilities.

New Riders

78. **Local Designation Systems and Teacher Incentives.** This rider would authorize TEA to use fees that were authorized under House Bill 3, 86th Legislature to support the administration of the teacher incentive allotment.

Deleted Riders

36. **Motor Vehicle Fees for Specially Designed License Plates.** Rider is unnecessary because all license plate receipts are also appropriated under Article 9. See Article 9, Sec. 8.13. Appropriation of Specialty License Plate Receipts.
54. **Temporary Transfer from the Foundation School Program to the Technology and Instructional Materials Fund.** Instructional Materials Allotment funding is now front-loaded in the first fiscal year of the biennium. Hence, this rider is no longer necessary.
68. **Administrative Support for the Student Success Initiative.** Rider is no longer necessary because funding for the program is incorporated into the agency's base.
69. **FSP Funding Contingent on a Distribution to the Available School Fund.** Contingency rider that is no longer necessary.
73. **Reimbursement of Windham School District Advisory Committee Members.** Rider is no longer necessary because the advisory committee expires on December 1, 2021.
75. **Administrative Cost Savings Through Strategic Insourcing.** Rider is no longer necessary because FTEs have been accounted for in TEA's base.
77. **Grants for Students with Dyslexia.** Rider is no longer necessary because program has been eliminated.
83. **Annual Implementation Report.** Purpose of the rider has been fulfilled and the report is no longer necessary.
84. **Additional Transfer Authority to Implement House Bill 3.** Purpose of the rider has been fulfilled and is no longer necessary.
85. **Unexpended Balance Authority Within the Biennium for House Bill 3 Contracting Implementation.** Purpose of the rider has been fulfilled and is no longer necessary.

88. **Salary Increase for School Personnel.** The funding increases required under HB 3 were related to entitlement increases realized by school districts in the 2020-21 biennium. The funding provided for salary increases to the Juvenile Justice Department under this rider is now included in funding under Rider 28, FSP Funding for the Texas Juvenile Justice Department.

**Texas Education Agency
Items Not Included in Recommendations - House**

		2022-23 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
		GR & GR-D	All Funds	FTEs			

Agency Base Requests Not Included

A)	Rider 25. Authorization to transfer funds from Fund 193 for the purposes of implementing House Bill 3906.	\$70,000,000	\$70,000,000	0.0	n/a	n/a	\$70,000,000
B)	Rider 37, Child Nutrition Program. Authorization to transfer funds from Fund 193 to cover reimbursement shortfall.	Cost can not be determined.	Cost can not be determined.	0.0	n/a	n/a	Cost can not be determined.
C)	Rider 40, Permanent School Fund Distribution Rate. Request would revise the type of information related to intergenerational equity required to be reported by the SBOE.	\$0	\$0	0.0	n/a	n/a	\$0

Agency Exceptional Items Not Included (in agency priority order)

1)	Ensuring Equitable Opportunity through Targeted Supports	\$20,000,000	\$20,000,000	5.0	No	Yes	\$19,880,000
2)	Windham School District Program Expansion	\$5,711,500	\$5,711,500	0.0	No	No	\$5,711,500
3)	Data Center Services: Funding for Current Obligations and for Data Warehouse Upgrades	\$2,985,449	\$2,985,449	0.0	Yes	Yes	\$3,096,290

TOTAL Items Not Included in Recommendations	\$98,696,949	\$98,696,949	5.0	\$98,687,790
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**Texas Education Agency
Appendices - House**

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**Texas Education Agency
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change
FSP - EQUALIZED OPERATIONS A.1.1	\$48,057,453,775	\$52,047,928,796	\$3,990,475,021	8.3%
FSP - EQUALIZED FACILITIES A.1.2	\$918,700,000	\$905,300,000	(\$13,400,000)	(1.5%)
STATEWIDE EDUCATIONAL PROGRAMS A.2.1	\$275,122,214	\$273,020,001	(\$2,102,213)	(0.8%)
ACHIEVEMENT OF STUDENTS AT RISK A.2.2	\$3,341,542,401	\$3,341,542,401	\$0	0.0%
STUDENTS WITH DISABILITIES A.2.3	\$2,206,359,507	\$2,163,495,650	(\$42,863,857)	(1.9%)
SCHOOL IMPROVEMENT & SUPPORT PGMS A.2.4	\$410,496,515	\$406,571,668	(\$3,924,847)	(1.0%)
Total, Goal A, PROVIDE ED SYS LDRSP GUID'CE RES'S	\$55,209,674,412	\$59,137,858,516	\$3,928,184,104	7.1%
ASSESSMENT & ACCOUNTABILITY SYSTEM B.1.1	\$223,349,112	\$225,254,038	\$1,904,926	0.9%
TECHNOLOGY/INSTRUCTIONAL MATERIALS B.2.1	\$1,358,162,003	\$1,045,438,721	(\$312,723,282)	(23.0%)
HEALTH AND SAFETY B.2.2	\$1,622,650,515	\$27,210,352	(\$1,595,440,163)	(98.3%)
CHILD NUTRITION PROGRAMS B.2.3	\$4,414,759,773	\$3,985,921,196	(\$428,838,577)	(9.7%)
WINDHAM SCHOOL DISTRICT B.2.4	\$108,518,517	\$108,518,517	\$0	0.0%
IMPROVING EDUCATOR QUALITY/LDRSP B.3.1	\$423,070,309	\$425,084,909	\$2,014,600	0.5%
AGENCY OPERATIONS B.3.2	\$162,246,209	\$164,947,818	\$2,701,609	1.7%
STATE BOARD FOR EDUCATOR CERT B.3.3	\$10,751,915	\$10,432,512	(\$319,403)	(3.0%)
CENTRAL ADMINISTRATION B.3.4	\$31,168,542	\$28,499,743	(\$2,668,799)	(8.6%)
INFORMATION SYSTEMS - TECHNOLOGY B.3.5	\$87,118,218	\$80,272,068	(\$6,846,150)	(7.9%)
CERTIFICATION EXAM ADMINISTRATION B.3.6	\$31,875,211	\$31,875,211	\$0	0.0%
Total, Goal B, PROVIDE SYSTEM OVERSIGHT & SUPPORT	\$8,473,670,324	\$6,133,455,085	(\$2,340,215,239)	(27.6%)
Grand Total, All Strategies	\$63,683,344,736	\$65,271,313,601	\$1,587,968,865	2.5%

**Texas Education Agency
Funding Changes and Recommendations by Strategy - House -- Supplemental**

Strategy/Fund Type/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
FSP - EQUALIZED OPERATIONS A.1.1	\$48,057,453,775	\$52,047,928,796	\$3,990,475,021	8.3%	
GENERAL REVENUE FUNDS	\$36,550,983,775	\$40,215,815,160	\$3,664,831,385	10.0%	The primary factors in the GR increase are the increase in the cost of enrollment growth and the replacement of one-time federal funds received during the 2020-21 biennium related to the pandemic.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$11,506,470,000	\$11,832,113,636	\$325,643,636	2.8%	The Other Funds increase is attributable to an increase in recapture revenue, the Property Tax Relief Fund, the TREE Fund, offset by an elimination of one-time funding through the Economic Stabilization Fund.
 FSP - EQUALIZED FACILITIES A.1.2	 \$918,700,000	 \$905,300,000	 (\$13,400,000)	 (1.5%)	 Biennial costs for facilities are projected to decrease, primarily due to increasing property values in fiscal year 2023.
GENERAL REVENUE FUNDS	\$918,700,000	\$905,300,000	(\$13,400,000)	(1.5%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
 STATEWIDE EDUCATIONAL PROGRAMS A.2.1	 \$275,122,214	 \$273,020,001	 (\$2,102,213)	 (0.8%)	
GENERAL REVENUE FUNDS	\$111,302,684	\$109,200,471	(\$2,102,213)	(1.9%)	Change is primarily attributable to FSP discretionary transfer, transfer of funds for Kindergarten Entry Assessment to strategy B.1.1, partially offset by transfer of funds from Strategies B.3.2-B.3.5 for the administration of P-TECH.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$139,951,471	\$139,951,471	\$0	0.0%	
OTHER FUNDS	\$23,868,059	\$23,868,059	\$0	0.0%	
 ACHIEVEMENT OF STUDENTS AT RISK A.2.2	 \$3,341,542,401	 \$3,341,542,401	 \$0	 0.0%	
GENERAL REVENUE FUNDS	\$3,900,000	\$3,900,000	\$0	0.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	

**Texas Education Agency
Funding Changes and Recommendations by Strategy - House -- Supplemental**

Strategy/Fund Type/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
FEDERAL FUNDS	\$3,337,642,401	\$3,337,642,401	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
STUDENTS WITH DISABILITIES A.2.3	\$2,206,359,507	\$2,163,495,650	(\$42,863,857)	(1.9%)	
GENERAL REVENUE FUNDS	\$186,734,412	\$136,597,740	(\$50,136,672)	(26.8%)	Change is primarily attributable to the expiration of one-time funding for the special education supports program.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$2,019,549,904	\$2,026,822,719	\$7,272,815	0.4%	Change is attributable to the return of IDEA-B funds that had been transferred to administrative strategies in 2020-21.
OTHER FUNDS	\$75,191	\$75,191	\$0	0.0%	
SCHOOL IMPROVEMENT & SUPPORT PGMS A.2.4	\$410,496,515	\$406,571,668	(\$3,924,847)	(1.0%)	
GENERAL REVENUE FUNDS	\$88,333,540	\$86,716,450	(\$1,617,090)	(1.8%)	Change is attributable to FSP discretionary transfer and reallocation of funds to certain programs that were impacted by 5 percent cuts.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$320,662,975	\$319,855,218	(\$807,757)	(0.3%)	Change is attributable to expiration of federal Hurricane Harvey grants.
OTHER FUNDS	\$1,500,000	\$0	(\$1,500,000)	(100.0%)	Change is attributable to one-time disposition of closed charter school funds in 2020-21.
Total, Goal A, PROVIDE ED SYS LDRSP GUID'CE RES'S	\$55,209,674,412	\$59,137,858,516	\$3,928,184,104	7.1%	
GENERAL REVENUE FUNDS	\$37,859,954,411	\$41,457,529,821	\$3,597,575,410	9.5%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$5,817,806,751	\$5,824,271,809	\$6,465,058	0.1%	
OTHER FUNDS	\$11,531,913,250	\$11,856,056,886	\$324,143,636	2.8%	
ASSESSMENT & ACCOUNTABILITY SYSTEM B.1.1	\$223,349,112	\$225,254,038	\$1,904,926	0.9%	
GENERAL REVENUE FUNDS	\$169,592,573	\$171,497,499	\$1,904,926	1.1%	Change is attributable to funding for the Kindergarten Entry Assessment System, which would be transferred from A.2.1 and would receive a partial restoration of 5 percent cuts.
GR DEDICATED	\$0	\$0	\$0	0.0%	

**Texas Education Agency
Funding Changes and Recommendations by Strategy - House -- Supplemental**

Strategy/Fund Type/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
FEDERAL FUNDS	\$53,756,539	\$53,756,539	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
TECHNOLOGY/INSTRUCTIONAL MATERIALS B.2.1	\$1,358,162,003	\$1,045,438,721	(\$312,723,282)	(23.0%)	
GENERAL REVENUE FUNDS	\$1,358,162,003	\$1,045,438,721	(\$312,723,282)	(23.0%)	Recommendations provide 24.4 percent of the distribution from the PSF to the ASF, which would be a \$56.0 million decrease from 2020-21 appropriated amounts but no change from 2020-21 base amounts. See Fiscal and Policy Issue #10.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
HEALTH AND SAFETY B.2.2	\$1,622,650,515	\$27,210,352	(\$1,595,440,163)	(98.3%)	
GENERAL REVENUE FUNDS	\$23,900,746	\$24,168,880	\$268,134	1.1%	Change is attributable to partial restoration of 5 percent cuts to the Fitness Gram Program, partially offset by a reduction in to the JJAEP program.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$1,501,774,276	\$3,041,472	(\$1,498,732,804)	(99.8%)	Change is attributable to expiration of coronavirus relief funds associated with the CARES Act. See Fiscal and Policy Issue #12.
OTHER FUNDS	\$96,975,493	\$0	(\$96,975,493)	(100.0%)	Change is attributable to one-time funding for school safety infrastructure that was included in Senate Bill 500, 86th Legislature.
CHILD NUTRITION PROGRAMS B.2.3	\$4,414,759,773	\$3,985,921,196	(\$428,838,577)	(9.7%)	
GENERAL REVENUE FUNDS	\$27,362,315	\$27,247,874	(\$114,441)	(0.4%)	Change is attributable to reduced appropriation for School Lunch Matching program.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$4,387,397,458	\$3,958,673,322	(\$428,724,136)	(9.8%)	Change is attributable to expiration of funds associated with the federal Coronavirus Relief Fund.
OTHER FUNDS	\$0	\$0	\$0	0.0%	
WINDHAM SCHOOL DISTRICT B.2.4	\$108,518,517	\$108,518,517	\$0	0.0%	

**Texas Education Agency
Funding Changes and Recommendations by Strategy - House -- Supplemental**

Strategy/Fund Type/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
GENERAL REVENUE FUNDS	\$108,518,517	\$108,518,517	\$0	0.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
IMPROVING EDUCATOR QUALITY/LDRSP B.3.1	\$423,070,309	\$425,084,909	\$2,014,600	0.5%	
GENERAL REVENUE FUNDS	\$58,129,400	\$60,144,000	\$2,014,600	3.5%	Change is associated with restoration of 5 percent cuts associated with the Educator Excellence Innovation Program and appropriation of fee revenue associated with the Educator Systems Support Program.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$364,940,909	\$364,940,909	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
AGENCY OPERATIONS B.3.2	\$162,246,209	\$164,947,818	\$2,701,609	1.7%	
GENERAL REVENUE FUNDS	\$55,747,032	\$56,580,993	\$833,961	1.5%	Expiration of one-time grants, transfer of Virtual School Network funds to Strategy B.3.5, and realignment of administrative funds.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$58,488,930	\$49,242,414	(\$9,246,516)	(15.8%)	Primarily attributable to expiration of funds associated with the federal Coronavirus Relief Fund and return of IDEA-B funds to Strategy 1.2.3.
OTHER FUNDS	\$48,010,247	\$59,124,411	\$11,114,164	23.1%	Primarily attributable to increased funding from Permanent School Fund (Fund 044) for the administration of the Permanent School Fund Liquid Account.
STATE BOARD FOR EDUCATOR CERT B.3.3	\$10,751,915	\$10,432,512	(\$319,403)	(3.0%)	
GENERAL REVENUE FUNDS	\$10,751,915	\$10,432,512	(\$319,403)	(3.0%)	Primarily attributable to the expiration of one-time grants.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	

**Texas Education Agency
Funding Changes and Recommendations by Strategy - House -- Supplemental**

Strategy/Fund Type/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
CENTRAL ADMINISTRATION B.3.4	\$31,168,542	\$28,499,743	(\$2,668,799)	(8.6%)	
GENERAL REVENUE FUNDS	\$16,192,216	\$16,036,085	(\$156,131)	(1.0%)	Primarily attributable to the expiration of one-time grants and the realignment of administrative funds.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$11,583,661	\$9,730,918	(\$1,852,743)	(16.0%)	Primarily attributable to expiration of funds associated with the federal Coronavirus Relief Fund and return of IDEA-B funds to Strategy 1.2.3.
OTHER FUNDS	\$3,392,665	\$2,732,740	(\$659,925)	(19.5%)	Primarily attributable to the realignment of administrative funds.
INFORMATION SYSTEMS - TECHNOLOGY B.3.5	\$87,118,218	\$80,272,068	(\$6,846,150)	(7.9%)	
GENERAL REVENUE FUNDS	\$49,754,052	\$44,886,117	(\$4,867,935)	(9.8%)	Expiration of one-time grants, transfer of Virtual School Network funds from Strategy B.3.2, pass-thru Virtual School Network revenue, removal of one-time funding for SB 1839 implementation, and realignment of administrative funds.
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$27,070,648	\$25,913,751	(\$1,156,897)	(4.3%)	Primarily attributable to expiration of funds associated with the federal Coronavirus Relief Fund.
OTHER FUNDS	\$10,293,518	\$9,472,200	(\$821,318)	(8.0%)	Primarily attributable to the realignment of administrative funds.
CERTIFICATION EXAM ADMINISTRATION B.3.6	\$31,875,211	\$31,875,211	\$0	0.0%	
GENERAL REVENUE FUNDS	\$31,875,211	\$31,875,211	\$0	0.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$0	\$0	\$0	0.0%	
Total, Goal B, PROVIDE SYSTEM OVERSIGHT & SUPPORT	\$8,473,670,324	\$6,133,455,085	(\$2,340,215,239)	(27.6%)	
GENERAL REVENUE FUNDS	\$1,909,985,980	\$1,596,826,409	(\$313,159,571)	(16.4%)	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$6,405,012,421	\$4,465,299,325	(\$1,939,713,096)	(30.3%)	
OTHER FUNDS	\$158,671,923	\$71,329,351	(\$87,342,572)	(55.0%)	
Grand Total, All Agency	\$63,683,344,736	\$65,271,313,601	\$1,587,968,865	2.5%	

**Texas Education Agency
Funding Changes and Recommendations by Strategy - House -- Supplemental**

Strategy/Fund Type/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
GENERAL REVENUE FUNDS	\$39,769,940,391	\$43,054,356,230	\$3,284,415,839	8.3%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$12,222,819,172	\$10,289,571,134	(\$1,933,248,038)	(15.8%)	
OTHER FUNDS	\$11,690,585,173	\$11,927,386,237	\$236,801,064	2.0%	

**Texas Education Agency
Summary of Federal Funds - House
(Dollar amounts in Millions)**

Program	Est 2020	Bud 2021	Rec 2022	Rec 2023	2020-21 Base	2022-23 Rec	2022-23 Rec % Total	Recommended Over/(Under) Base	% Change from Base
Title I Grants to Local Educational Agencies	\$1,360.9	\$1,627.1	\$1,509.2	\$1,509.2	\$2,988.0	\$3,018.4	29.3%	\$30.4	1.0%
National School Lunch Program	\$1,216.3	\$1,611.0	\$1,413.6	\$1,413.6	\$2,827.3	\$2,827.3	27.5%	\$0.0	0.0%
Special Education Grants to States	\$973.1	\$1,070.6	\$1,021.8	\$1,021.8	\$2,043.6	\$2,043.6	19.9%	\$0.0	0.0%
School Breakfast Program	\$496.1	\$635.3	\$565.7	\$565.7	\$1,131.4	\$1,131.4	11.0%	\$0.0	0.0%
Improving Teacher Quality State Grants	\$163.1	\$203.8	\$183.5	\$183.5	\$366.9	\$366.9	3.6%	\$0.0	0.0%
English Language Acquisition Grant Programs	\$101.5	\$123.2	\$112.3	\$112.3	\$224.7	\$224.7	2.2%	\$0.0	0.0%
Student Support and Academic Enrichment Program	\$97.2	\$112.1	\$104.6	\$104.6	\$209.3	\$209.3	2.0%	\$0.0	0.0%
Vocational Education Basic Grants to States	\$66.4	\$77.0	\$71.7	\$71.7	\$143.5	\$143.5	1.4%	\$0.0	0.0%
21st Century Community Learning Centers	\$85.3	\$2.8	\$44.0	\$44.0	\$88.0	\$88.0	0.9%	\$0.0	0.0%
Migrant Education Basic State Grant Program	\$33.5	\$43.1	\$38.3	\$38.3	\$76.7	\$76.7	0.7%	\$0.0	0.0%
Special Education-Preschool Grants	\$20.1	\$24.2	\$22.2	\$22.2	\$44.3	\$44.3	0.4%	\$0.0	0.0%
State Assessments and Enhanced Assessment Instruments	\$9.5	\$23.8	\$16.7	\$16.7	\$33.4	\$33.4	0.3%	\$0.0	0.0%
Rural and Low Income Schools Program	\$7.9	\$9.5	\$8.7	\$8.7	\$17.3	\$17.3	0.2%	\$0.0	0.0%
Education for Homeless Children and Youth	\$5.4	\$10.1	\$7.7	\$7.7	\$15.5	\$15.5	0.2%	\$0.0	0.0%
Public Charter Schools	\$0.7	\$10.2	\$5.5	\$5.5	\$10.9	\$10.9	0.1%	\$0.0	0.0%
Temporary Assistance for Needy Families	\$4.3	\$4.8	\$4.8	\$4.8	\$9.1	\$9.7	0.1%	\$0.6	6.3%
Developmental Disabilities Basic Support & Advocacy Grants	\$4.2	\$4.4	\$4.0	\$4.0	\$8.6	\$8.0	0.1%	(\$0.6)	(6.7%)
Gaining Early Awareness & Readiness for Undergraduate Programs	\$3.5	\$3.4	\$3.4	\$3.4	\$6.8	\$6.8	0.1%	\$0.0	0.0%
Title I Program for Neglected & Delinquent Children	\$1.8	\$2.5	\$2.2	\$2.2	\$4.4	\$4.4	0.0%	\$0.0	0.0%
Projects of Regional and National Significance	\$1.6	\$1.7	\$1.7	\$1.7	\$3.3	\$3.3	0.0%	\$0.0	0.0%
Statewide Data Systems	\$0.7	\$2.5	\$1.6	\$1.6	\$3.2	\$3.2	0.0%	\$0.0	0.0%
COVID19 Education Stabilization Fund	\$1,087.3	\$218.5	\$2.2	\$0.0	\$1,305.9	\$2.2	0.0%	(\$1,303.7)	(99.8%)
Troops to Teachers	\$0.4	\$0.4	\$0.4	\$0.4	\$0.8	\$0.8	0.0%	\$0.0	0.0%
ESSA Preschool Development Grants Birth-5 ¹	\$0.1	\$0.0	\$0.1	\$0.1	\$0.1	\$0.1	0.0%	\$0.0	0.0%
STOP School Violence	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	0.0%
COVID19 School Breakfast Program ²	\$130.0	\$0.0	\$0.0	\$0.0	\$130.0	\$0.0	0.0%	(\$130.0)	(100.0%)

**Texas Education Agency
Summary of Federal Funds - House
(Dollar amounts in Millions)**

Program	Est 2020	Bud 2021	Rec 2022	Rec 2023	2020-21 Base	2022-23 Rec	2022-23 Rec % Total	Recommended Over/(Under) Base	% Change from Base
COVID National School Lunch Program	\$298.7	\$0.0	\$0.0	\$0.0	\$298.7	\$0.0	0.0%	(\$298.7)	(100.0%)
COVID19 Coronavirus Relief Fund	\$200.0	\$0.0	\$0.0	\$0.0	\$200.0	\$0.0	0.0%	(\$200.0)	(100.0%)
School Improvement Grants ³	\$13.5	\$16.9	\$0.0	\$0.0	\$30.4	\$0.0	0.0%	(\$30.4)	(100.0%)
Hurricane Education Recovery	\$0.9	\$0.0	\$0.0	\$0.0	\$0.9	\$0.0	0.0%	(\$0.9)	(100.0%)
TOTAL:	\$6,383.8	\$5,839.0	\$5,145.9	\$5,143.7	\$12,222.8	\$10,289.6	100.0%	(\$1,933.2)	(15.8%)

1. Initial grants for the Preschool Development Grant Birth through 5 Grant (PDG B-5) were awarded in December 2018.

2. Texas Department of Agriculture received a CARES Child Nutrition Award (including School Breakfast and National School Lunch programs) for \$534.7 million, allocating \$35.6 million to TEA. Federal guidance is for all claims for 3/2020 through 9/2020 to be paid out of this CARES appropriation instead of the normal funding account.

3. The Every Student Succeeds Act of 2015 created, modified, and eliminated some federal grant programs including the School Improvement Grants.

**Texas Education Agency
FTE Highlights - House**

Full-Time-Equivalent Positions	Expended 2019	Estimated 2020	Budgeted 2021	Recommended 2022	Recommended 2023
Cap	885.0	1,006.5	1,008.5	1,048.5	1,022.5
Actual/Budgeted	844.6	946.2	1,008.5	NA	NA

Schedule of Exempt Positions (Cap)					
Commissioner of Education	\$234,678	\$248,094	\$248,094	\$248,094	\$248,094
Chief Investment Officer, Permanent School Fund	\$384,375	\$384,375	\$384,375	\$384,375	\$384,375

Notes:

- a) TEA has requested that the PSF's Chief Investment Officer's salary ceiling to be set at \$416,401 in fiscal years 2022 and 2023. The State Auditor's Office Report, Executive Compensation Executive Compensation at State Agencies, does not indicate market average salaries based on similar professional positions for this position.
- b) Included in 2022 and 2023 are 8.0 FTEs for the purpose of administering the Permanent School Fund Liquid Account.
- c) Included in 2022 are 26.0 federally-funded FTEs to administer programs through the CARES Act. The majority of these FTEs appear in Strategy B.3.2.