

# A Review of the 86<sup>th</sup> Legislature

Presented to  
Region One Superintendents Summer Academy  
June 2019



## Agenda

- Overview of the 86<sup>th</sup> Legislative Session
- 2020-21 State Budget
- School Finance
- Property Tax Relief
- Bonds & Ballots
- Teacher Retirement System
- Accountability & Assessment
- School Safety & Mental Health
- Other Bills of Interest
- What's Next?

## Overview of the 86<sup>th</sup> Legislative Session

	Bills Tracked by MCA	Bills Passed	Percent Passed
86th Legislative Session	1,093	131	12.0%
85th Legislative Session	1,032	117	11.3%

- 15+ House Public Education Committee meetings
- 15+ Senate Education Committee meetings
- Dozens of meetings in other committees
- Over 400 tracked bills heard in committee

## Overview of the 86<sup>th</sup> Legislative Session

### The Big Three Held Together

- Gov. Abbott became a much more hands-on leader this session. Rumored to have threatened a veto if HB 3 did not include 2.5% revenue cap.

### THE TEXAS TRIBUNE

One question that lingers over the final weeks of the session is how helpful Abbott will be in protecting lawmakers who could face difficult reelection campaigns, fueled in part on their votes for his priority items. It is a question that some Republican lawmakers **still view through the lens of the 2016 primaries, when they thought Abbott did not do enough to back their reelection bids after they voted for his pre-K initiative, which had drawn criticism from the right.**

## Overview of the 86<sup>th</sup> Legislative Session

### The Big Three Held Together

- Speaker Bonnen worked to build consensus among his members throughout the session, but didn't hesitate to forcefully advocate for the priorities of his chamber.



### THE TEXAS TRIBUNE

"I don't know how you call a \$5,000 across-the-board teacher pay raise ... with no discussion of reducing recapture, no discussion of reducing property taxes, no discussion of early childhood education, no discussion of incentivizing the teachers going to a tougher school to teach a school finance "plan." **What we have is a plan.**" - Speaker Bonnen

## Overview of the 86<sup>th</sup> Legislative Session

### The Big Three Held Together

- Lt. Gov. Patrick shifted his focus away from divisive, cultural issues, and struck a more collaborative tone this session.



### DALLAS NEWS

[Patrick's] speeches now regularly include mention that of the more than 1,500 bills passed in 2017, just a couple dozen passed along strict party lines. Once a GOP bomb thrower, he's praised the Senate for working together on priorities like tax relief and pledged senators will work overtime, if necessary, to make it a reality.

## Overview of the 86<sup>th</sup> Legislative Session

### Focus on Creating Lasting Property Tax Relief

- Initial proposal was to increase state sales tax by 1% to buy down property tax rates.
- Deal fell apart after LBB analysis showed tax swap would result in a higher tax burden for poorest Texans.

### TexasMonthly

Increasing the tax burden of the poor simply makes them more dependent on government, [Sen. Paul Bettencourt] said. **“It’s my Catholic side,”** [he] said. **“We’re just not going to raise taxes on the poor.”**

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## Overview of the 86<sup>th</sup> Legislative Session

### Focus on Creating Lasting Property Tax Relief

- Second effort re-dedicated severance taxes away from the Rainy Day Fund.
- Final compromise reduced the amount of property tax relief from earlier proposals, though there are still concerns about its sustainability.

### TX OBSERVER

“To combat legislative amnesia, I am compelled to state for the record that we have seen this before and **we are making the same mistake again,**” Representative Trey Martinez Fischer, a San Antonio Democrat who served in the 2011 session, said in a statement after the final deal was passed. “We are again making property tax cut promises without the financial means to pay for them. **If history is any guide, our public schools will end up paying the price.**”

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## Overview of the 86<sup>th</sup> Legislative Session

### HB 3 Lays New Foundation For School Finance

- HB 3 represents one of the most significant pieces of school finance legislation since introduction of Robin Hood in 1993.
- All accomplished without a court order looming overhead.
- Commissioner Morath entrusted with a long list of new powers & responsibilities.

Sec. 48.011. COMMISSIONER AUTHORITY TO RESOLVE UNINTENDED CONSEQUENCES FROM SCHOOL FINANCE FORMULAS. (a) Subject to Subsections (b) and (d), the commissioner may adjust a school district's funding entitlement under this chapter if the funding formulas used to determine the district's entitlement result in an unanticipated loss or gain for a district.

## HB 3: Biennial Fiscal Impact

	2020-21 HB 3 Impact
Tax Compression	\$5.0 Billion
New Revenues to School Districts	\$6.5 Billion
<b>Total Cost Above Current Law</b>	<b>\$11.5 Billion</b>

Source: Legislative Budget Board

## HB 3: MCA Model Summary

Percent Economically Disadvantaged	Percent Change of FSP Revenues
Under 10%	4.26%
10% to under 30%	4.55%
30% to under 50%	5.86%
50% to under 70%	7.83%
70% to under 90%	9.33%
90% and over	11.06%
<b>Total</b>	<b>7.59%</b>

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## HB 3: MCA Model Summary

Wealth per WADA Decile	Percent Change of FSP Revenues
0 – 10 <sup>th</sup> Percentile	11.03%
10 <sup>th</sup> – 20 <sup>th</sup> Percentile	8.12%
20 <sup>th</sup> – 30 <sup>th</sup> Percentile	10.07%
30 <sup>th</sup> – 40 <sup>th</sup> Percentile	9.49%
40 <sup>th</sup> – 50 <sup>th</sup> Percentile	8.79%
50 <sup>th</sup> – 60 <sup>th</sup> Percentile	7.11%
60 <sup>th</sup> – 70 <sup>th</sup> Percentile	6.64%
70 <sup>th</sup> – 80 <sup>th</sup> Percentile	4.96%
80 <sup>th</sup> – 90 <sup>th</sup> Percentile	5.70%
90 <sup>th</sup> – 100 <sup>th</sup> Percentile	9.55%
<b>Total</b>	<b>7.59%</b>

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### HB 3: MCA Model Summary

Enrollment Size	Percent Change of FSP Revenues
50,000 and over	7.46%
25,000 to 49,999	6.97%
10,000 to 24,999	6.85%
5,000 to 9,999	7.72%
3,000 to 4,999	8.73%
1,600 to 2,999	7.89%
1,000 to 1,599	9.05%
500 to 999	9.70%
Under 500	10.96%
<b>Total</b>	<b>7.59%</b>

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### HB 3: MCA Model Summary

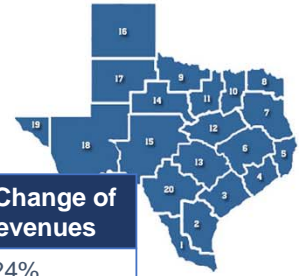
Type	Percent Change of FSP Revenues
Major Urban	8.35%
Major Suburban	6.00%
Other Central City	7.63%
Other Central City Suburban	7.79%
Independent Town	10.15%
Non-Metro: Fast Growing	8.58%
Non-Metro: Stable	9.46%
Rural	10.15%
<b>Total</b>	<b>7.59%</b>

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## HB 3: MCA Model Summary



Region	Percent Change of FSP Revenues
1	9.86%
2	9.30%
3	11.67%
4	8.42%
5	10.98%
6	6.53%
7	12.72%
8	13.58%
9	11.02%
10	5.12%

Region	Percent Change of FSP Revenues
11	4.24%
12	9.16%
13	6.41%
14	9.83%
15	9.28%
16	10.42%
17	8.02%
18	4.87%
19	8.89%
20	7.59%

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## Major Legislation Recap

Bill	Passage
<b>State Budget</b> (HB 1 by Zerwas & SB 500 by Nelson)	✓
<b>School Finance Reform</b> (HB 3 by Huberty)	✓
<b>\$5,000 Teacher Pay Raise</b> (SB 3 by Nelson)	✗
<b>Teacher Pension Fix</b> (SB 12 by Huffman)	✓
<b>Property Tax Reform</b> (SB 2 by Bettencourt)	✓
<b>Homestead Exemption Increase</b> (SB 5 by Bettencourt)	✗
<b>Sales Tax Swap</b> (HJR 3 by Huberty)	✗
<b>Severance Tax Swap</b> (SJR 77 by Taylor)	✗

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## Major Legislation Recap: **Bonds & Ballots**

Bill	Passage
<b>Bond Propositions Grouped By Type</b> (SB 30 by Birdwell)	✓
<b>Judicial Review of Ballot Language</b> (SB 323 by Huffman)	✗
<b>Use of Unspent Bond Proceeds</b> (HB 440 by Murphy)	✓
<b>Language Reqs. For Ballot / Voter Info. Document</b> (HB 477 by Murphy)	✓

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## Major Legislation Recap: **Accountability**

Bill	Passage
<b>HB 22 Clean-up</b> (HB 3904 by Huberty)	✗
<b>Assessment Reform</b> (HB 3906 by Huberty)	✓
<b>STAAR Readability &amp; Accountability Pause</b> (HB 4242 by Bernal)	✗ Readability study included in HB 3
<b>STAAR Testing Contingent On Student Performance</b> (HB 2983 by Huberty)	✗
<b>Accountability Fixes for Special Needs Campuses</b> (HB 3452 by Dutton & HB 2797 by Hinojosa)	✗

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## Major Legislation Recap: **School Safety**

Bill	Passage
<b>School Safety Omnibus</b> (SB 11 by Taylor)	✓
<b>Mental Health Consortium</b> (SB 10 by Nelson)	(See SB 11)
<b>Mental Health Training</b> (HB 18 by Price)	✓
<b>Regional Mental Health Resource</b> (HB 19 by Price)	✓
<b>Easing School Marshals' Weapon Carry Restrictions</b> (SB 243 by Creighton & SB 406 by Birdwell)	✗
<b>Removing School Marshal Cap</b> (HB 1387 by Creighton)	✓
<b>Traumatic Injury Response</b> (HB 496 by Gervin-Hawkins)	✓

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## Major Legislation Recap: **Anti-Lobbying**

Bill	Passage
<b>Lobby Ban for Former Elected Officials</b> (SB 13 by Creighton)	✗
<b>Ban Local Gov't From Joining Advocacy Groups</b> (SB 29 by Hall)	✗
<b>Report Lobby Expenditures</b> (HB 433 by Shaheen)	✗

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## State Budget

ALL FUNDS						
(IN MILLIONS)						
FUNCTION	ESTIMATED/BUDGETED 2018-19 (1)	HOUSE 2020-21	SENATE 2020-21	CONFERENCE COMMITTEE 2020-21	COMPARISON OF CCR HB1 TO ESTIMATED/BUDGETED	
					\$ CHANGE	% CHANGE
Article I – General Government	\$7,503.3	\$7,484.7	\$6,971.9	\$7,430.0	(\$73.3)	(1.0%)
Article II – Health and Human Services	\$83,584.2	\$87,634.6	\$84,655.8	\$84,368.7	\$784.5	0.9%
Article III – Agencies of Education (3)	\$81,229.0	\$91,567.1	\$92,151.1	\$94,525.9	\$13,296.8	16.4%
<i>Public Education (3)</i>	\$60,492.7	\$70,019.6	\$70,595.0	\$72,673.1	\$12,180.3	20.1%
<i>Higher Education</i>	\$20,736.3	\$21,547.5	\$21,556.1	\$21,852.8	\$1,116.5	5.4%
Article IV – Judiciary	\$857.1	\$955.0	\$874.0	\$892.3	\$35.3	4.1%
Article V – Public Safety and Criminal Justice	\$18,378.5	\$15,884.6	\$15,998.8	\$16,040.3	(\$2,338.3)	(12.7%)
Article VI – Natural Resources	\$6,566.0	\$9,115.0	\$8,928.0	\$9,013.0	\$2,447.1	37.3%
Article VII – Business and Economic Development	\$36,587.5	\$37,406.3	\$37,063.9	\$37,057.1	\$469.6	1.3%
Article VIII – Regulatory	\$671.7	\$644.5	\$651.4	\$647.4	(\$24.3)	(3.6%)
Article IX – General Provisions (3)	\$0.0	\$0.0	\$0.0	\$285.3	\$285.3	N/A
Article X – Legislature	\$392.8	\$392.0	\$403.5	\$392.1	(\$0.8)	(0.2%)
<b>Total, All Functions</b>	<b>\$235,770.2</b>	<b>\$251,083.6</b>	<b>\$247,698.4</b>	<b>\$250,652.1</b>	<b>\$14,882.0</b>	<b>6.3%</b>
Amount of Tax Relief					(\$4,980.0)	
<b>Growth Excluding Tax Relief</b>					<b>\$9,902.00</b>	<b>4.2%</b>

NOTES:

- (1) Amounts estimated or budgeted for the 2018-19 biennium include supplemental spending adjustments in Article II for Medicaid and foster care, but do not include adjustments from Senate Bill 500.
  - (2) Supplemental bill totals, less anticipated supplemental spending adjustments included in the base.
  - (3) Contingent funding of \$11.5 billion for House Bill 3 has been moved from Article IX to Article III, Public Education, for the purposes of this comparison.
  - (4) Excludes Interagency Contracts.
- SOURCE: Legislative Budget Board.

## State Budget: Article III

ARTICLE III – EDUCATION, BY METHOD OF FINANCE				
(IN MILLIONS)	ESTIMATED/BUDGETED	CCR HB1	BIENNIAL	PERCENTAGE
METHOD OF FINANCE	2018–19	2020–21	CHANGE	CHANGE
General Revenue Funds	\$56,458.4	\$66,028.2	\$9,569.9	17.0%
General Revenue–Dedicated Funds	\$2,822.5	\$2,720.0	(\$102.5)	(3.6%)
Federal Funds	\$10,802.5	\$11,020.6	\$218.1	2.0%
Other Funds	\$11,145.7	\$14,757.1	\$3,611.4	32.4%
<b>Total, All Methods of Finance</b>	<b>\$81,229.0</b>	<b>\$94,525.9</b>	<b>\$13,296.8</b>	<b>16.4%</b>
Amount of Tax Relief			(\$4,980.0)	
<b>Growth Excluding Property Tax Relief</b>			<b>\$8,316.8</b>	<b>10.2%</b>

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## 2020-21 State Budget Highlights: Public Ed.

### HB 1 by Zerwas

<b>HB 3</b> <b>\$11.5 B</b>	Includes <b>\$6.5 billion</b> for increased school funding and <b>\$5.0 billion</b> for property tax relief above current law.
<b>TRS-Care</b> <b>\$230.8 M</b>	Additional funding above statutorily required amounts to maintain 2019 premiums and benefits.
<b>NIFA</b> <b>\$200 M</b>	Increased appropriations cap as part of HB 3. Lawmakers also appropriated \$100 million each year, contingent on enactment of HB 3.
<b>Instructional Materials</b> <b>(\$166.7 M)</b>	Funding decrease for instructional materials and technology compared to 2018-19.
<b>SB 11</b> <b>\$100.0 M</b>	New funding for school safety allotment (\$9.72 ADA, estimated).

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## Tax Reduction and Excellence in Education Fund

HB 3 creates a new fund dedicated to public education & property tax relief that will receive revenues from two sources:

- Around **\$300 million** per year in new sales taxes collected from online marketplace platforms (i.e. Amazon, Etsy, Ebay, etc.)
- Up to **\$300 million** per year from increased distributions from GLO's portion of the Permanent School Fund. Will require voter approval of HJR 151.
- **Does not** currently include any severance tax collections diverted from the rainy day fund.

## Supplemental Appropriation

### SB 500 by Nelson

(In Millions)

Article	General Revenue	All Funds
General Government	(\$75.1)	\$267.9
Health & Human Services	\$2,228.2	\$4,957.1
<b>Education</b>	<b>(\$652.8)</b>	<b>\$2,145.8</b>
Judiciary	\$0.9	\$0.9
Public Safety and Criminal Justice	\$225.8	\$479.4
Natural Resources	(\$45.2)	\$1,862.0
Regulatory & Economic Development	\$6.1	\$149.0
<b>TOTAL</b>	<b>\$1,687.9</b>	<b>\$9,862.1</b>

## Supplemental Appropriation Highlights: **Public Ed.**

### SB 500 by Nelson

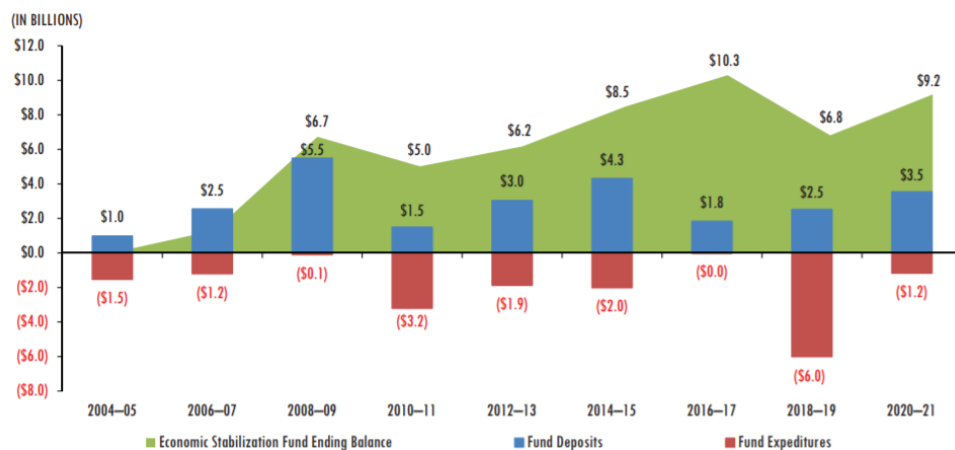
<b>Hurricane Harvey</b> <b>\$1,442.5 M</b>	Includes <b>\$806.5 million in ESF</b> for Harvey-related costs that occurred in the 2018-19 biennium and <b>\$636.0 million in ESF</b> for ongoing costs in the 2020-21 biennium due to reduced property values.
<b>Teacher Retirement</b> <b>\$1,113.0 M</b>	Includes <b>\$589.0 million in ESF</b> to provide a 13 <sup>th</sup> check of a max of \$2,000 and <b>\$524.0 million in ESF</b> to cover the increased state contributions in FY 2020 & 2021.
<b>FSP Adjustment</b> <b>(\$903.3 M)</b>	Projections indicate a 2018–19 biennial surplus of <b>GR</b> attributable to lower than estimated student enrollment and prior year adjustments, and higher than estimated non-GR revenue.
<b>IDEA Maintenance</b> <b>\$219.6 M</b>	Appropriation out of <b>GR</b> to ensure state compliance with federal special education funding requirements, including <b>\$50.5 million</b> to reimburse school districts.
<b>School Safety</b> <b>\$110.9 M</b>	Includes <b>\$100.0 M in ESF</b> to TEA to provide funding for school safety infrastructure enhancements and <b>\$10.9</b> for a grant to Sante Fe ISD.

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## Rainy Day Fund



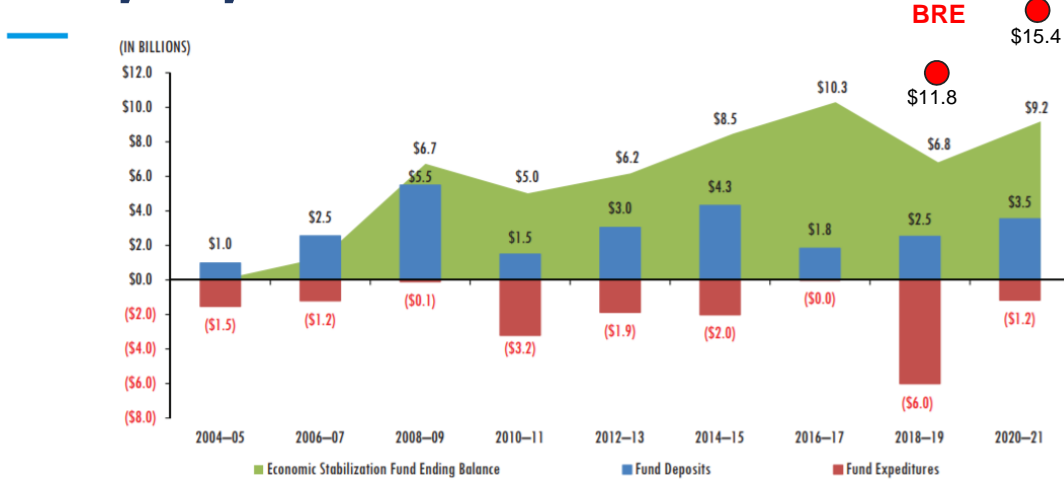
NOTE: Amounts for fiscal years 2019 to 2021 are projections based on the Comptroller of Public Accounts' 2019 Biennial Revenue Estimate and adjusted for Economic Stabilization Fund appropriations made in the Supplemental Appropriations Bill.  
 Sources: Legislative Budget Board; Comptroller of Public Accounts.

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## Rainy Day Fund



NOTE: Amounts for fiscal years 2019 to 2021 are projections based on the Comptroller of Public Accounts' 2019 Biennial Revenue Estimate and adjusted for Economic Stabilization Fund appropriations made in the Supplemental Appropriations Bill.  
 SOURCES: Legislative Budget Board; Comptroller of Public Accounts.

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## Other Revenue Sources

### SB 1271 by Watson

- Texas Department of Transportation shall issue specialty license plates that include the words "Keep Austin Weird"
- After covering administrative costs, any additional funds from the sale of these plates shall be deposited in the general revenue fund
- Sent to the Governor



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# School Finance

“We will do what no one thought possible: **We will finally fix school finance in Texas.** I’m proud to tell you today we are announcing that we have done exactly that.”

- Gov. Greg Abbott





## School Finance: Tier 1

	House Bill 3
Basic Allotment	\$6,160
Cost of Education Index	Repealed
Small and Mid-Sized Adjustment	<ul style="list-style-type: none"> <li>Moves adjustment to <b>stand-alone allotment</b>.</li> <li>Includes allotment into special education allotment calculation.</li> <li>No separate formula based on ISDs square mileage.</li> </ul>

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## School Finance: Tier 1

	House Bill 3
Teacher Pay	<p>When the basic allotment increases, districts must dedicate <b>30% of per student revenue gain</b> compared to the prior year to pay raises for non-administrative staff.</p> <ul style="list-style-type: none"> <li><b>75% of that amount</b> must be used for pay raises to teachers, librarians, counselors, and nurses, prioritizing differentiated compensation for classroom teachers with <b>more than 5 years of experience</b>;</li> <li><b>The remaining 25%</b> may be used as determined by the district for pay raises for full-time employees.</li> </ul>

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## School Finance: Tier 1

	House Bill 3
Teacher Incentive Allotment	<ul style="list-style-type: none"><li>• Allows districts to designate teachers as master, exemplary, or recognized based on appraisals.</li><li>• Maxes out at \$32,000 (i.e. master teacher at neediest campus).</li><li>• 90% of funds to be used at the campus where the teacher earning allotment is employed.</li><li>• Does not allow STAAR assessments to be used in teacher appraisals.</li></ul>

“All of our veteran teachers are going to see a total compensation package of about **\$4,000.**”

-Lt. Gov. Dan Patrick



## School Finance: Tier 1

	House Bill 3
<b>Compensatory Education</b>	<ul style="list-style-type: none"> <li>Creates a new allotment based on the census block group in which the student resides, with weights ranging from <b>0.225 to 0.275</b>.</li> <li>Requires Commissioner to establish advisory committee to help determine appropriate weights.</li> </ul>
<b>Special Education</b>	Increases mainstream special education weight to <b>1.15</b> .
<b>Dyslexia</b>	Creates new weight for dyslexic students of <b>0.1</b> .

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## School Finance: Tier 1

	House Bill 3
<b>Career and Technical Education</b>	<ul style="list-style-type: none"> <li>Expands eligibility for CTE funding to grade 7.</li> <li>Creates additional advanced CTE allotment for students enrolled at a P-TECH or New Tech Network campus.</li> </ul>
<b>Bilingual Education</b>	<p>Creates additional dual language weights of <b>0.15</b> for ELLs and <b>0.05</b> for non-ELLs.</p> <p>Current bilingual weight of <b>0.1</b> is maintained for program other than dual-language.</p>

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## School Finance: Tier 1

	House Bill 3
Pre-K	<ul style="list-style-type: none"> <li>• Full-day pre-K services <b>must be</b> provided to eligible 4 year-olds, districts may provide services to those under 4.</li> <li>• No <b>direct funding</b> for additional Pre-K ADA.</li> <li>• Creates <b>new early education allotment with weight of 0.1</b> for each K-3 student that is educationally disadvantaged or LEP and enrolled in bilingual program. <b>Students in both categories count twice.</b></li> <li>• Funds must be spent on improving reading and math performance in Pre-K through 3<sup>rd</sup> grade.</li> <li>• Before a district builds or leases a facility for Pre-K, it must solicit proposals for partnerships with community-based childcare providers.</li> <li>• Districts may receive two 3-year waivers from the Commissioner.</li> </ul>

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## School Finance: Tier 1

	House Bill 3
Indirect Cost Allotments	<p>At least <b>55%</b> of the funds allocated for each of the following allotments must be used for the services for which the money is allotted:</p> <ul style="list-style-type: none"> <li>• Special education,</li> <li>• Bilingual education,</li> <li>• Compensatory education,</li> <li>• Career and technology education,</li> <li>• New CCMR outcomes bonus.</li> </ul> <p>Some special program spending requirements have been eased.</p>

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## School Finance: **Tier 1**

	House Bill 3
<b>Gifted and Talented Education</b>	<ul style="list-style-type: none"> <li>• Repeals allotment.</li> <li>• Districts must certify that they have a GT program that meets certain requirements. Commissioner may reduce entitlement for non-compliant districts.</li> <li>• Districts will need to reserve fund for a GT program that meets state standards.</li> </ul>
<b>High School Allotment</b>	Repealed.

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## School Finance: **Tier 1**

	House Bill 3
<b>Other New Allotments</b>	<ul style="list-style-type: none"> <li>• Creates a new <b>Fast Growth Allotment</b> with weight of <b>0.04</b> for districts in top quartile of growth rates over the preceding three years.</li> <li>• Creates a new <b>Mentor Program Allotment</b>.</li> <li>• Creates a <b>Dropout Recovery School and Residential Placement Facility Allotment</b>.</li> </ul>
<b>Reimbursements</b>	<ul style="list-style-type: none"> <li>• Creates a reimbursement for school districts to cover the administration of a college preparation assessment and students' certification examinations.</li> </ul>

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## School Finance: Tier 1

	House Bill 3
NIFA	<p>Increases cap on appropriations from \$50 million to \$100 million per school year.</p> <p>HB 1 appropriates \$100 million each year of the biennium, contingent on enactment of HB 3.</p>
Transportation	<p>Uniform rate per mile per student as set by appropriation (\$1.00 per GAA).</p>

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## School Finance: Tier 1

	House Bill 3
Performance-Based Bonuses	<p>Creates a new outcomes bonus based on the percent of graduates that are college, career or military ready.</p> <p>Districts would receive a bonus if their performance exceeded the 25th percentile in CCMR rates statewide for the following student sub-populations:</p> <ul style="list-style-type: none"> <li>• educationally disadvantaged,</li> <li>• non-economically disadvantaged, and</li> <li>• special education.</li> </ul> <p>The bill <b>does not</b> include a bonus based on 3rd Grade reading performance. It instead creates reading standards and requires teachers and principals to attend literacy academies.</p>

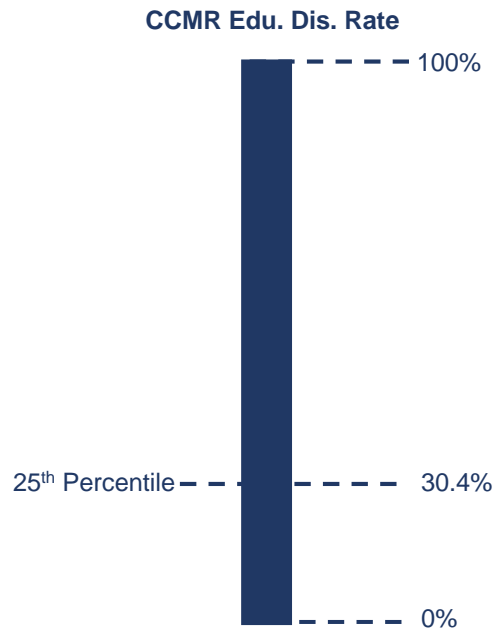
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## Methodology for CCMR Performance-Based Bonus

- Rank order all districts based on the percent of grads demonstrating CCMR. Create three separate rankings for the three student subgroups listed in the bill.
- Identify the district at the 25th percentile in each ranking, and use that rate as the threshold for generating an allotment.
- Districts get a per-student allotment for each of their students that exceed that threshold:  
**\$5,000 for educationally disadvantaged,**  
**\$3,000 for non-educationally disadvantaged, and**  
**\$2,000 for special education students.**



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## School Finance: Tier 1/Tier 2

House Bill 3	
Recapture	Redefines recapture to be local share in excess of entitlement.
Current/Prior Year Values	Moves to <b>current year</b> to calculate local share of FSP.

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## School Finance: Tier 2

House Bill 3	
<b>Golden Pennies</b>	<p>Max. number of pennies = <b>8</b></p> <p>Golden penny yield =</p> <p>Greater of:</p> <ul style="list-style-type: none"> <li>• Yield per penny per WADA for the district at the 96th percentile of wealth per WADA, or</li> <li>• <b>\$98.56</b> (1.6% of the Basic Allotment)</li> </ul>
<b>Copper Pennies</b>	<p>Max. number of pennies = <b>9</b></p> <p>Copper penny yield = <b>\$49.28</b> (0.8% of the Basic Allotment)</p>

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## School Finance: Additional Funding

House Bill 3	
<b>Formula Transition Grant</b>	<ul style="list-style-type: none"> <li>• Establishes a revenue target, based on the lesser of 103% of prior law revenue per ADA in 2019-20, or 128% of the state average of prior law revenue per ADA in 2019-20.</li> <li>• In even numbered years, use the 2019-20 prior law revenue as the target, and in odd numbered years, use the 2019-20 or 2020-21 revenue, whichever is greater.</li> <li>• Formula transition grant expires at the end of 2024-25 school year.</li> <li>• MCA modeling forecasts state-wide costs to be <b>\$227 million</b> in 2019-20 and <b>\$428 million</b> in 2020-21.</li> </ul>

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## School Finance: **Additional Funding**

	House Bill 3
<b>Equalized Wealth Transition Grant</b>	<p>Annual allotment based on the benefit from the Chapter 41 1992-93 revenue level hold harmless that the district received in the 2018-19 school year</p> <p>Reduced by 20 percent each year until fully phased out by the end of the 2023-24 school year.</p>



## Property Tax Relief

	House Bill 3
<b>State Compression Percentage</b>	<ul style="list-style-type: none"> <li>• <b>93%</b> or a lower percentage set by appropriation applied to the first dollar of the 2018-19 tax rate</li> <li>• State compression percentage is reduced after 2019-20 based on the Comptroller's projections of state-wide property value growth.</li> </ul> <p>This would appear to result in a compressed rate of about <b>\$0.9165</b> in 2020-21 (CPA forecasts 4.01 percent annual growth).</p>
<b>Copper Penny Compression</b>	<p>Copper pennies are compressed when their guaranteed yield increases (i.e. when the basic allotment goes up).</p> <p>Compressed by ratio of old yield to new yield.</p>

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## Example: ISD at \$1.17 in 2018-19

\$1.17 in 2018-19 =

- \$1.00** in Tier 1
- \$0.06** in Tier 2 Level 1 (Golden Pennies)
- \$0.11** in Tier 2 Level 2 (Copper Pennies)

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## Example: ISD at \$1.17 in 2018-19

\$1.17 in 2018-19 = ~~\$1.00 in Tier 1~~  
\$0.06 in Tier 2 Level 1 (Golden Pennies)  
\$0.11 in Tier 2 Level 2 (Copper Pennies)

2019-20 = \$0.93 in Tier 1

## Example: ISD at \$1.17 in 2018-19

\$1.17 in 2018-19 = ~~\$1.00 in Tier 1~~  
~~\$0.06 in Tier 2 Level 1 (Golden Pennies)~~  
\$0.11 in Tier 2 Level 2 (Copper Pennies)

2019-20 = \$0.93 in Tier 1  
\$0.06 in Tier 2 Level 1

## Example: ISD at \$1.17 in 2018-19

\$1.17 in 2018-19 = ~~\$1.00~~ in Tier 1  
~~\$0.06~~ in Tier 2 Level 1 (Golden Pennies)  
~~\$0.11~~ in Tier 2 Level 2 (Copper Pennies)

\$1.06835 in 2019-20 = \$0.93 in Tier 1  
 \$0.06 in Tier 2 Level 1  
 \$0.02 from Tier 2 Level 2 shift to Golden Pennies  
 \$0.05835 results from 9 remaining Copper pennies after compression (31.95/49.28)

## Property Tax Relief

House Bill 3	
<b>District-Level Compression</b>	<p>Beginning in 2020-21, the bill requires <b>additional</b> compression of the tier 1 M&amp;O rate if a district's property values exceeds a <b>2.5 percent</b> annual growth rate.</p> <p>There is <b>no inflation adjustment</b> as in previous versions of the bill.</p> <p>The "circuit-breaker" is reduced to <b>10 percent</b>.</p>

## Property Tax Relief: **District-Level Compression**

$$\text{MCR} = (1.025 ((\text{PYDPV} + \text{E}) \times \text{PYMCR})) / \text{DPV}$$

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## Property Tax Relief: **District-Level Compression**

$$\text{MCR} = (1.025 ((\text{PYDPV} + \text{E}) \times \text{PYMCR})) / \text{DPV}$$

**MCR** = Maximum Compressed Rate

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## Property Tax Relief: **District-Level Compression**

$$\text{MCR} = (1.025 ((\text{PYDPV} + \text{E}) \times \text{PYMCR})) / \text{DPV}$$

- **Sec. 48.2552** acts as a 10% “circuit-breaker” for the MCR.
- A district's MCR cannot fall below 90 percent of any other district's MCR.
- **HB 3 requires** any “circuit-breaker” savings to be used for state-wide tax compression.

## Property Tax Relief: **District-Level Compression**

$$\text{MCR} = (1.025 ((\text{PYDPV} + \text{E}) \times \text{PYMCR})) / \text{DPV}$$

**PYMCR** = Prior Year's Maximum Compressed Rate

## Property Tax Relief: **District-Level Compression**

$$\text{MCR} = (1.025 ((\text{PYDPV} + \text{E}) \times \text{PYMCR})) / \text{DPV}$$

- HB 3 sets this at \$1.00 for 2020-21...even though the state compression percentage is .93.
- As a result, ISDs have to have annual property value growth of around **12 percent** for this MCR to be less than state compression percentage.

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## Property Tax Relief: **District-Level Compression**

$$\text{MCR} = (1.025 ((\text{PYDPV} + \text{E}) \times \text{PYMCR})) / \text{DPV}$$

**DPV** = Current Year District Property Value

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## Property Tax Relief: **District-Level Compression**

$$\text{MCR} = (1.025 ((\text{PYDPV} + \text{E}) \times \text{PYMCR})) / \text{DPV}$$

- HB 3 directs TEA to make this calculation
- Unclear how TEA will know current year DPV in time to set tax rates.
- HB 3 gives commissioner broad power to “modify dates” relating to districts’ adoption of tax rates.

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## Property Tax Relief: **District-Level Compression**

$$\text{MCR} = (1.025 ((\text{PYDPV} + \text{E}) \times \text{PYMCR})) / \text{DPV}$$

**PYDPV + E** = Prior Year District Property Value  
+  
Property Value That Is **Excluded** In The Prior Year  
But Will Be Taxable In The Current Year (313 & 311).

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## Property Tax Relief

Final **MCR** is lesser of:

- ISDs MCR, or
- Statewide Compression Percentage X \$1.00.

## Property Tax Relief

	House Bill 3
M&O Tax Rate Cap	17 cents above the product of the <b>district maximum compressed rate</b> multiplied by \$1.00.
Tax Rate Swaps	<ul style="list-style-type: none"><li>• A district may not <b>increase</b> its M&amp;O rate to create a surplus to pay debt service.</li><li>• Creates a basis for injunction against collection of taxes if district found in violation</li></ul>

## Property Tax Relief: **Rollback Rate**

	<b>House Bill 3</b>
<b>Voter-Approval Rate</b> (formerly known as the rollback rate)	For the 2019 tax year, the VAR is the sum of: <ul style="list-style-type: none"><li>• ISDs' MCR (SCP of <b>\$0.93</b>)</li><li>• 2018 pennies &gt; \$1.00, minus required copper penny compression (sets floor at <b>4 pennies</b>)</li><li>• ISDs' <b>current debt rate</b></li></ul>

## Property Tax Relief: **Rollback Rate**

	<b>House Bill 3</b>
<b>Voter-Approval Rate</b> (formerly known as the rollback rate)	For the 2020 tax year, the VAR is the sum of: <ul style="list-style-type: none"><li>• ISDs' MCR (likely <b>\$0.9165</b>)</li><li>• Prior year's enrichment pennies, minus any required copper penny compression (sets floor at <b>5 pennies, contingent on unanimous board approval</b>)</li><li>• ISDs' <b>current debt rate</b></li></ul>

## Property Tax Relief: **Rollback Rate**

### SB 2 by Bettencourt

- Versions passed by the House and the Senate did impact the calculation of school districts rollback rates. Final version heading to Abbott's desk **does not**.
- Cities' and counties' **voter-approval rate** is now **1.035 X no-new-revenue rate**.
- SB 2 has considerable impact on appraisal district operations.

## Property Tax Relief: **Rollback Rate**

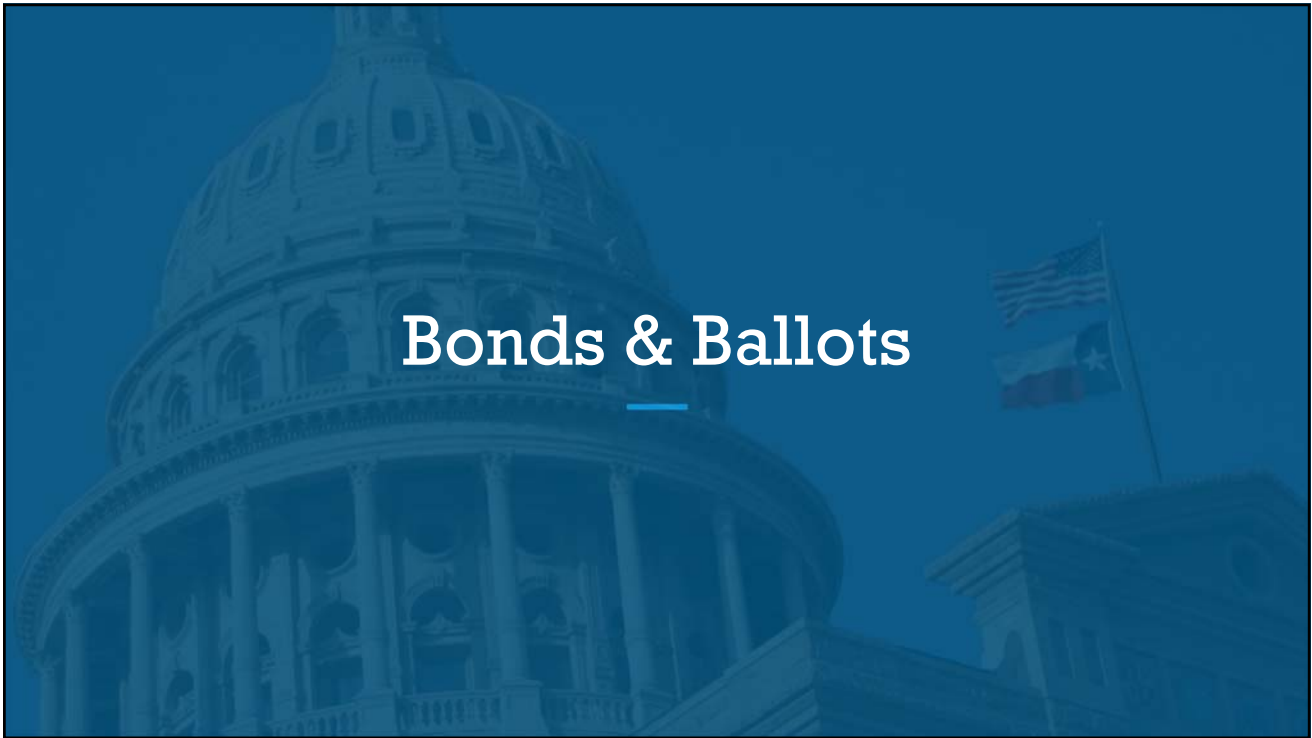
	House Bill 3
TRE Restrictions	<ul style="list-style-type: none"> <li>• Requires TREs to be held on a uniform election date.</li> <li>• Districts with a <b>2018 tax rate that is at or above \$1.04</b> may not adopt an M&amp;O rate for the 2019 tax year that exceeds their voter-approval rate (i.e., no TRE allowed)</li> </ul> <p>Only exception is if board approved strategic plan that proposed a higher rate prior to Jan. 1, 2019.</p>
Efficiency Audit	<p>Starting in the 2020 tax year, the bill requires school districts to conduct an efficiency audit by a third-party before seeking voter approval for a TRE.</p> <p><b>Does not</b> include similar provision for charters that was in prior versions of HB 3.</p>

## Property Tax Relief: **Disaster Provisions**

	House Bill 3
<b>Voter-Approval Rate Disaster Exception</b>	<p>Adds wildfires to the list of disasters that could allow ISDs to increase the tax rate above their VAR without voter approval.</p> <p>Amount by which tax rates adopted under 26.08(a-1) exceeds the voter-approval rate <b>does not</b> count toward the voter-approval rate calculation the following year.</p>

## Property Tax Relief: **Disaster Provisions**

- **HB 492 / HJR 34 by Shine** provides temporary property tax relief for certain properties that are at least 15 percent damaged, as determined by the chief appraiser. Contingent on voter approval of constitutional amendment.
- **SB 443 by Hancock** would extend from two years to five years the period a property owner may receive a residence homestead exemption when a residence is under repair following a disaster that rendered the residence uninhabitable.



## Bonds & Ballots

House Bill 3	
<b>Bond Language</b>	Requires ballot propositions for bonds to include language: "THIS IS A PROPERTY TAX INCREASE"

## Bonds & Ballots

### SB 30 by Birdwell

Requires bonds for each of the following purposes to be stated in a **separate proposition**:

- Stadium
- Natatorium
- Performing arts facility
- Recreational facility other than a gym
- Teacher housing
- Technology equipment, other than for school safety

## Bonds & Ballots

### HB 440 by Murphy

Limits a district's use of the unspent proceeds of issued general obligation bonds to:

- The specific purposes for which the bonds were authorized;
- Retiring the bonds, or
- Another purpose if the original purposes are accomplished and the board votes to approve the use in at a public meeting

Prohibits a political subdivision from issuing general obligation bonds if the weighted average maturity of the issue of bonds exceeds **120 percent** of the reasonably expected weighted average economic life project.

## Bonds & Ballots

### HB 477 by Murphy

Requires the ballot to specifically state:

- A general description of the purposes for which the bonds are to be authorized;
- The total principal amount of the bonds to be authorized; and
- That taxes sufficient to pay the principal of and interest on the bonds will be imposed.

Requires the information listed above, as well as additional information, to be printed in a **voter information document**, and published on the district's website and in a newspaper. The additional information includes:

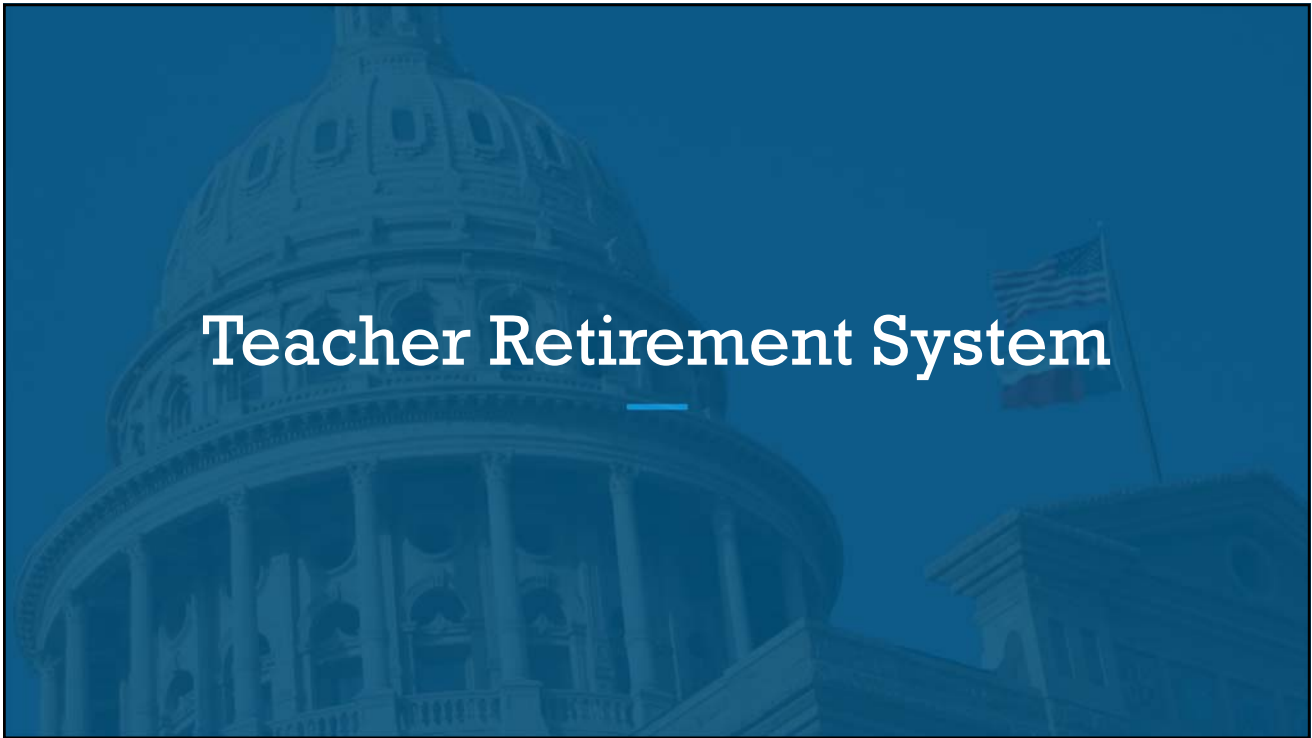
- Estimated interest for the bond to be authorized;
- Principal and estimated interest on all remaining debt;
- Maximum annual increase that would be imposed on a residence homestead with an appraised value of \$100,000; and
- Assumed interest rates used in calculations and estimated changes in appraised values.

## Other Regulations

### HB 234 by Krause

- Forbids local authorities from regulating the sale of lemonade or other non-alcoholic beverages by children under 18
- Sent to the Governor





## Teacher Retirement System

### SB 12 by Huffman

Makes the following **changes** to TRS contribution rates

Year	State	Employee	District
2019-20	<b>7.50%</b>	7.70%	1.50%
2020-21	<b>7.50%</b>	7.70%	<b>1.60%</b>
2021-22	<b>7.75%</b>	<b>8.00%</b>	<b>1.70%</b>
2022-23	<b>8.00%</b>	<b>8.00%</b>	<b>1.80%</b>
2023-24	<b>8.25%</b>	<b>8.25%</b>	<b>1.90%</b>
2024-25 and beyond	<b>8.25%</b>	<b>8.25%</b>	<b>2.00%</b>

Provides for a 13<sup>th</sup> check for eligible beneficiaries **up to \$2,000**.



## Teacher Retirement System

### SB 12 by Huffman

- Bill will reduce employee and district contribution rates 0.1% for each 0.1% that the state contribution dips below the rate required by statute.
- Requires districts who pay into social security to now pay into TRS at the same rate as districts who do not participate in social security.
- Over the 2020-21 biennium, SB 12 increases state costs for contributions by **\$435.8 million** and district costs for contributions by **\$77.9 million**.



## Accountability & Assessment

## Accountability & Assessment

### HB 3906 by Huberty

- Allows district to offer assessments in multiple parts over multiple days.
- Grades 4 and 7 writing exam will be eliminated beginning in 2021-22 as separate exams. If writing portfolio assessments are utilized, teachers may be required to prepare tasks and materials.
- Beginning in 2022-23 assessments may not present more than 75% of the questions in a multiple-choice format, and must transition to an electronic administration.
- SBOE may designate sections of math exam that may/may not be completed using technology.
- If graphic calculators are required, then districts must allow similar applications on computing devices if districts cannot provide calculators to every student.
- TEA must develop an integrated formative assessment pilot program.
- Technical and educational advisory committees will be appointed to make recommendations on the development and validity of assessments

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## Accountability & Assessment

- **SB 54:** TEA must conduct a study of students in the regional day school program for the deaf (RDSPD) for accountability purposes.
- **SB 213:** Individual Graduation Committees (IGCs) were extended for 4 years to 2023.
- **HB 330:** Students in medical or residential treatment facilities would be excluded from completion and dropout rate.
- **HB 2210:** If a district and a state hospital enter into an agreement for educational services, students receiving residential services in a state hospital will be part of the district's accountability.
- **HB 678:** Elementary students who complete a course in American Sign Language (ASL) will earn one HS credit.

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## Accountability & Assessment

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- **HB 1051:** Adults 18 years or older may participate in an AEP to earn a HS diploma; funding calculated through FSP.
- **HB 1244:** Ten (10) civics test questions will be added to the STAAR U.S. History EOC exam that must align to the U.S. History TEKS.
- **HB 3007:** TEA must provide ISDs source data included in accountability ratings.
- **HB 3011:** THECB must provide ISDs source data submitted by IHEs used in accountability ratings.
- **HB 4205:** Gives campuses the additional option of submitting an accelerated campus excellence (ACE) turnaround plan.



## School Safety & Mental Health

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## School Safety & Mental Health

### SB 11 by Taylor

**SB 11** revises and adds to Education Code requirements regarding school safety. The bill does the following:

- Revises requirements for school multi-hazard emergency operations plans;
- Includes substitute teachers among educators to receive safety training;
- Requires districts to establish threat assessment teams to incorporate best practices for school safety and school climate;
- Requires districts to integrate trauma-informed practices in the school environment;
- Requires the TEA Commissioner to adopt standards for safe and secure school facilities;
- Establishes a school safety allotment (\$9.72 per ADA) for districts to use in improving security and providing mental health personnel; and
- Establishes Texas Child Mental Health Care Consortium (provisions from SB 10).

## School Safety & Mental Health

### HB 18 & HB 19 by Price

**HB 18** is a wide-ranging bill that includes the following provisions:

- Adds the study of mental health conditions, substance abuse, relationship management and responsible decision making to the K-12 enrichment curriculum.
- Adds certain mental-health related topics to the continuing education requirements for teachers, principals and counselors.
- Requires school counselors to implement a comprehensive school counseling program that meets best practice standards.
- Requires district improvement plans to include a plan to implement a comprehensive school counseling program and positive behavior interventions.

**HB 19** requires local mental health authorities to employ a non-physician mental health professional to serve as a mental health and substance use resource for school districts located in the region.

## School Safety & Mental Health

### HB 496 by Gervin-Hawkins

The bill requires districts to:

- Ensure that bleeding control stations are located in easily accessible areas of campuses. These stations must include specific medical equipment to stop blood loss in the event of traumatic injury;
- Ensure that certain district personnel such as peace officers and school resource officers are trained on the use of the bleeding control stations; and
- Annually train students in grade 7 and higher on how to use the bleeding control stations.

The bill protects from liability the school district and school district personnel who use the bleeding control station in a “good faith” effort.

## School Safety & Mental Health

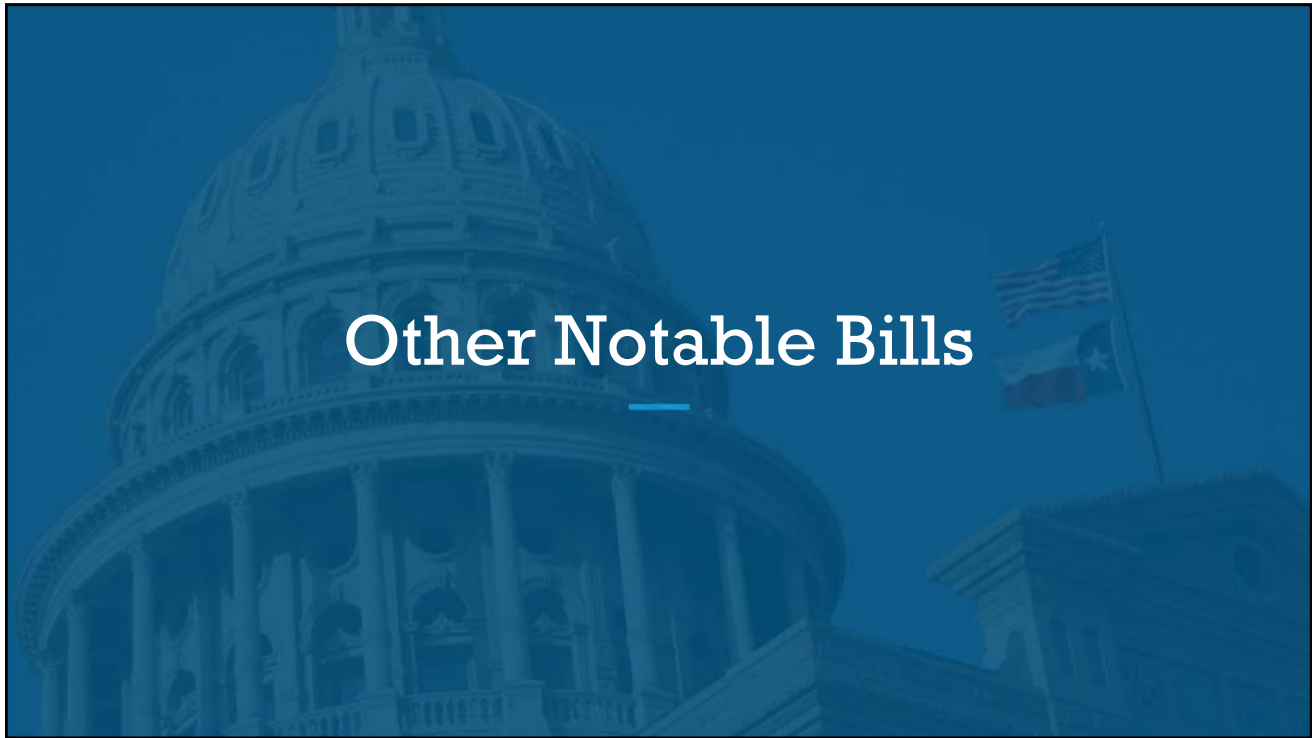
- **HB 76:** ISDs must inform student participants in UIL athletics about sudden cardiac arrest, & their option to request an electrocardiogram.
- **HB 111:** The bill would require that existing child abuse training must also include information on students with significant cognitive disabilities.
- **HB 906:** The bill establishes a collaborative task force on public school mental health services.
- **HB 1143:** ISDs cannot regulate the manner in which handguns or firearms are stored in a vehicle, as long as not in plain sight.
- **HB 1387:** Eliminates limit on number of school marshals.

## School Safety & Mental Health

- **SB 1707:** School districts can enter into MOUs with a local law enforcement agency for the provision of school resource officers for security purposes.
- **SB 2135:** Law enforcement agencies are required to provide the superintendent with student-related information requested for the purpose of conducting a threat assessment or preparing a safety plan related to the student.
- **HB 2195:** Schools must have a multi-hazard emergency operation plan in place for responding to an active shooter emergency. An ISD peace officer or resource officer must complete an approved active shooter response training program.
- **SB 2432:** Students that commit harassment against a school district employee must be removed from the classroom and sent to a disciplinary alternative education program.

## School Safety & Mental Health: **Discipline**

- **HB 65:** Updates reporting requirements for out-of-school suspensions.
- **HB 692:** Prohibits ISDs from placing a homeless student in out-of-school suspension.
- **HB 811:** Schools must consider whether a student is homeless or under State protection when determining disciplinary consequences.
- **HB 2184:** Provides specificity for transition plans for students transitioning from an AEP back to general ed.
- **SB 2432:** Requires removal from a classroom and assignment to a DAEP of students who commit harassment against an ISD employee.
- **HB 3012:** Suspended students must be provided instruction missed as a result of the suspension, to include an option that does not require use of the Internet.



## Counseling

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- **HB 114:** Requires school counselors to provide information regarding the availability of college credit awarded by institutions of higher education to those active in the military services.
- **SB 1276:** School districts and institutions of higher education are required to adopt common advising strategies and terminology related to dual credit and college readiness; provide for the alignment of endorsements and dual credit courses; and identify tools to assist counselors, students, and families in selecting endorsements offered by the district and dual credit courses.

## Special Education

- **HB 165:** A student who is enrolled in a special education program can earn an endorsement on their transcript by successfully completing, with or without modifications, all curriculum requirements for an endorsement provided that the curriculum, as modified, is sufficiently rigorous as determined by the student's ARD committee.
- **SB 522:** The bill adds flexibility to the process of developing an IEP of a student with a visual impairment.
- **SB 712:** The bill limits the types of interventions that schools and contractors can use for students that receive special education services. These intervention prohibitions include practices that cause physical or emotional pain, any extreme measures used as a means to change student behavior, or denying students access to adequate facilities.

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## Training Requirements

- **HB 293:** The bill eliminates the investment training requirement (once in a two-year period) for the treasurer, chief financial officer, or investment officer of a school district or municipality if the district or municipality: (1) does not invest district or municipal funds; or (2) only deposits those funds in: (A) interest-bearing deposit accounts; or (B) certificates of deposit.

The treasurer, CFO or investment officer annually must submit to TEA a sworn affidavit identifying the applicable criteria that exempt them from the investment training.

- **HB 403:** The bill states that the SBOE shall require trustees of a school district to have one hour of training, every two years, on identifying and reporting potential victims of sexual abuse, human trafficking, and other maltreatment of children. The bill also requires superintendents to receive 2 1/2 hours of training, every five years, on the same subject matter.

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## Training Requirements

- **HB 684:** The bill creates new requirements for school districts regarding students with a seizure disorder. Bill requires school nurses, as well as a district employee in regular contact with a student with a seizure disorder to take an online course on managing students with seizure disorders.

The bill also extends liability protections to those assisting students with seizure disorders.

- **HB 2424:** The bill would establish "micro-credentials" that educators could earn. TEA would approve continuing education providers to offer micro-credential courses. These credentials would be recorded in the agency's Educator Certification Online System.

## Curriculum

- **HB 1026:** The SBOE is required to integrate positive character traits into the TEKS. School districts must adopt a character education program that includes positive character traits.
- **HB 2984:** The SBOE is required to adopt K-8 TEKS that include coding, computer programming, computational thinking, and cybersecurity, and must review the tech. apps. curriculum every 5 years to make sure it aligns with current or emerging professions.
- **SB 1374:** A school district may allow a student to enroll concurrently in Algebra I and geometry to satisfy the curriculum requirements for math.

## Other: **Do-Not-Hire Registry**

- **HB 3** includes provisions that would require TEA to create and maintain a state-wide registry of persons not eligible for employment in public schools.
- Districts must report ineligible persons to TEA.
- Districts would be required to fire/refuse to hire applicants included in the registry.

## Other

- **HB 391:** Requires a district to provide instructional materials to a student in a printed format if he or she does not have reliable access to technology at home.
- **HB 455:** Mandates the creation of a recess policy.
- **HB 539:** Institutions of higher education are required to admit a student that graduated as the valedictorian of their high school in one of the two school years preceding the year for which the student is applying for higher education admission.
- **HB 548:** Creates additional reporting requirements in PEIMS regarding truancy.
- **HB 638:** Allows schools to award HS diplomas to students posthumously.

## Other

- **SB 1679:** A child who is eligible for enrollment in a Pre-K class at the age of three and enrolls in Pre-K at the age of three remains eligible for enrollment in Pre-K for the following school year.
- **HB 1734:** The bill adds new requirements for districts suing over the defective design, construction, or renovation of a district facility.
- **SB 1746:** A student who has been incarcerated or has a parent or guardian who has been incarcerated is included in the list of “students at risk of dropping out of school.”
- **HB 4310:** Curriculum scope & sequence must provide adequate time for teachers to teach and students to learn, and provides for teacher discretion.

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## Other

### HCR 57 by Hinojosa

- Designating tacos as the official state food of Texas.
- Failed to receive a hearing.



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## Governor's Veto Deadline



Last day for Governor to veto bills or make line-item vetoes in state budget.

## 87<sup>th</sup> Legislature Could Get Messy

- Lawmakers will be taking up redistricting, which is always a heated political fight.
- Medicaid 1115 Waiver expiring in 2021-22 (\$6.2 billion per year).
- Cost of property tax relief in HB 3 will start putting real pressure on the state budget. Will likely be expectations of additional property tax relief.
- Current budget relies on an **18.6%** jump in oil production tax revenues resulting from increased pipeline capacity. Revenue growth less than this will result in a budget shortfall.
- Potential trade tariffs on Mexico could impact Texas economy.



**Closing Comments  
& Questions**



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