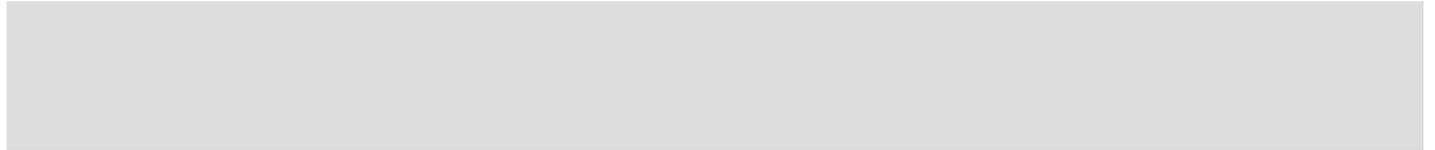


OVERVIEW OF 2014-15 PUBLIC EDUCATION APPROPRIATIONS

Presented to House Committee on Appropriations
Subcommittee on Education

July 10, 2014

Prepared by the Legislative Budget Board



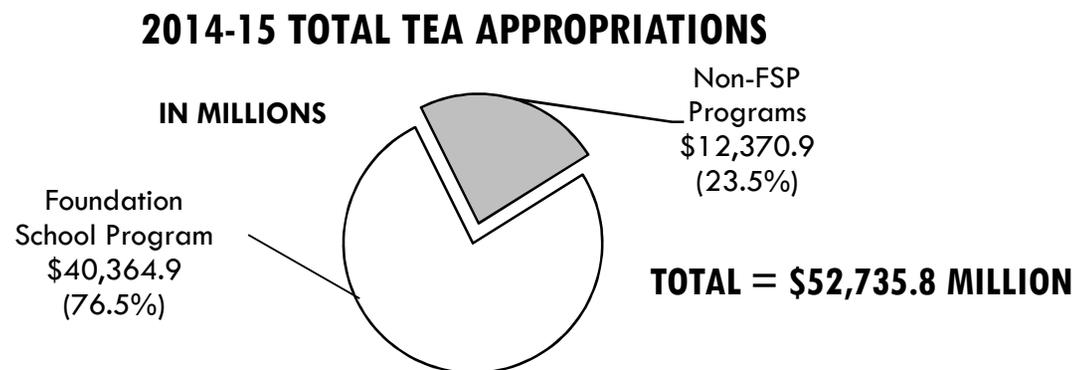
2014-15 Public Education Entitlement and Appropriations

Entitlement

- The 83rd Legislature added \$3.4 billion to Foundation School Program (FSP) entitlement in the 2014-15 biennium.

Appropriations

- 2014-15 Texas Education Agency (TEA) Total All Funds appropriations were \$52.7 billion – an increase of \$3.7 billion (7.5 percent) from 2012-13.
- FSP All Funds appropriations (less set-asides) were \$40.4 billion – a biennial increase of \$2.5 billion (6.7 percent).
- Non-FSP All Funds appropriations were \$12.4 billion – an increase of \$1.1 billion (10.1 percent) from 2012-13.



2014-15 Appropriations Compared to 2012-13 Base

FOUNDATION SCHOOL PROGRAM (FSP) ONLY (LESS SET-ASIDES) (in millions)

Method of Finance	2012-13 Base	2014-15 Appropriations	Biennial Change	Percentage Change
General Revenue Funds	\$28,529.0	\$32,362.0	\$3,833.0	13.4%
Other Funds	\$9,301.7	\$8,002.9	(\$1,298.8)	-14.0%
All Funds	\$37,830.7	\$40,364.9	\$2,534.2	6.7%

NON-FSP PROGRAM AND ADMINISTRATIVE BUDGET (in millions)

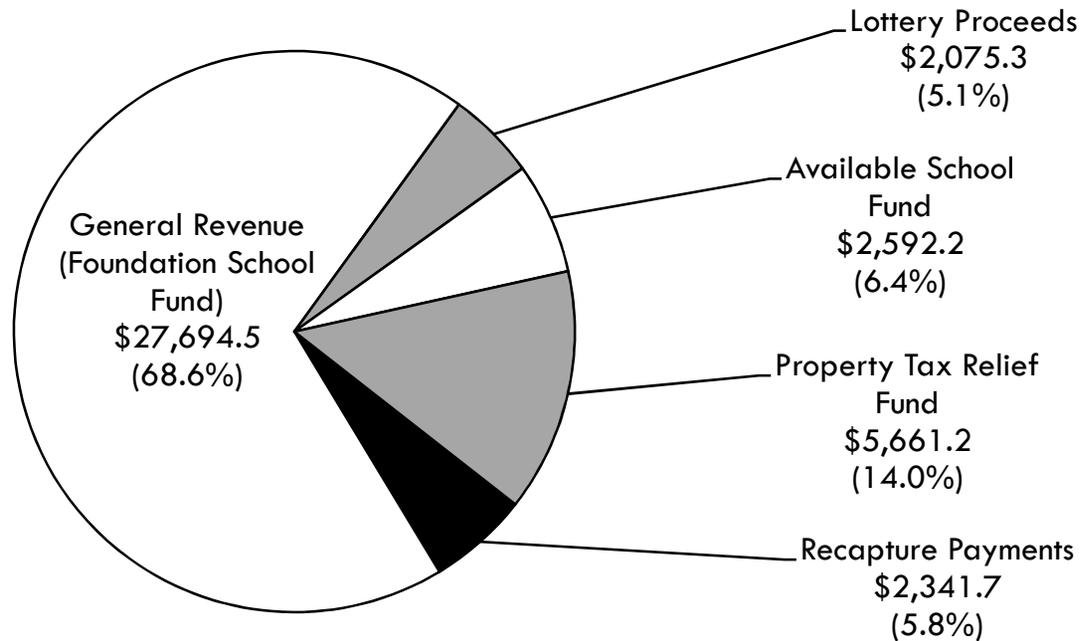
Method of Finance	2012-13 Base	2014-15 Appropriations	Biennial Change	Percentage Change
General Revenue Funds	\$1,308.1	\$1,945.9	\$637.8	48.8%
General Revenue-Dedicated Funds	\$0.7	\$0.0	(\$0.7)	-100.0%
Other Funds	\$68.2	\$85.5	\$17.3	25.3%
Federal Funds	\$9,861.3	\$10,339.5	\$478.2	4.8%
All Funds	\$11,238.3	\$12,370.9	\$1,132.6	10.1%

TEA TOTAL (in millions)

Method of Finance	2012-13 Base	2014-15 Appropriations	Biennial Change	Percentage Change
General Revenue Funds	\$29,837.1	\$34,308.0	\$4,470.8	15.0%
General Revenue-Dedicated Funds	\$0.7	\$0.0	(\$0.7)	-100.0%
Other Funds	\$9,369.9	\$8,088.4	(\$1,281.6)	-13.7%
Federal Funds	\$9,861.3	\$10,339.5	\$478.2	4.9%
All Funds	\$49,069.0	\$52,735.8	\$3,666.8	7.5%

2014-15 FSP Appropriations by Method of Finance

IN MILLIONS



All Funds: \$40,399.2 million

Note: Amounts exclude \$34.3 million in TEA set-aside programs funded from the FSP.

2014-15 FSP Appropriations by Method of Finance

FSP receives a sum-certain, All Funds appropriation, but all five methods of finance (MOF) are estimated.

- Four constitutionally or statutorily dedicated revenue streams:
 - Lottery Proceeds
 - Available School Fund
 - Property Tax Relief Fund
 - Recapture Revenue
- One MOF draws directly from the General Revenue Fund.
 - Fund 193 (Foundation School Fund)
- If any of the four dedicated revenue streams is lower or higher than estimate, Fund 193 will increase or decrease to meet sum-certain appropriation.

FSP Funding Elements		2013	2014	2015
Tier 1 Funding Elements				
Basic Allotment	<ul style="list-style-type: none"> • Primary formula element in Tier 1 • Statute sets the Basic Allotment at \$4,765 or higher by appropriation 	\$4,765	\$4,950	\$5,040
Equalized Wealth Level	<ul style="list-style-type: none"> • Property wealth per WADA above which school districts are subject to recapture in Tier 1 • Tied in statute to Basic Allotment 	\$476,500 per WADA	\$495,000 per WADA	\$504,000 per WADA
Regular Program Adjustment Factor	<ul style="list-style-type: none"> • Established by Senate Bill 1, 82nd First Called Session to achieve entitlement reduction • Set in the GAA in 2014-15 and expires in statute after FY2015 	0.98	1.00	1.00
Hold Harmless Reduction Percentage	<ul style="list-style-type: none"> • Established by Senate Bill 1, 82nd First Called Session to achieve entitlement reduction • Set in the GAA beginning in FY2013 • Target Revenue HH expires in FY2018 	0.9235	0.9263	0.9263
Tier 2 Funding Elements				
Austin ISD Yield	Yield associated with first 6 enrichment pennies levied above compressed tax rate (aka Golden Pennies)	\$59.97 per penny per WADA	\$59.97 per penny per WADA	\$61.86 per penny per WADA

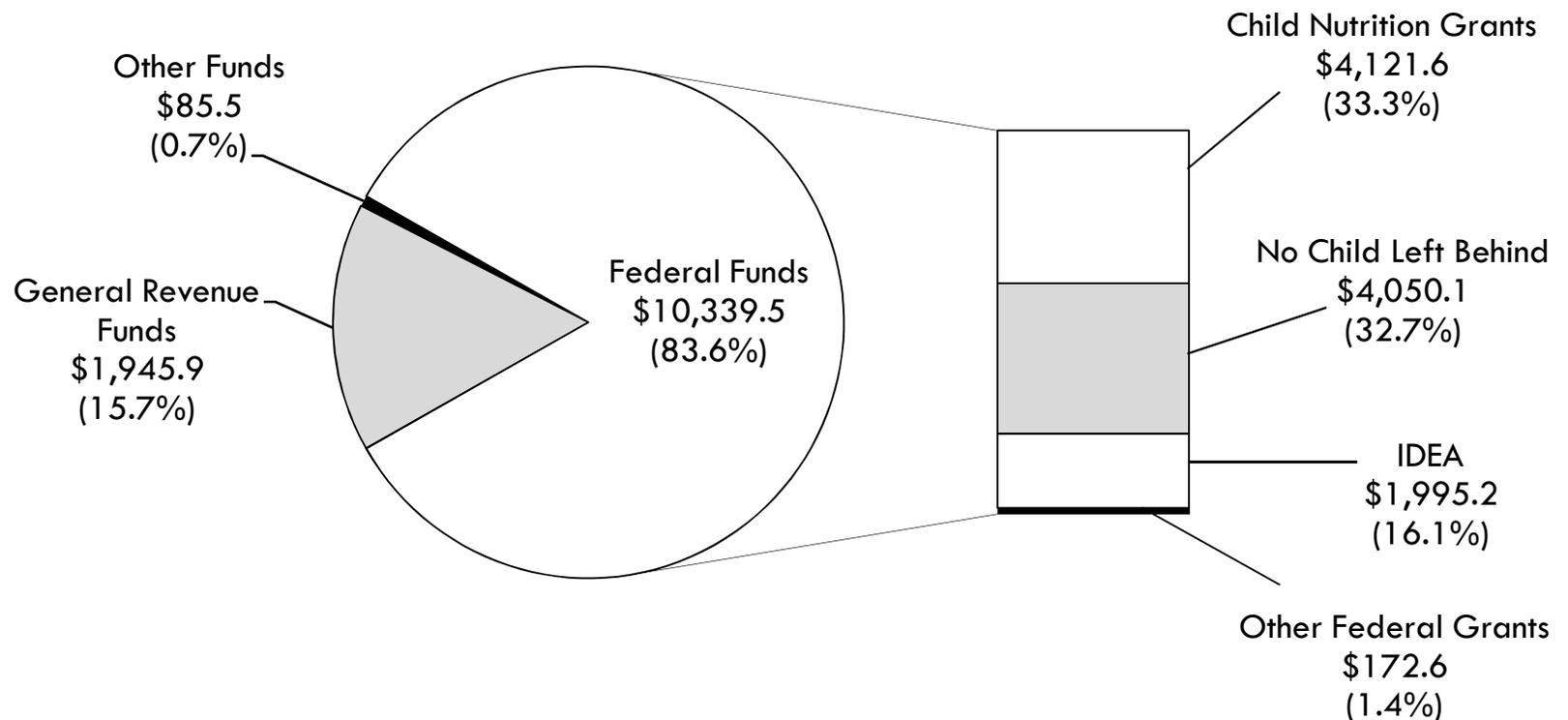
2014-15 Major FSP Cost Drivers and Legislative Actions

2014-15 Cost Drivers Over 2012-13 Base	Cost to State (in Billions)
Student Enrollment Growth Projected Growth: 85,000 in fiscal year 2014 87,000 in fiscal year 2015	\$2.2
School District Property Value and Revenue Increase Projected Growth: Tax Year 2012: +4.71% Tax Year 2013: +4.77% Tax Year 2014: +4.03%	(\$2.8)
Settle-up Costs: impact of one-time cost of district underpayments paid in 2012-13 and recovery of fiscal year 2013 overpayments in fiscal year 2014	(\$0.8)
Other Costs (e.g. enrichment growth assumptions, facilities costs, other factors)	\$0.5
Total, 2014-15 Cost Drivers	(\$0.9)
Eighty-third Legislative Actions Increase of Regular Program Adjustment Factor to 100 percent Increased Basic-Allotment	\$1.2 \$2.2
Total, Eighty-third Legislative Actions	\$3.4
Total, Net FSP Increase over 2012-13 Base, All Funds	\$2.5

2014-15 Non-FSP Appropriations by Method of Finance

IN MILLIONS

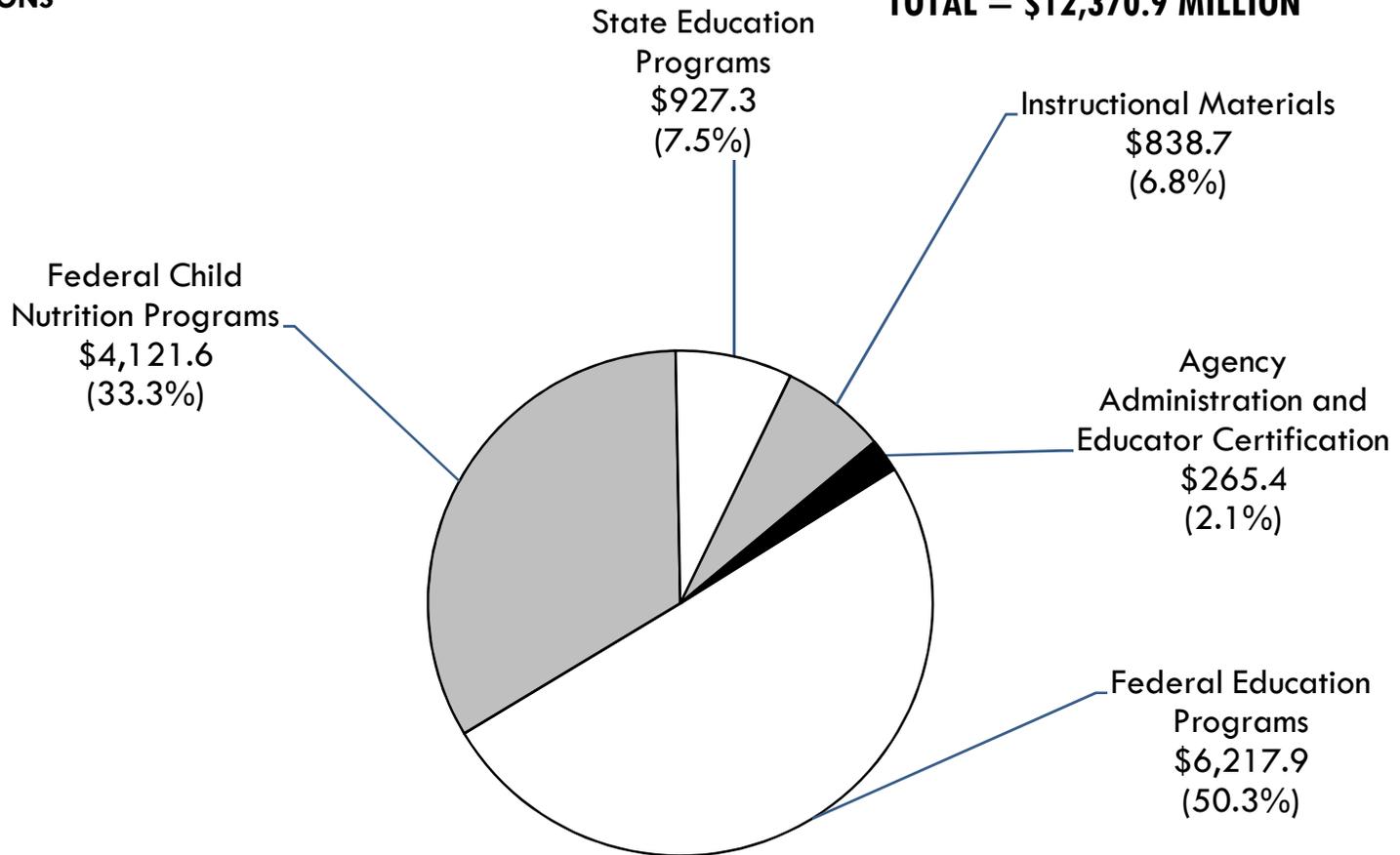
TOTAL = \$12,370.9 MILLION



2014-15 Non-FSP Appropriations by Function

IN MILLIONS

TOTAL = \$12,370.9 MILLION



Select Non-FSP Programs

General Revenue, Summary of Increases/ (Decreases) (in millions)				
Program	2012-13 Biennium	2014-15 Biennium	Biennial Change	Percentage Change
Instructional Materials *	\$608.1	\$838.7	\$230.5	37.9%
Agency Administration	\$114.8	\$128.0	\$13.1	11.4%
State Funds for Assessments *	\$98.4	\$104.3	\$5.9	6.0%
Windham	\$95.0	\$103.0	\$8.0	8.4%
Student Success Initiative *	\$46.5	\$50.5	\$4.0	8.6%
District Awards for Teacher Excellence	\$32.0	\$32.0	\$0.0	0.0%
ESC Core Services	\$25.0	\$25.0	\$0.0	0.0%
Communities in Schools	\$19.5	\$31.0	\$11.5	59.2%
TX Advanced Placement	\$13.8	\$16.3	\$2.5	18.1%
High School Programs	\$13.0	\$10.0	(\$3.0)	-23.1%
Virtual School Network	\$8.0	\$8.0	\$0.0	0.0%
Teach for America	\$8.0	\$12.0	\$4.0	50.0%
Project Share *	\$8.0	\$18.0	\$10.0	125.0%
Non-FSP Prekindergarten Programs *	\$7.0	\$37.0	\$30.0	428.6%
Transition Aid for Local Contributions to TRS *	\$0.0	\$330.0	\$330.0	NA

**Programs to be described in more detail on following page.*

2014-15 Non-FSP Program Highlights

Program	Highlights
Instructional Materials	\$838.7 million to be distributed through the Instructional Materials Allotment in 2014-15, a biennial increase of \$230.5 million
Transition Aid for Local Contributions to TRS	\$330 million in fiscal year 2015 for one-time funding to assist with new requirements for local employer contributions to TRS
Student Success Initiative	\$50.5 million in 2014-15
Non-FSP Prekindergarten Funding	\$37 million in 2014-15 for the Early Childhood Readiness Program and supplemental prekindergarten funding
Project Share	\$18 million in 2014-15, a biennial increase of \$10 million
State Funds for Assessments	\$104.3 million in General Revenue in 2014-15, a biennial increase of \$5.9 million