

SUBJECT: Eligibility and funding for public education grant program

COMMITTEE: Public Education — committee substitute recommended

VOTE: 6 ayes — Sadler, Dutton, Price, Rhodes, Uher, Williamson

0 nays

3 absent — Culberson, Hernandez, Hochberg

WITNESSES: For — None

Against — Eric Hartman, Texas Federation of Teachers; Jenna Bieser and Mike McLamore, Association of Texas Professional Educators

BACKGROUND : The Public Education Grant (PEG) program was established in 1995 as part of SB 1, the overhaul of the Education Code. The program allows students from certain schools to transfer to another public school with a grant from the home district to cover the cost of education in the receiving school. Students are eligible for the grants if they are assigned to attend a public school at which 50 percent or more of the students did not perform satisfactorily on state assessment tests in the preceding three years or was identified by the education commissioner as low-performing at any time in the preceding three years.

The public education grant is figured as the home district's per student funding from all state and local sources. Receiving districts cannot charge tuition higher than the PEG amount. Receiving districts can accept or reject a transfer but may not use criteria that discriminate on the basis of race, ethnicity, academic achievement, athletic abilities, language proficiency, gender, or socioeconomic status.

The student's home district counts the departing student in its average daily attendance for school finance purposes. Home districts are required to provide transportation to and from the school in the student's district.

DIGEST: CSHB 318 would calculate PEGs based on the Foundation School Program

funding formula of the receiving district. Students using PEGs to attend school in other districts would be included in the average daily attendance of the receiving district. The receiving district also would be entitled to additional facilities assistance if the number of children it accepted exceeded the number of children who had left. The maximum amount of facilities grant assistance would be increased to accommodate the additional PEG funds.

CSHB 318 would expand eligibility for the program to include students at schools where more than half of the students did not perform satisfactorily on state assessment tests at any time in the preceding three years. Students would not lose eligibility for PEGs if their home schools no longer met eligibility criteria, but would become ineligible if the receiving school was identified as low performing or if 50 percent or more its students performed unsatisfactorily on a state assessment test.

CSHB 318 would take immediate effect if finally approved by a two-thirds record vote of the membership in each house.

**SUPPORTERS  
SAY:**

CSHB 318 would help parents of children in low-performing schools find alternatives to meet their children's educational needs by strengthening incentives for schools to participate in the PEG program and increasing the number of students eligible for grants. Most school districts have been reluctant to accept students under the PEG program, primarily because of financial limitations in the current law. In the 1995-96 school year, only 31 of the 491,005 students who were eligible for this program requested and received public education grants.

CSHB 318 would make the PEG program more viable by creating financial incentives for receiving districts to accept students. Furthermore, the bill would give low-performing schools an incentive to improve rather than lose students and the funding that would go with them.

CSHB 318 would open up the PEG program by extending eligibility to students at schools where half the population performed unsatisfactorily on state assessment tests at any time in the past three years. This would give students in marginal schools the option of going elsewhere.

OPPONENTS  
SAY:

CSHB 318 would set up multiple financial incentives for high-performing schools to receive yet more funding and students at the expense of schools that may need additional help from the state to meet student needs. As a practical matter, only the most ambitious and committed students would transfer to another school district because of the logistical difficulties of attending a school farther away from home. Rather than encouraging these students to bail out, the state should marshal its resources to improve the low-performing school, where a majority of at risk-students are likely to remain.

CSHB 318 should limit the public education grant program to those students who are not performing well in their local school. Students who are succeeding do not have a demonstrable, urgent need for alternative choices. The bill should include stronger incentives for neighboring districts to accept students who are failing academically in their local schools. For example, neighboring districts in the same county should not be allowed to refuse a transfer unless the student-teacher ratio at the chosen campus is worse than the one at the low-performing campus the student wants to leave.

OTHER  
OPPONENTS  
SAY:

CSHB 318 could be a vehicle for a private school voucher program. The caption on the bill is identical to HB 1110 by Grusendorf and Cuellar, which would allow students who qualify for the public education grant program to attend private schools. In fact, some of the existing elements of the public education grant program appear to be tailored to a private school voucher program. For example, current law requires a student's home district to provide bus transportation to a student's home school. This requirement seems to have been crafted to enable private schools, under a voucher program, to pick up a group of students at a local public school and bus them to a private school.

IF CSHB 318 is amended to allow students who are rejected by any other district to use PEG funds at a private school, parents in Houston could apply to a distant district, such as Amarillo, just so that they could be rejected. They could then use PEG funds to pay for a local private school. Any amendment that would allow PEG funds to be used for private schools should limit transfers to neighboring districts within a county to avoid circumventing the program.

NOTES: Rep. Cuellar plans to offer a floor amendment that would allow students rejected for a transfer by another public school district under the PEG program to use PEG funds at a private school.

The committee substitute specified that a student would be eligible for a public education grant if 50 percent or more students at the home school performed unsatisfactorily on a state assessment test at any time in the past year, based grants on the Foundation School formula for the receiving district, added the allotment weight based on PEG transfer students, and provided for additional facilities assistance for certain districts.