

EDUCATION CHOICE & WORKFORCE TASK FORCE



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Texas Conservative Coalition Research Institute

2021-2022 Education Choice and Workforce Task Force

Final Report



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I. Introduction

Texas is changing. The economy is changing. Its workforce is changing. Parents are changing. Students are changing. State policy tends to lag behind change indicators, but the Texas Legislature has no shortage of business to conduct. Indeed, the Texas Legislature is at a crossroads vis-à-vis education in Texas.

Nowhere is change more desperately needed than K-12 education. What was not already apparent became undeniable when the COVID-19 pandemic prompted unprecedented government action in public education. School shutdowns, mask mandates and related debates, undeniably harmful learning losses, more parental involvement and awareness of the state's curriculum, as well as materials, teaching methods, and day-do-day activities within the schools all point in the same direction: change is needed.

Texas is one of the last conservative strongholds without a major statewide education choice plan in which the money follows the child. The state's greatest choice success—public charter schools—remains the target of the traditional public school establishment's ire. Public charter schools and the economically disadvantaged majority minority student population will no doubt spend yet another legislative session defending themselves from legislation meant to do nothing less than harm them financially and operationally. Parents who believe teachers and public schools are public employees charged with the specific task of teaching their children the state's curriculum are faced with a system that largely believes its administrators and teachers know better than the parent what is best for that child. There is mounting evidence that public schools regularly engage in conduct that has very little to do with education and more to do with indoctrination.

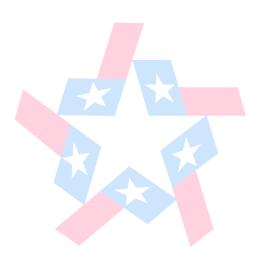
The very same public education system that is rightfully deserving of the current scrutiny is doing everything it can to avoid accountability. The talk of "high stakes testing," STAAR examinations, and the state's A-F accountability system is designed to persuade legislators to eliminate testing and accountability from the very schools that are failing this system and not being held accountable.

Texas can embrace its public school system while changing it at the same time. Texas needs a major education choice program with private schools as an option. The money should follow the child to the school that best serves the student's needs. The legislature should fight back against the assault on charter schools by making it easier to approve new charters and expand existing ones. The legislature should empower parents by passing transparency measures that help keep parents informed of what is taking place within school walls and to help them take action when they believe that what is taking place is not appropriate. The legislature should also recognize that leaving the state's testing and accountability system in place is imperative. There must be an objective measure of school and district performance based primarily on the academic performance of students. This is the least of what the state owes parents who have no options beyond the geographical school to which their children are assigned.



Beyond K-12 education, secondary institutions are ripe for reform as well. Teacher tenure protects college professors far more than it should. The state's primary financial aid program is structured in such a way that far more students qualify for the aid than are able to take advantage of it. The state's funding structure for community colleges is poorly designed with very few incentives for better performance.

These issues are all critical to the future of Texas's population and workforce. The 2021-22 TCCRI Education Choice and Workforce Task Force looked at all of these issues and makes a number of policy recommendations in this report.





II. Education Choice

(Note: This section is modified from a separately published TCCRI paper, "Outstanding Opportunities: The Case for Education Choice in Texas."

Over the course of approximately two decades of conservative stewardship in Texas, government policy has been steady and sensible. From the enactment of a competitive energy market and comprehensive tort reform, to budgets that spend within the state's means and don't outpace the state's growth, conservatives have made Texas a better place to live, raise a family, work, and do business. Within the context of good governance are a host of conservative priorities that the legislature has made a reality. Session after session, these include pro-life bills, gun rights bills, fiscal reforms and tax cuts, economic freedom reforms, public safety laws, First Amendment protections, and more.

The greatest omission from conservatives' record in Texas is the enactment of policies that would empower parents and students to seek out the education option that best serves their own unique needs. To be sure, Texas has enacted a robust charter school network that can only be seen as a resounding success. But charters should not be the only tool in the parental toolbox when parents look to find more choices in education for their children.

Across the nation, 29 different voucher programs have been enacted in 16 different states.¹ Eight different education savings account (ESA) programs have been enacted across eight different states.² 26 tax-credit scholarship programs have been enacted across 21 different states.³ States, such as Kentucky and Missouri, are enacting new innovations in education choice, such as tax-credit education savings accounts.⁴ Eleven individual tax credit and deduction programs provide educational choice for students across nine different states.⁵ More than half of the states in the nation have some form of education choice that includes private options. Texas is not one of them.

Continued failure to advance choice in education while controlling statewide offices and both chambers of the legislature would be a profound missed opportunity for conservatives in Texas. It is time to capitalize on that opportunity. Support for education choice has never been higher. Real Clear Opinion Research has been tracking the following basic question for several years in national polls:

School choice gives parents the right to use the tax dollars designated for their child's education to send their child to the public or private school which best serves their needs. Generally speaking, would you say you support or oppose the concept of school choice?

As of June 2022, 72% of respondents answered in the affirmative.⁶ Broken down by partisan divide, 82% of Republicans and 68% of Democrats now support the concept of school choice.⁷ Broken down by race, support among black respondents (70%) and white respondents (72%) was roughly equal.⁸ Support was highest among Hispanic respondents, with 77% supporting the concept of school choice.⁹ In Texas, 88% of voters in the 2022 Republican Primary voted in favor of a party proposition showing support for education choice.¹⁰



Voters of all race and political affiliation are now supporting education choice because they see it for what it is: *a choice*. Never before has it been so apparent that the one-size-fits-all approach to public education of the 20th Century is not a model that works for everyone. Decisions made in response to a pandemic, state policy on school curriculum, and teaching methods—no matter how one feels about them—are lighting rods. Choices allow parents to seek out a school setting that fits their values, their student's interests and ambitions, and avoids state policy quagmires they may not agree with.

The traditional public school will never go away. Indeed, traditional public schools remain the number one choice of students and parents who are given a choice. But that system can co-exist in tandem with policies that empower students and parents to seek alternatives. The proof is in the dozens of programs already successfully implemented in more than half of the states in the country. The 88th Legislative Session is an outstanding opportunity to address this outstanding conservative priority.

A. The Overwhelming Data on Choice Programs

The first modern voucher program was enacted in the city of Milwaukee in 1990.¹¹ Initially, the program was a pilot with the capacity to serve approximately 350 poor kids leaving traditional public schools for non-religious private schools.¹² Just as they do today, opponents claimed that choice programs would harm traditional public schools, as evidenced by this quote from then state Superintendent Herbert Grover:

The highest teen pregnancy rate of any industrialized nation in the western world. We have drug and alcohol problems, child abuse, low birth-weight babies. No one addresses those issues and the schools are struggling around those issues. So then we create a private school choice program where the enlightened flee the system with public resources for which there is no accountability.¹³

Such objections remain the go-to arguments for opponents of education choice, but the Milwaukee program was successful, growing gradually until a significant spike in 1998 when the Wisconsin Supreme Court ruled that the program could fund vouchers to be used at religious schools. ¹⁴ Today, the program is going strong with nearly 30,000 participants. ¹⁵

Since the enactment of Milwaukee's voucher program in 1990, choice programs have proliferated in states across the country and few trends in public policy have been studied as closely and carefully as education choice.

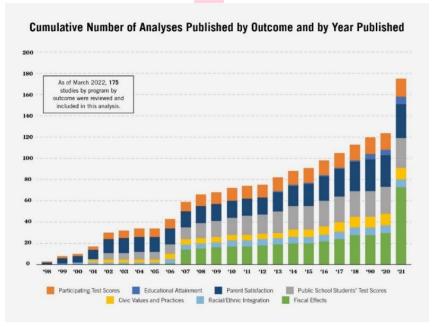
Indeed, there is so much data on education choice programs that proponents and opponents all have information they can cite to support their arguments or rebut those of others. In Texas, the best example of this is *Raise Your Hand Texas*, a non-profit education advocacy organization which generally opposes any education reform that challenges the traditional public school model. ¹⁶ In a page titled



"Here is Where We Stand on School Vouchers," Raise Your Hand Texas cites studies to establish that (1) "School vouchers don't improve student outcomes," (2) "Voucher Programs Have History of Ballooning State Costs," (3) "School vouchers leave Texans behind," which is a euphemistic way of refuting the strawman argument that choice is a panacea, and (4) "School vouchers lack accountability for public funds." Some of these sections contain no citation to any fact or data, but the ones that do cherry-pick studies and data to support their assertions.

Luckily, we know what the research actually says about the 608,000 students participating in the 76 private school choice programs across 32 states (and Washington D.C. and Puerto Rico). ¹⁷ As of March 2022, 175 different studies have looked at these programs to answer all manner of inquiry, including test score results for program participants, test scores for non-participating students in public schools, educational attainment, parent satisfaction, promotion of civic values and practices, success in racial and ethnic integration, and, of course, fiscal effects of choice programs. ¹⁸

A comprehensive analysis of all of these studies is published annually by *Ed Choice* in "The 123s of School Choice: What the Research Says About Private School Choice Programs in America." ¹⁹ The following chart illustrates just how much the library of data on choice program outcomes has grown:



Source: 123s of School Choice²⁰

What do the 175 empirical studies say about choice programs on the highlighted outcomes? Let us go through them, topic by topic.

B. Choice Program Participant Test Scores

17 empirical studies have examined whether students who receive and use choice programs to attend private school achieve higher test scores than students who apply for, but ultimately do not use choice



programs. Within those seventeen studies, 11 showed positive effects on the scores of participants, while only three showed negative effects. Here is the breakdown of each study and the outcome(s) it observed:

Test Score Outcome of Participants from Experimental Studies

Study			Any Positive Effect		No Visible Effect		Any Negative Effect	
Study	Location	Program Type	All Students (full sample)	Some Students (subsample)	All Students	Some Students	All Students	Some Students
Erickson, Mills and Wolf (2021)	Louisiana	٧					•	•
Webber et al. (2019)	Washington, D.C.	V			•	•		
Abdulkadiroglu, Pathak, and Walters (2018)	Louisiana	٧					•	•
Wolf et al. (2013)	Washington, D.C.	V	•	•				
Lamarche (2008)	Milwaukee, WI	V		•				•
Greene, Peterson, and Du (1999)	Milwaukee, WI	V	•					
Rouse (1998)	Milwaukee, WI	٧	•	•				
Bitler et. al. (2015)	New York, NY	Р			•	•		
Jin, Barnard, and Rubin (2010)	New York, NY	Р		•				
Cowen (2008)	Charlotte, NC	P	•					
Bettinger and Slonim (2006)	Toledo, OH	Р			•			
Krueger and Zhu (2004)	New York, NY	P			•	•		
Barnard et al. (2003)	New York, NY	Р		•	•			
Howell et al. (2002)	Washington, D.C.	Р	•	•				
Howell et al. (2002)	New York, NY	P	•	•				
Howell et al. (2002)	Dayton, OH	P		•	•			
Greene (2001)	Charlotte, NC	Р	•					

V=Voucher P=Private scholarship

Source: 123s of School Choice²¹

Not only does *Ed Choice* provide a comprehensive analysis of what the data say, they are open and transparent when a study does not provide results supportive of choice programs. They also provide context. Even though studies with poor results are the outliers, *Ed Choice* takes the time to explain why a program may not have worked:

In the case of Louisiana, for example, the program was designed in a way that seemed to generate strong disincentives for private schools to participate. We know this because most private schools in Louisiana chose not to participate in the program. Only one-third of Louisiana private schools signed up, and there is compelling evidence that these were lower-quality private schools. For instance, researchers discovered that schools with higher tuition levels and growing enrollment were less likely to sign up. Another study showed private schools that signed up for the program experienced sharp enrollment declines during years prior to entering in the program relative to non-participating private schools.²²

Given the fact that the Louisiana is clearly an outlier in the larger data set, this explanation is both reasonable and plausible.

The real story, however, is the eleven studies showing positive effects on student outcomes based on test scores. Eight of these studies show improvement in specific student populations.²³ Seven of the studies showed improvements on the whole when looking at the entire student population.²⁴ And there was overlap in four studies that showed both improvements in the general population and in targeted populations.²⁵



1. How Choice Opponents Misrepresent This Data

Contrast *Ed Choice's* transparency in citing all results, good and bad, with an organization like *Raise Your Hand Texas*, which generally opposes all forms of education choice. The following image is from *Raise Your Hand Texas's* website, in the "policy" section called "Where We Stand on Vouchers":

School Vouchers Don't Improve Student Outcomes

Taxpayer dollars should be invested in evidence-based solutions with proven results for our students. Research shows that the overall effects of vouchers are limited and inconsistent. A recent study of Milwaukee's voucher program, the oldest in the country, found no improvements in math or reading scores for students who used vouchers. These findings echoed studies from 2021 that measured the effects of voucher programs in Louisiana and Indiana. Moreover, the ineffectiveness of vouchers is salient among our most disadvantaged students. In a recent study, researchers found vouchers had virtually no positive impact on college enrollment and completion rates for low-income or first-generation students of color.

Source: Raise Your Hand Texas²⁶

Immediately apparent is that Raise Your Hand Texas presents only the three outlier studies that have poor results. The organization makes no effort to discuss those results in any kind of meaningful way. Worse, they simply pretend as though the entire body of data and information that runs counter to their narrative—eleven studies showing strong positive outcomes—does not exist. It can only be viewed as a willful deception in service of their position against choice.

C. Educational Attainment by Choice Program Participants

Seven empirical studies have examined the effect that choice programs have on a student's likelihood to graduate high school, enroll in college, or attain a college degree.²⁷ Five of those studies found positive effects on educational attainment for participants and two found no effect at all. No studies showed negative effects. Here is the breakdown of each study and the outcome(s) it observed:

Attainment Outcomes of Participants from All Empirical Studies

			Any Positive Effect		No Visible Effect		Any Negative Effect	
Study	Location	Program Type	All Students (full sample)	Some Students (subsample)	All Students	Some Students	All Students	Some Students
Austin and Pardo (2021)	Indiana	v	•					
Erickson, Mills, and Wolf (2021)	Louisiana	V			•	•		
Chingos et al. (2019)	Washington, D.C.	V			•	•		
Chingos et al. (2019)	Milwaukee, WI	V	•					
Wolf et al. (2013)	Washington, D.C.	V	•	•				
Chingos et al. (2019)	Florida	TCS	•	•				
Cheng and Poterson* (2020)	New York NY	P						

V=Voucher TCS=Tax-credit scholarship P=Private scholarship

Source: 123s of School Choice²⁸



1. How Choice Opponents Misrepresent This Data

Given that most of the studies on this question are positive, showing good effects on educational attainment among participants, and no studies have negative effects, how might an anti-choice advocacy groups misrepresent the data on this question? You guessed it. They would pick one of the studies that showed no visible effect and pretend as though the beneficial studies do not exist. We do not have to look far for an example because it is already included in this report:

School Vouchers Don't Improve Student Outcomes

Taxpayer dollars should be invested in evidence-based solutions with proven results for our students. Research shows that the overall effects of vouchers are limited and inconsistent. A recent study of Milwaukee's voucher program, the oldest in the country, found no improvements in math or reading scores for students who used vouchers. These findings echoed studies from 2021 that measured the effects of voucher programs in Louisiana and Indiana. Moreover, the ineffectiveness of vouchers is salient among our most disadvantaged students. In a recent study, researchers found vouchers had virtually no positive impact on college enrollment and completion rates for low-income or first-generation students of color.

Source: Raise Your Hand Texas²⁹

Yes, this is the same graphic from the previous section, but the highlighted portion hyperlinks to one study by *Cheng and Peterson*, which *Ed Choice* also identifies. But *Ed Choice* recognizes that the *Cheng and Peterson* study *did* show positive impacts for some students, and they recognize other studies that have positive impacts for *all* students. If *Raise Your Hand Texas* was not so quick to cherry-pick the data, they would have used one of the two studies that had no positive impact for anyone.

D. Public School Students' Test Scores

One of the best arguments for education choice is that competition for students makes schools better. One of the most persuasive arguments opponents of choice programs make says the opposite, that choice programs divert valuable resources and the better students away from traditional public schools, which harms those public schools. Thankfully, 28 empirical studies have looked at this question by examining whether students leaving by using a private choice program has an effect on the test scores of students who remain in public schools.

Of those 28 studies, an astounding 25 found positive effects of choice programs on the traditional public schools they affect.³⁰ Only two studies found negative effects on public schools.³¹ The only reasonable conclusion one can draw from this data is that the competition proponents carry the day. As Ed Choice explains in commentary about these results:

All of these systematic reviews acknowledge that private school choice programs tend to induce public schools to improve. The body of evidence suggests that improvement increases with the intensity of competition.³²



In other words, the more choice, the better for both participants and the traditional public schools they leave behind. Here is a breakdown of the studies:

Academic Outcomes of Public Schools from All Empirical Studies

Study	Location	Program Type	Any Positive Effect	No Visible Effect	Any Negative Effect
Canbolat (2021)	Indiana	٧			•
Egalite and Mills (2021)	Louisiana	٧	•		
Egalite and Catt (2020)	Indiana	V	•		
Figlio and Karbownik (2016)	Ohio	٧	•		
Bowen and Trivitt (2014)	Florida	V			•
Chakrabarti (2013)	Florida	٧	•		
Carr (2011)	Ohio	V	•		
Winters and Greene (2011)	Florida	٧	•		
Mader (2010)	Milwaukee, WI	V	•		
Greene and Marsh (2009)	Milwaukee, WI	٧	•		
Chakrabarti (2008)	Milwaukee, WI	V	•		
Forster (2008)	Ohio	٧	•		
Forster (2008)	Florida	V	•		
Carnoy et al. (2007)	Milwaukee, WI	٧	•		
Greene and Winters (2007)	Washington, D.C.	V		•	
Figlio and Rouse (2006)	Florida	V	•		
West and Peterson (2006)	Florida	٧			
Greene and Winters (2004)	Florida	٧			
Greene and Forster (2002)	Milwaukee, WI	٧			
Hammons (2002)	Maine	V			
Hammons (2002)	Vermont	٧			
Hoxby (2002)	Milwaukee, WI	٧			
Greene (2001)	Florida	V			
Figlio et al. (2021)	Florida	TCS			
Figlio and Hart (2014)	Florida	TCS			
Rouse et al. (2013)	Florida	TCS			
Gray, Merrifield, and Adzima (2016)	San Antonio, TX	P			
Greene and Forster (2002)	San Antonio, TX	P			

Source: 123s of School Choice³³

It is worth pointing out that the two studies showing some negative effect were conducted in locations—Indiana and Florida—where additional studies found positive effects. Even if that were not the case, the larger results here are overwhelming. *Competition from choice programs improves outcomes in public schools*.

E. Parental Satisfaction

Given the proliferation of choice programs across the country, it should be self-evident that parents are satisfied when they take advantage of alternative opportunities for their children. Nevertheless, 32 empirical studies have been conducted on this question, looking to measure the extent to which parents are satisfied with the choice programs in which they enroll their children compared to the satisfaction with their pre-program schools or to parents of non-program students. 30 of those studies showed positive results. Only two were negative. Here are the studies and effect results:



Parent Satisfaction Impacts from Private Educational Choice Programs

Study	Location	Program Type	Any Positive Effect	No Visible Effect	Any Negative Effec
Catt and Cheng (2019)	Arizona	ESA	•		•
Kittredge (2016)	Mississippi	ESA	•		
Butcher and Bedrick (2013)	Arizona	ESA	•		
Varga et al. (2021)	Florida	ESA	•		
Varga et al. (2021)	Florida	V	•		
Department of Public Instruction (2018)	Wisconsin	V	•		
Catt and Rhinesmith (2017)	Indiana	V	•		
Egalite, Gray, and Stallings (2017)	North Carolina	V	•		
Black (2015)	Florida	V		•	
Kisida and Wolf (2015)	Washington, D.C.	V	•		
Witte et al. (2008)	Milwaukee, WI	V	•		
Weidner and Herrington (2006)	Florida	V	•		
Greene and Forster (2003)	Florida	٧	•		
Witte (2000)	Milwaukee, WI	٧	•		
Metcalf (1999)	Cleveland, OH	V	•		
Peterson, Howell, and Greene (1999)	Cleveland, OH	V	•		
Greene, Howell, and Peterson (1998)	Cleveland, OH	٧	•		
Catt and Rhinesmith (2016)	Indiana	V/TCS*	•		
DiPerna (2014)	Indiana	V/TCS†	•		
Catt and Cheng (2019)	Arizona	TCS			•
Department of Revenue Administration (2018)	New Hampshire	TCS			
Catt and Rhinesmith (2017)	Indiana	TCS	•		
Kelly and Scafidi (2013)	Georgia	TCS			
Howell and Peterson (2002)	Dayton, OH	Р	•		
Howell and Peterson (2002)	New York, NY	Р			
Howell and Peterson (2002)	National	P	•		
Howell and Peterson (2002)	Washington, D.C.	Р			
Peterson and Campbell (2001)	National	Р			
Greene (2001)	Charlotte, NC	P	•		
Peterson, Campbell, and West (2001)	San Francisco, CA	P	•		
Peterson, Myers, and Howell (1999)	San Antonio, TX	Р	•		
Weinschrott and Kilgore (1998)	Indianapolis, IN	P			

Source: 123s of School Choice34

It is worth noting that the two studies showing negative effects, in addition to being clear outliers, were both conducted in Arizona by the same researchers (Catt and Cheng). Moreover, one of those two studies found *positive* effects in addition to negative effects, which speaks to the more complicated nature of parental preferences in education. It also means that anyone who purports to assert that parents end up dissatisfied with choice programs is either misinformed, or engaged in willful deception.

F. Racial and Ethnic Integration

One of the more pernicious go-to arguments against choice programs is the argument that participating schools can deny applicants on the basis of color, or that the mere existence of choice programs results in de facto segregation. Of course, the opposite is true. Many choice programs are designed to specifically benefit poor students of all colors and backgrounds.

Seven studies have examined the effect of education choice programs on racial and ethnic diversity in schools. Six of those studies found positive effects on racial and ethnic diversity. One found no effects and not a single study found negative effects.³⁵ Here are the results:



Racial Integration from All Empirical Studies

Study	Location	Program Type	Any Positive Effect	No Visible Effect	Any Negative Effect
Egalite, Mills, and Wolf (2017)	Louisiana	V	•		
Greene, Mills, and Buck (2010)	Milwaukee, WI	V		•	
Greene and Winters (2007)	Washington, D.C.	V	•		
Forster (2006)	Milwaukee, WI	V	•		
Forster (2006)	Cleveland, OH	٧	•		
Fuller and Mitchell (2000)	Milwaukee, WI	V	•		
Greene (1999)	Cleveland, OH	V	•		

V=Voucher

Source: 123s of School Choice³⁶

In surveying this data, Elise Swanson noted that "it is perhaps unsurprising that traditional public schools exhibit, to this day, high levels of racial segregation, and that choice programs, including vouchers, that decouple the link between address and school actually increase racial integration."³⁷ One need only look at large public school districts in Texas for examples of how traditional public school districts segregate students with geographically defined attendance zones. With its sprawling geographic coverage, Austin ISD's total student population is 55% Hispanic, 30% White, 6.4% Black, and 4.6% Asian.³⁸ However, when looking at individual campuses, you see that diversity is not reflected so well. Bowie High School is majority white (77%) with only 35% Hispanic.³⁹ Contrast that with Akins High School, which is majority Hispanic (77%).⁴⁰ These public high schools are approximately five miles apart. The data on choice programs demonstrates that they overwhelmingly have a positive impact in terms of racial integration.

G. The Fiscal Impact of Choice Programs

No single issue around education choice has been studied more than the fiscal effects of education choice programs. An astounding 73 empirical studies have looked at whether education choice programs generate net savings, net costs, or are cost-neutral.

The results are beyond question. 68 of 73 studies (93%) found that choice programs created savings for taxpayers. Four studies found that the programs were cost-neutral. Only five studies found that choice programs resulted in net costs.⁴¹ The results are as follows:



| Contain | Program | Type | Any Positive Effect | No Visible Effect | Any Negative Effect | Study | Location | Program | Type | Any Positive Effect | Any Negative Effect | No Visible Effect | No Visible Effect | Any Negative Effect | No Visible Effect | No Visible

Fiscal Effects on Taxpayers and Public Schools from All Empirical Studies

Source: 123s of School Choice⁴²

1. How Opponents of Choice Misrepresent This Data

As is the case with most of these datasets, opponents of choice have a difficult time rebutting overwhelming evidence showing that choice programs are far more cost-effective than funding for traditional public schools. It makes them resort to distortions and half-truths. Once again, look to *Raise Your Hand Texas* for excellent examples. To support the assertion that "Voucher Programs Have a History of Ballooning State Costs," they simply assert that "In 2021, seven states expanded their voucher program eligibility to include higher-income families or students with no history of public school attendance," which "cost[s] the state more money." Well, yes. Expanded programs use more money, but those dollars are already appropriated for education, so the claim that "costs balloon" is dubious and unsupported. It is a slight of hand rhetorical argument that falls apart upon examination.

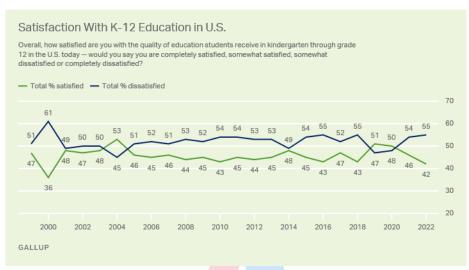
Raise Your Hand Texas makes the same mistake when they assert that "Ohio's largest voucher program . . . has more than doubled in costs to the state, ballooning from \$175 million to \$444 million in the last seven years. 44 Of course, the only source Raise Your Hand Texas cites is Ohio's Scholarship Payments Report system, which is not a "source," but rather a tool you can use to see how utilized the program actually is. Turns out, the program is quite popular among parents and students! And according to the studies cited by Ed Choice, the more they are utilized, the more money Ohio saves on net.

In short, the argument leaned upon by *Raise Your Hand Texas* and others is a misrepresentation and it is unsupported by facts. Education dollars are education dollars. And if a choice program is more efficient than traditional public school funding, every expansion of the program is a net saving.

H. The Support for Education Choice Transcends Political Leanings and Demographics



A wealth of polling data exists on education choice, and even more on education generally. Gallup has tracked several questions over multiple decades. For example, over the last 20 years, when asked about satisfaction with K-12 education in the United States, respondents have consistently been more dissatisfied than satisfied, save for a small number of blips:



Source: Gallup⁴⁵

When asked why they are dissatisfied with the quality of education in the United States, respondents' biggest categories of reply are "Poor/Outdated Curriculum" (15%), "Poor quality education/Outranked by other countries," (12%), "Lack of teaching basic subjects," (11%), and "Political agendas being taught" (10%).⁴⁶

These beliefs appear to tie directly into survey results on favorable attitudes towards different types of schools:

	Excellent	Good	Only fair	Poor	No opinior
	%	%	%	%	%
Public schools					
2017 Aug 2-6	5	39	35	19	2
2012 Aug 9-12	5	32	42	19	2
Parochial or church-related schools	6				
2017 Aug 2-6	21	42	21	9	8
2012 Aug 9-12	21	48	18	5	8
Independent private schools					
2017 Aug 2-6	21	50	17	4	8
2012 Aug 9-12	31	47	13	2	7
Charter schools					
2017 Aug 2-6	14	41	23	9	13
2012 Aug 9-12	17	43	23	5	13
Home schooling					
2017 Aug 2-6	14	32	31	15	8
2012 Aug 9-12	13	33	30	14	9

Source: Gallup⁴⁷



A number of interesting data points are present in these results, including that "Excellent" attitudes about public schools are by far the lowest of any school type, and the only school-type coming in at single digits. "Good" attitudes about public schools are essentially on par with that "good" attitudes about home schooling. "Poor" attitudes about public schools are by far the highest of any school type.

These data show a national trend in attitudes away from the traditional public education model, and toward options that are more easily adaptable, customizable, and tailored to serve a broader range of parental and student need. The polling on education choice, discussed in the next several sections, reflects these attitudes.

I. National Support

Support for choice programs was already high, pre-pandemic, but has only become stronger since. This support transcends political labels. RealClear Opinion Research conducted a national survey of registered voters in February 2022 and asked them the following:

School choice gives parents the right to use the tax dollars designated for their child's education to send their child to the public or private school which best serves their needs. Generally speaking, would you say you support or oppose the concept of school choice?

An astounding 72% of respondents supported this proposition. Broken down by race and ethnicity, white participants supported the proposition 72% to 19%, Black respondents supported the proposition 70% to 17%, Hispanic respondents supported the proposition 77% to 14%, and Asian respondents supported it 66% to 26%.⁴⁸

The story is the same along political lines. Republicans supported the proposition 82% to 12%, Democrats supported it 68% to 12%, and independents supported it 67% to 20%. 49

J. Support in Texas

The national polling on education choice is notable in that Hispanics are the most supportive demographic group, and they happen to make up more than 40% of Texas's population.⁵⁰ That should be kept in mind when looking at polling in Texas.

Whether the proposal is vouchers or education savings accounts (ESA), Texans strongly favor the use of expanded choices in education. Indeed, 69% of all resident adults in Texas either "strongly support" or "somewhat support" ESAs.⁵¹ That number increases to 77% when only school parents are polled. ⁵²

When polled on "voucher" proposals, 66% of all resident adults in Texas support vouchers.⁵³ That number increases to 74% when only school parents are polled.⁵⁴

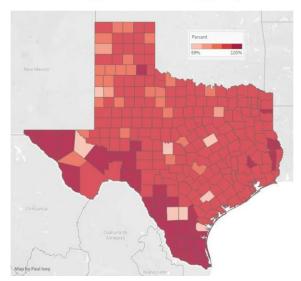


The numbers already cited are a non-partisan general sampling of the state's population. However, support among Republican Primary voters is stronger still. The following proposition was presented to Republican Primary voters in 2022:

Texas parents and guardians should have the right to select schools, whether public or private, for their children, and the funding should follow the student.

Republican voters overwhelmingly supported the proposition. 1.6 million (88%) Republican Primary voters agreed with the proposition, which was higher than the support demonstrated for a pro-life ballot proposition, which garnered 83% support.⁵⁵

Importantly, the support was universal across all of Texas's 254 counties, especially those in rural parts of the state and those along the southern border:



2022 Support for Education Freedom, by County

Source: Texas Public Policy Foundation⁵⁶

A strong majority of Texans supports more choices in education. They support ESAs. They support vouchers. They support it no matter what the format is. They support it whether they reside in urban Texas or rural Texas.

K. Choice Will Not Harm Local Public Schools

The most common and prominent argument against education choice is that allowing money to follow the student to a different school, sometimes a private school, will harm public schools. For example, in "The Case Against School Vouchers," *Raise Your Hand Texas* argues the following:

Vouchers hurt our Texas public schools and harm students by diverting state money to private vendors. When this happens, financial transparency and accountability go out the



window because private schools are not subject to the same state regulations and standards as public schools. Additionally, vouchers leave Texans behind and do not improve student outcomes. The truth of the matter is, research shows voucher programs do not live up to their promises. Learn the facts behind school voucher programs and how they can hurt Texans.⁵⁷

This is an astounding display of misinformation by *Raise Your Hand Texas*. As discussed at length in Section II of this paper, with respect to choice programs, no single issue has been studied more than the fiscal effects of education choice programs. An incredible 68 of 73 empirical studies (93%) have found that choice programs create savings for taxpayers. *Raise Your Hand Texas* hangs their hat on the outlier studies with poor results and hopes that no one will question them about the larger body of evidence. The aforementioned 68 studies showing fiscal benefits of choice programs show that while some costs in public education are fixed, a large portion of them are entirely variable, meaning that when a student leaves the district or joins the district, funding moves up and down accordingly with no discernable effect on the school or district.⁵⁸

Furthermore, consider that when a student's family moves to a different school district, the district loses 100% of the funding tied to that student. Nobody claims in that instance that schools are being harmed. In contrast, most choice programs in which the money follows the student leave a portion of the funding with the school or district the student left behind. ⁵⁹ In that case, the school receives funding for a student they no longer educate. That is a net benefit to the schools left behind.

With respect to the other assertions *Raise Your Hand Texas* makes in this passage, we know, unequivocally, that choice programs largely *do* improve student outcomes, and that they overwhelmingly *do* live up to their promises. The mountain of evidence supporting that conclusion is discussed in this paper.

L. The Accountability Canard

Opponents of education choice often argue that the money should not follow the student because there will be no accountability with respect to how those funds are spend and what the results are. For example, Raise Your Hand Texas says:

Vouchers are taxpayer-funded government subsidies for private schools and vendors with no accountability for results. Vouchers reduce equitable access to educational opportunity, weaken rights for students with disabilities, and potentially expose taxpayers to fraud. Private schools are not required to administer the STAAR Test or end of course exams, be rated under the state's A-F school accountability system, or transparently account for their funds and spending.⁶⁰



The concern about "accountability" in this context is misplaced. First of all, traditional public schools in Texas have testing and accountability requirements *because* there is no other form of accountability. Students are required to attend the school to which they are geographically assigned. The testing measures in place allow parents to know how their schools and districts are performing relative to the rest of the state, even though few parents have a choice to attend another school if the accountability system indicates that their public school is performing poorly. Private schools, in contrast, are schools that parents have voluntarily chosen to send their children to. They have made that decision based on any number of factors and considerations. The voluntary choice to attend *is* the enforcement mechanism in accountability.

Furthermore, it is strange to see opponents of education choice all of a sudden become unapologetic advocates for the state's accountability system when they publicly advocate to eliminate it. The *Texas Association of State Administrators*, for example, states that they "Oppose A-F campus and district ratings[.]"⁶¹ On the same legislative priorities page, the Association opposes education choice plans because, in part, they have "little or no academic or financial accountability or transparency to the state, taxpayers, or local communities."⁶² Much like the "not enough choices" argument, they love to have it both ways.

M. Rural Elected Officials Should Support Education Choice

It is no secret that education choice has been thwarted in Texas by a coalition of (1) a majority of the Democrats serving in the Texas House of Representatives, and (2) a minority of Republicans, typically representing rural parts of Texas.⁶³ The arguments against choice are honest and well-meaning, but misguided and often based on both false assumptions and premises.

1. Fewer Choices is a Poor Reason to Oppose More Choices

Despite rural communities polling in favor of choice programs along similar lines as the rest of the state, legislators representing rural parts of Texas will often argue that those rural areas lack the choices present in the more populous areas of the state. For example, a recent *Texas Tribune* article described Representative Gary VanDeaver's position:

In smaller Texas cities and towns, there's far less "choice" for rural students. Outside of large metro areas, private schools are few and far between. Many rural private schools have religious affiliations. And VanDeaver has been informed that the religious private schools in his area are uninterested in public money. He also worries about the damage to the local public school district a voucher program could cause.⁶⁴

Representative VanDeaver represents 30 rural school districts.⁶⁵ Because the school districts collectively oppose choice programs, is should be no surprise that Representative VanDeaver's position reflects such an influential constituency. However, this position is severely flawed in several key respects.



First, even if "private schools are few and far between" in rural parts of Texas, the logical conclusion is not that choice programs should be opposed. If, in fact, there are few additional options in rural parts of Texas, the logical conclusion is that choice programs will not impact the rural school districts at all. Of course, the position that "fewer choices" is a reason to oppose choice programs directly contradicts Representative VanDeaver's "worr[y] about the damage to the local public schools" a choice program would cause. This contradiction is a clever slight-of-hand by choice opponents that has, unfortunately, been successful.

Also contradictory to the "fewer choices" justification for opposition is Representative VanDeaver's own admission that there are, in fact, "many rural private schools[.]" He simply dismisses them from the conversation with the anecdotal assertion that he talked to a few of them and they are not interested in participating. As former TCCRI President and Co-Founder Warren Chisum recently explained:

People in rural areas need not fear school choice. Even though they probably don't always have a choice but that doesn't mean that you want to lock up some other kid and not have a choice just because it wouldn't affect you.⁶⁶

No private school has ever been forced to participate in an education choice program. They do so voluntarily. To simply assert on their behalf that they are not interested removes agency from these institutions. Religious institutions across the nation commonly participate in voucher programs, ESA programs, and tax-credit scholarship programs. Modern choice legislation has common language that protects religious institutions from unwanted government involvement. If religious schools are unsatisfied with that protection, they are not required to participate. They do not need state legislators to protect them from their own prerogatives.

With respect to those prerogatives, the Texas Catholic Conference of Bishops supports "parental choice in education" as part of its 88th Session Agenda, so long as the aforementioned protections are in place.

Last, choice programs such as ESAs do not require the availability of additional brick-and-mortar schools to provide more choices. They provide assistance for a variety educational options, including home school and virtual learning.

2. New Options to Choose from May Yet Be Created

When examined with any level of seriousness, the "fewer choices" argument in opposition to education choice programs falls to pieces. Not only is this true for the reasons laid out in the previous section of this paper, but also because choice programs incentivize the creation of new schools.



While conceding the point that rural parts of the state will not benefit as greatly from expanded educational opportunities as the more populous areas, we must recognize that innovative schools may be created with the incentives put in place by active choice programs.

One of the greatest failings of choice proponents and opponents alike is to consider only how a choice program would affect the current state of public education. But such programs invite innovation in ways that cannot be foreseen. Perhaps a local business decides to start a school that, along with traditional educational requirements, integrates training for a workforce that is lacking in rural communities. Perhaps the parent of one child who feels poorly served by the local school will start a small private school for kids who are bullied or do not feel that the local public school is serving their needs. While there may be "fewer choices" in rural parts of the state today, that may not be the case in the future. Opposition to expanded choices denies those future options from future children.

3. Denying Choice from Others is Cruel

Representatives of rural Texas who oppose education choice because rural parts of the state lack the choices present for urban Texans are choosing to deny millions of school children an opportunity for a better or more appropriate education. And they do so while conceding that they do not believe the program will have a considerable impact on their communities. The logic is contradictory, and to follow it through is cruel.

4. Rural School Districts are Not Immune from Progressive Indoctrination

Rural legislators may be inclined to believe that their school districts are insulated from the type of indoctrination seen in the more populous school districts, but that is not the case. The teacher and administrator population in rural Texas reflects a polar opposite of voters in the same area. The Educational Freedom Institute looked at political contributions from school district employees in zip codes with a population density that contains fewer than 500 people per square mile, which is used to classify areas as "rural."⁶⁷ Out of more than 1,400 campaign contributions made from rural school district employees in the 2022 election cycle, 90.2% of them were given to candidates from the Democrat party.⁶⁸ Contrast that with voters in the same geographic area, which voted 80.7% for Republicans.⁶⁹ Whether they realize it or not, a considerable population operating rural school districts does not share the values of voters in those areas. Families in rural Texas need additional choices as much as the rest of the state.

N. Policy Recommendations



1. <u>Policy Recommendation</u>: Enact a Statewide Education Choice Program with Private Schools as an Option

The gold standard in education choice is Arizona with HB 2853, which passed in June 2022. The bill provides students with \$6,500 per year for education. Parents are empowered to use those funds for public schools, private schools, homeschooling, virtual schools, tutors, or any combination of those resources. Texas should be the next state to pass a state-wide choice bill that gives parents control over how their own tax dollars are spent on educating their children.

2. <u>Policy Recommendation:</u> Enact an Education Savings Account Program for Students with Special Needs

Last attempted in the 85th Legislative Session, education savings accounts for students with special needs is an obvious reform that would benefit a student population severely underserved by the traditional public education system. Representative Ron Simmons filed House Bill 1335 (85R), which would have created such a system for students who (a) eligible for special education under Texas law or (b) covered by the federal Rehabilitation Act of 1973. Eligible children would have been permitted to use funds in education savings accounts for certain education-related expenses, including tuition and fees, educational materials, and providers of education services. The 88th Texas Legislature should consider similar legislation.

3. <u>Policy Recommendation:</u> Enact Public School Choice for Children of Law Enforcement Personnel, Military Personnel, and Firefighters

During the 87th Legislative Session, the Texas House of Representatives passed House Bill 3400 (Paddie), which would have provided public school choice to the children of police officers if those officers feared for their child's safety. This bill was considered so non-controversial that it passed the House with no opposition on the Local and Consent Calendar.⁷⁰ The bill passed through the Senate Education Committee, but did not reach the Senate floor for passage.

The 88th Texas Legislature should pursue similar legislation. If feasible, it should be expanded to include the children of firefighters and military personnel. It should also remove the requirement that the parent fear for the child's safety.

4. <u>Policy Recommendation:</u> Enact an Education Choice Program that Becomes Active Immediately When Schools Close as a Result of a Declared Emergency



During the 87th Legislative Session, Representative Dustin Burrows filed House Bill 3, which attempted to clarify the Office of the Governor's authority with respect to a pandemic as a declared disaster.⁷¹ The filed version of HB 3 contained a choice program that would have authorized the Commissioner of Education to create a program that would allow funding to follow students in the event that schools close during a pandemic disaster. This provision was removed in subsequent versions of the bill, but the proposal is a strong one.

Legislators should create a choice program that is ready to become active when schools across the state close for *any* declared disaster, not only pandemics. If children are unable to attend traditional public schools in person, then parents should not be forced to utilize the alternative forced upon them by the schools that closed. The bill should require the commissioner to establish a program using average daily attendance funding for off-campus instruction and require the commissioner to have such a system in place for all disaster closures. Funding should cover private school, tutoring and instruction from teachers who work at private schools, tutoring from teachers at the closed public schools, and instruction under a criteria determined by the commissioner.

School closures during the COVID-19 pandemic caused immeasurable harm and learning loss to children. Had such a program been in place before COVID-19, Children of Texas would have fared far better than they actually did. The past cannot be changed, but the Texas Legislature can prepare for the future by making education in Texas ready for the next disaster.

5. <u>Policy Recommendation:</u> Enact an Education Savings Account Program for Students Who Already Benefitted from Priority Prekindergarten Services

Similar to students with special needs, additional targeted populations in Texas would benefit greatly from choice programs. In particular, there is a category of children that the legislature has already identified for additional assistance in the past in the form of expanded state prekindergarten services under House Bill 4 (84R, Huberty, et al.). Students eligible for Governor Abbott's priority prekindergarten services include the following students:

- Students unable to speak and comprehend the English language;
- Students who are economically disadvantaged;
- Students who are homeless;
- Students who are the children of active armed forces service men and women;
- Students who are the children of armed forces service men and women who where injured or killed while serving on active duty;
- Students who were ever in the conservatorship of the Department of Family and Protective Services.



House Bill 4 passed the House 146-0. The legislature has already seen fit to provide these at-risk students with more options and greater flexibility. It should extend those benefits into K-12 education in the form of education choice.

6. <u>Policy Recommendation:</u> Empower School Districts that Enact Choice Programs by Allowing Them to Avoid State Sanctions and Interventions

Chapter 39A of the Texas Education Code provides for state "interventions and sanctions for school districts." Under this chapter, school districts are subject to a host of state actions if a school district fails to satisfy accreditation criteria, does not meet academic performance standards, or does not meet financial accountability standards. The state's authority to intervene and sanction school districts is broad. The commissioner may monitor and oversee the district's activities in a variety of ways, impose a variety of different types of improvement plans, effectively take over the district's school board, revoke the district's accreditation, intervene to impose a variety of plans to help improve graduation rates, assign campus intervention teams with broad authority to individual schools, and impose campus improvement plans, to name only a few examples.

Schools and districts dislike these interventions for obvious reasons. To allow the state to take over the district is to admit failure. Failure of schools means failing children. Districts will go to great lengths to thwart state efforts to intervene. Ground zero for this fight is Houston ISD, which has a long, rich history of both (a) failing accountability measures, and (b) doing everything it can to fight state intervention.⁷³

A compromise to this dispute is to offer school districts full immunity from state sanction and intervention in exchange for allowing students in the district to utilize an education choice program to find a different school that better serves their needs. A school district subject to any form of state sanction or intervention under Chapter 39A could simply opt into the program. They could then continue running their schools how they see fit, regardless of poor results. The only requirement is that students who want to leave may leave and the funding allotted for them will follow them to whatever source of education they choose.

O. Conclusion

The Coronavirus pandemic years of 2021 and 2022 have resulted in the biggest expansion of education choice in American history.⁷⁴ The reform of public education through providing greater choices and competition is one of the most important public policy movements of the century. To date, Texas is not part of it. That one of the most conservative states in the nation has repeatedly declined to enact one of the most popular conservative reforms can only be viewed as a failure.

In the debate around education choice, a small number of vocal opponents have successfully thwarted attempts to pass education choice by using false statements, misleading arguments, and fear. As laid out



thoroughly in this paper, none of their arguments stand up to scrutiny. They cherry-pick data, argue points that contradict their other arguments, and make claims that are easily debunked.

The most vocal of choice opponents have a vested interest in maintaining the status quo, and that means putting the system above the students. The regular opposition players in this debate are always the same. They include the *Texas Association of School Boards*, the *Texas Association of School Administrators*, unions including the *Texas State Teachers Association* and *Texas AFT*. They have support from public school advocacy groups, primarily *Raise Your Hand Texas*. These groups reflexively oppose anything and everything that puts the interests of students ahead of the interests of the system. If an example is needed, see the following tweet sent out in the middle of the night, late in the final days of the 87th Regular Legislative Session:



This Tweet has been deleted.

This tweet from a prominent teacher union account was deleted almost immediately once they were called out for publicly gloating about killing three bills, *all* authored by Democrats, and *all* meant to improve education for kids. House Bill 1348 (Deshotel) would have provided charter schools the same legal protections from city ordinances and zoning laws as regular public schools. House Bill 3610 (Gervin-Hawkins) had a similar intent and would have given charter schools the same tax exemptions as traditional public schools.⁷⁵ House Bill 3270 (Dutton) would have made it easier for the state to intervene to help turn failing schools around. The primary beneficiaries of all three of these bills would have been inner-city school kids. These bills were killed at the behest of the groups listed above, and *Texas AFT* bragged about it on social media.

The aforementioned groups will oppose education choice again in the next legislative session, but lawmakers and advocates should feel confident knowing that these groups do not speak for most Texans. Regular parents in Texas want more choices in education whether they are white, black, or Hispanic, whether they live in urban or rural Texas, and whether they vote Democrat or Republican. It is time for Texas to join the states across the country in reforming public education in a way that serves the students above all else.



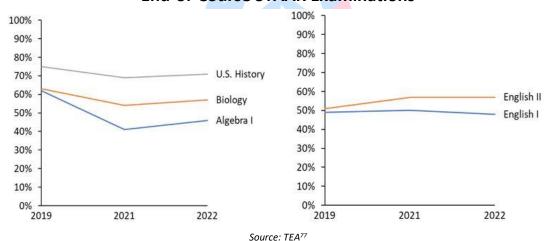
III. Virtual and Remote Learning

Virtual schooling and remote learning technologies have long been fully integrated at institutions of higher education in Texas, with full courses available online across a broad spectrum of degree plans and schools for more than a decade. Higher education offers fully online schools and degrees, such as Western Governor's University, founded in 1997. K-12 public education in Texas has not taken advantage of the innovative advances in technology the same way that higher education has. In fact, rather than embrace these technologies as tools that increasingly compliment traditional in-person schooling, state policy with respect to K-12 virtual learning prohibits more innovation than it welcomes.

Where Texas once innovated and incorporated new technologies into public education, it is now stuck in a decade-long stagnation in which entrenched interests have successfully thwarted efforts modernize a woefully outdated state policy. Indeed, few areas of public policy in which Texas was once a leader have atrophied the way virtual schooling in Texas has.

The state's failure to maintain a modern system of virtual offerings was on full display when public schools across the state of Texas closed during the COVID-19 pandemic and forced students to use a hastily thrown together virtual offering that failed them across the board. The effects of this failure are well documented, but illustrated well in the following visualization from the Texas Education Agency (TEA):

Percentage of Students Who Met Grade Level in 2021 and 2022 End-of-Course STAAR Examinations



While moderate gains occurred between 2021 and 2022 after a return to normalcy, the declines between 2019 and 2021 are alarming and should serve as a warning against continued unpreparedness. The lack of change in English scores, indeed the *increase* in English II scores, demonstrate that virtual and remote learning can work even better that the traditional approach in some settings. English II, for example, is a discipline in which students already know how to read and write, and how to study literature. It is a course in which they apply what they already learn. In other words, it lends itself to

discipline and self-instruction. Contrast that to science and math courses, in which students learn new



facts and information from a more knowledgeable instructor who is essential for guidance, questions, and clarity in newly introduced concepts.

TCCRI has long advocated for a greater number of virtual choices in K-12 public education and has written extensively about how COVID-19 exposed the state's failures vis-à-vis virtual education. TCCRI's 2020-2021 Education & Workforce Task Force Report contained an entire section dedicated to explaining how "traditional public education institutions and interest groups have successfully thwarted efforts to bring virtual education into the 21st century, leaving Texas unprepared for the pandemic." It further lays out in "public education in Texas could have been prepared for a pandemic" how the numerous opportunities the legislature has had to update, modernize, and expand the state's existing Virtual School Network.

In subsequent publications, TCCRI has laid out a vision for the state's virtual offerings:

Texas does have the Texas Virtual School Network (TVSN), but it has been neglected since its creation in 2007. Its offerings are limited and further underutilized by statute and rules that are exclusionary in both effect and intent. Texas needs to completely overhaul and modernize its virtual offerings across K-12 with the objective being the implementation of a top flight menu of virtual offerings to use in the event that millions of children are once again forced to learn from home. Content and curriculum should be aligned with the Texas Essential Knowledge and Skills (TEKS) and should require state approval before going live. State accountability measures should be applied to everyone using these offerings or making the content available so that parents, regulators, and policymakers can compare results, emphasize and promote what works, and discard what does not. There should be few restrictions on the type of provider, be it public, private, non-profit, or corporate. The more, the better. So long as providers are producing the educational tools the state needs and meeting standards, the state should welcome those tools.⁸⁰

This vision was shared by former Texas State Senator Larry Taylor, who filed Senate Bill 27 (87R) to largely codify it into law. As TCCRI explained in April 2021:

Had such a system been in place before 2020, the pandemic shutdown would have looked much different for kids in public schools, and quite familiar for many. A tested infrastructure for remote and virtual learning would already have been in place with multiple providers and platforms, each with a track record of success or failure tied to the state's accountability system. School districts could have turned to virtual and remote learning in March and August of 2020 with a realistic expectation of what type of product they were delivering to millions of school children being forced to adapt.⁸¹

Senate Bill 27 did not become law. It was strongly opposed by all of the usual public education advocacy groups who place the status quo public education system above the interests of students. The witness



list in a hearing for SB 27 shows strong support from individuals and parents. The only parties on record against the bill are the aforementioned public education advocacy groups:

Raise Your Hand Texas
League of Women Voters of Texas
Association of Texas Professional Educators
Coalition for Public Schools
Texas State Teachers Association
Texas Association of School Administrators
Texas Association of School Boards⁸²

These groups generally oppose any education reform that removes decision-making authority from the public education establishment and gives it to parents. This certainly includes virtual schooling.

A. Policy Recommendations

Heading into the 88th Legislative Session, the COVID-19 Pandemic is over. The legislature can once again consider what might proactively help in a future pandemic scenario. As it happens, all of the reforms that would have helped Texas children weather the pandemic storm would also help the students for whom virtual options are beneficial in a more regular setting.

1. <u>Policy Recommendation</u>: Overhaul the State's Virtual Schooling Infrastructure

Senate Bill 27 (87R, Taylor) would have overhauled the state's virtual offerings by converting the Texas Virtual School Network into the state Online Learning System with a statewide course catalog and full-time virtual programs. First, it would have removed several existing barriers to course enrollment, including the current law allowing school districts to deny a student's enrollment in an online course that the district already offers in person, and it would have removed a cap on the number (3) of online courses that a district or school may pay for on behalf of the student. More importantly, the bill would have authorized school districts, charter schools, and public or private institutions of higher education to offer full-time virtual school programs, operated either themselves or through contracts with education vendors. These programs could serve a broad range of students. The bill would have created a full-time virtual program dashboard that would have provided information to the public regarding the performance of the programs available. Built into the program were a host of accountability measures ensuring clarity on which programs performed better than others. The bill passed out of the Senate Education Committee with 7 yeas and only 2 nays, but never received a vote on the Senate floor. The Legislature should once again consider passage of this legislation in the 88th Legislative Session.



2. <u>Policy Recommendation</u>: Allow All Grades to Enroll in Virtual Courses Through the Texas Virtual School Network

Under Chapter 30A of the Education Code, courses through the state virtual school network are available only to grade levels three and above. At least twenty-four states in the nation offer full-time virtual school options, including Texas, yet Texas is the only state to exclude kindergarten through second grade.⁸³

The difficulty that some children have with the traditional learning model does not begin at third grade. It often begins when students are first enrolled. It is no doubt a small number of students who would utilize virtual learning at such an age, but denying them that opportunity is an arbitrary decision with no basis in fact or data.

In the 85th Legislative Session, Senate Bill 610 (Huffines) proposed to expand TVSN offerings to grades kindergarten through second grade. Like the existing TVSN, it merely would have been one additional tool available to educators and parents. No student would have been forced to use it. When that bill received a public hearing in the Senate Education Committee on March 30, 2017, several parents publicly testified in favor of the bill and told the committee how it would help their school-aged children. Not a single parent testified or registered against the bill. In contrast, here is a list of organizations who came out in force to oppose this marginal reform:

Public School Options
TX-American Federation of Teachers
Texas Association of School Administrators
Texas Association of School Boards
Texas State Teachers Association
Texas Association of Community Schools
Texas Rural Education Association
Texas Latino Education Coalition
Texas School Alliance
Association of Professional Educators⁸⁴

By the time these politically powerful organizations were through, Senate Bill 610 had turned into a proposal to conduct a "study" on expanding the TVSN to additional grade levels. ⁸⁵ The bill passed the Senate but died in the House of Representatives without receiving a public hearing. Additional attempts to remedy this misguided policy have taken place subsequently, including the filing of HB 3528 (87R, Sanford), which received a hearing but was never voted on in committee. ⁸⁶

3. <u>Policy Recommendation</u>: Allow Enrollment in Virtual Schools to All Students, Regardless of STAAR Performance



Under Section 29.9091(d)(3) of the Education Code, a student may be prohibited from eligibility to enroll in a virtual course in a remote learning program if the student does not meet minimum academic standards established by the school district or charter school in which the student is enrolled.

There are no academic standards a student must meet in order to enroll in a traditional public school. A school or district could achieve failing grades within the accountability system in perpetuity and there is no roadblock to enrolling new students. That should extend to virtual schools offered by the district or charter school. A student may perform poorly on a STAAR examination because in-person instruction is not the best fit for that student. That student should not be prevented from attempting an alternative approach simply because the current approach has not worked well.

4. <u>Policy Recommendation</u>: Repeal the September 1, 2023 Expiration Provisions Related to Virtual Learning and Make them Permanent

The passage of Senate Bill 15 (S2, Taylor) authorized public school districts and open-enrollment charter schools to provide full-time virtual schools, off-campus instruction, and off-campus hybrid programs if those schools or districts offered such during the 2020-2021 school year. The bill provided a funding mechanism based on average daily attendance in the virtual and remote settings. The provisions of Senate Bill 15 are set to expire on September 1, 2023. This sunset should be repealed and the programs allowed to continue in perpetuity.



IV. Public Charter Schools

Texas has a robust public school choice program through the establishment of open-enrollment charter schools. Charter campuses are public schools. They are funded based on daily attendance, just like traditional public schools. They must comply with state and federal laws relating to special education and academic accountability. The two main areas in which charter public schools differ from traditional public schools are, first, that they do not receive funds from local tax revenue, and second, they have considerable leeway in operations and ability to innovate that traditional public schools lack.

A. Background on Public Charter Schools

The Texas Legislature authorized public charter schools in 1995 with the passage of Senate Bill 1.⁸⁷ SB 1 supporters argued that "charter schools allow educators to be more innovative and creative and give parents and community leaders more input in public education on the local level." Indeed, the charter school provision in SB 1 was adopted, in part, because the state "recognized that it is important to waive certain regulations to allow schools to try innovative programs. Charter schools would give teachers and parents who want to try new ideas the maximum flexibility they need without having to request a waiver from the education commissioner."

Charter schools in Texas accept students on a first-come, first-served basis, using lotteries when school capacity is reached. While subject to the same academic and accountability standards as traditional public schools, charter schools have considerable flexibility in terms of operational structure, practices, and personnel. This flexibility provides charter schools with the ability to meet the needs of diverse communities and students. The charter model allows schools to react to market forces, creating schools that focus specifically on college preparation, high-tech and STEM-focused fields, or create campuses that focus more heavily on the arts, to name a few examples. Above all else, charter schools are important because they bolster the ability of parents to choose the best education for their child. The growing demand for public school choice serves as evidence that the traditional public school inside a district-drawn attendance zone is not always the best option for each of the nearly 5.4 million public school students in Texas.⁹⁰

B. Public Charter School Success

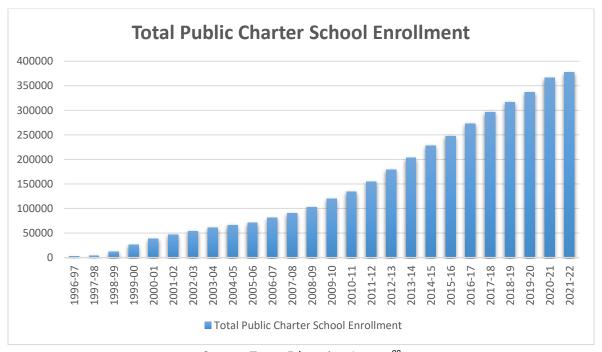
A 2020 report from the Texas Charter School Association discusses the first "25 Years of Texas Public Charter Schools," and its findings leave no doubt about how important charter schools are for children in Texas. Key findings from the report discuss how competition from charter schools has made all public schools better. Indeed, "[f]rom 2012 to 2019, as total charter enrollment nearly tripled, the average district raised its student achievement between 4% and 8%, depending on grade and subject tested." More specifically, "[f]rom 2016 to 2019 . . . 82% of ISDs with charters in their attendance zones boosted their fifth-grade reading scores—compared to 67% of ISDs without any charters."



Other reports detail the successes of charter schools in Texas. One 2019 report shows that public charter schools are sending 4% more of their students to college than traditional public schools. ⁹³ Charter school graduates who attend college are also 3% more likely to complete college than a graduate from a traditional public school. ⁹⁴ That can be attributed, at least in part, to charter schools producing graduates who are more prepared for colleges, as measured by TEA data and metrics such as AP course credit. ⁹⁵ Charter schools achieve all of this while serving greater proportional numbers of historically disadvantaged demographic groups such as black, Hispanic, economically disadvantaged, and English language learners. ⁹⁶ They also serve nearly the same proportional number of special needs children. ⁹⁷

C. Charter School Enrollment Trends

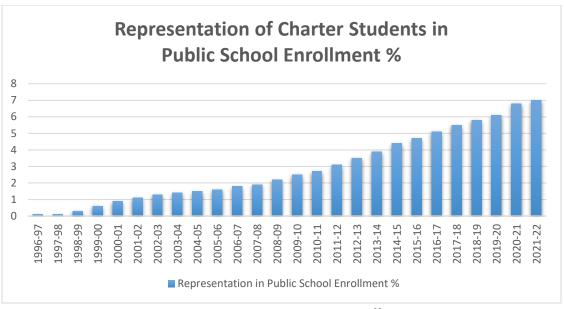




Source: Texas Education Agency⁹⁸

As enrollment has increased, so too has the share of public school students enrolled in public charter schools.





Source: Texas Education Agency⁹⁹

Public charter schools in Texas are most popular among Hispanic students, who account for 62.8% of all public charter school enrollees. African American students are a distant second, making up 17.3% of enrollees, followed by White (12.3%) and Asian (12.3%) students. It is strong minority majority student population cuts against anti-charter groups who claim charters lack the diversity of traditional public schools. In fact, public charter schools serve a strong majority of economically disadvantaged students as well, with 71.2% of the student population falling withing that category.

D. Charter school opponents

Despite public charter school success and popularity, and despite charter schools also being public schools, proponents of traditional public schools oppose public charter schools. As Thomas Sowell pointed out in his book, "Charter Schools and Their Enemies," there is no doubt that teachers unions and the public education establishment will do anything they can to hinder charter schools. TCCRI touched on this point in a June 2020 commentary for LIFT Perspectives:

If there's any doubt about [who the enemies of charter schools are], just look at the witness list to see who is for or against any bill that touches on things like creating new streams of funding for charter schools, making it easier for successful charters to take over failing traditional public schools, making the admissions process for charters more onerous, placing geographic restrictions on where charter schools can open, or adding red tape to charter admissions processes, to name a few examples. There's a pattern. There are also roadblocks in Texas that make it difficult for new charters to be granted, or for existing charters to add new campuses. These are discussed in TCCRI's 2019 School Choice and School Finance Task Force Report, which points out that "charter school expansion in Texas has stagnated," the approval process "has become so cumbersome



that it is difficult to be granted a charter in the first place," and there is open bias against out-of-state charter applicants. 103

Opposition to policies beneficial to charter schools is only one side of the coin. Charter opponents in Texas aggressively push legislation to harm charters. One need only look at the legislative priorities of traditional public school advocates for evidence.

For example, the Texas Association of School Boards' "Advocacy Agenda" includes expanded veto authority for the State Board of Education over charter expansions approved by the commissioner of education, exclusion of charters from funding allotments they're otherwise entitled to, prohibiting charter schools in areas where the traditional public schools have extra capacity, to name a few. Texas Association of School Boards literally passed a resolution to include in its advocacy agenda their opposition to charter schools calling themselves public schools.

The Texas Association of School Administrators includes in its legislative priorities a declaration to "oppose the further expansion of publicly funded charter schools." ¹⁰⁶

E. The current state of charter school policy in Texas

Charter school expansion in Texas has stagnated. Much of that has to do with the process of gaining approval, which has become so cumbersome that it is difficult to be granted a charter in the first place. As Adam Jones and Amanda List explain in a case study on Texas charter schools, "it has never been more difficult to be granted a charter in Texas than it is today." Despite many positive efforts at TEA, and support from Commissioner Mike Morath, that statement remains true.

F. Policy Recommendations

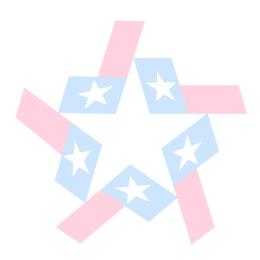
1. <u>Policy Recommendation</u>: Provide a Better Process for Out-of-State Charter Applicants and Eliminate the State Board of Education's Veto Authority Over Charter Applications

The State Board of Education has shown an open bias against out-of-state charter applicants. An organization without an already established presence in Texas takes on considerable risk when applying for a charter in Texas. The process is cumbersome and expensive, which is discouraging enough, but the notion that a charter may be approved on the front end only to be vetoed on the back end must have a chilling effect on out-of-state operators with a desire to establish schools in Texas. Moreover, as Adam Jones and Amanda List explain, "the SBOE veto does not lead to better outcomes in charter authorization and increases the risk for any charter organization to try to operate in Texas. ¹⁰⁹



The SBOE veto should be repealed from statute. The process for charter approval is extensive. In any given year, as many as 37% and as few as 9% of applications are ruled incomplete and discarded. Of those deemed complete, only a small fraction of applications is sent to the SBOE for approval. Any charter application sent to the SBOE should be given an opportunity to open a campus start educating children. Innovation produces both successes and failures. Charters that survive the application process, but still do not perform, can be revoked, but they should be given a chance to succeed.

Between eliminating the SBOE's veto authority, modernizing the application process, and reforming the external review of charter applications to make it a less rigid stage, Texas could return to a system in which innovation and risk are highly valued components of the state's most significant school choice program.





V. Parental Empowerment

A. Children Do Not Belong to the Public School System

There is a growing sense that traditional public schools have overextended themselves by stepping beyond the role of educator and into the realm of parent. Public attitudes of the political left and the public education establishment reinforce this sense. President Biden stated at the 2022 Teacher of the Year ceremony that school children don't belong to their parents "when they're in the classroom." Indeed, the President elaborated, stating that "[t]hey're all our children. And the reason you're the teachers of the year is because you recognize that. They're not somebody else's children. They're like yours when they're in the classroom." In Michigan, the state's Democratic Party came under fire for a January 16, 2022 Facebook post that stated:

Not sure where this "parents-should-control-what-is-taught-in-schools-because-they-are-our-kids" is originating, but parents do have the option to choose to send their kids to a hand-selected private school at their own expense if this is what they desire.

The purpose of a public education in a public school is not to teach kids only what parents want them to be taught. It is to teach them what society needs them to know. The client of the public school is not the parent, but the entire community, the public.¹¹²

This echoes what prominent Democrats have said elsewhere. In 2021, candidate and former Governor of Virginia, Terry McAuliffe declared in a public debate that "I don't think parents should be telling schools what they should teach."¹¹³

This increasingly vocal position should be rejected entirely and its advocates ostracized from public life. Children belong to their parents. Public schools and public school teachers are not their parents and in no manner should be viewed as supplanting the parental role. Parents are entitled to know what their kids are learning, to make suggestions, and to reject teaching methods and content they find offensive.

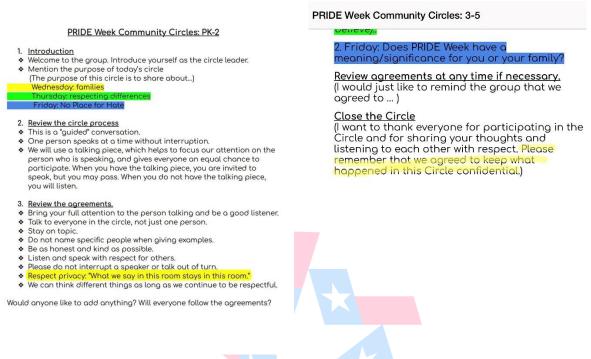
B. The Public School System Has Strayed Far from Its Core Charge

Much of the renewed emphasis on parental empowerment stems from a belief that the traditional public schools have strayed so far from the core responsibilities of educating children in the traditional disciplines of math, science, and language arts that public education resembles more of a cultural indoctrination conduit than efficient conveyor of knowledge. Examples of this are myriad, even in Texas.

Austin ISD, for example, hosts an annual Pride Week in March, in which posters, pride flags, and pronoun buttons are distributed to students by the schools in the district. ¹¹⁴ This includes elementary schools. In fact, Doss Elementary School in Austin ISD became the focus of national media attention



during 2022 Pride Week when materials for "Pride Week Community Circles" for grades Pre-K through Second Grade were leaked to the press. These materials appeared to instruct children as young as five and six years of age not to tell their parents what they discussed in Pride Week Community Circles:



Source: Washington Examiner 115

Not to be outdone, Round Rock ISD hosts Pride *Month* each June for every "LGBTQIA2S+" student and staff member. 116

There is also the growing issue of obscene and vulgar sexual content found in school libraries, including Katy ISD, Lamar Consolidated ISD, Leander ISD, Prosper ISD, Frisco ISD, Keller ISD, Granbury ISD, and countless others. The Texas Education Agency has now issued guidelines on library materials, that but more can be done. And, more importantly, that this is an issue to address at all buttresses the argument that public schools have strayed far from their core responsibilities.

C. Policy Recommendations

1. <u>Policy Recommendation</u>: Protect Parental Rights in Education

The Florida legislature recently passed House Bill 1557, which protects parents' prerogative to decide for themselves whether their young children should receive instruction on sexual orientation or gender identity. ¹¹⁹ The bill prohibits such instruction in the classroom in kindergarten through 3rd grade. ¹²⁰ The bill also requires school districts to adopt procedures to notify parents when a change in the child's mental, emotional, or physical health is observed. ¹²¹



The passage of HB 1557 was made controversial by a national media that assisted opponents of the bill by using misinformation to label the bill the "don't say gay" bill. Kevin D. Williamson provided a strong critique of this approach in National Review Online:

The recent dispute about these issues in Florida resulted in the mendaciously nicknamed "Don't Say Gay" law. "Don't say gay" is a willfully dishonest account of what the law requires, but — now that you mention it — "don't say gay" is a reasonable position to take vis-à-vis kindergartners and first-graders, for whom the ins and outs of homosexuality are rather low on the list of immediate educational needs. It isn't the people who don't want schools to instruct eight-year-olds about transsexualism who are the fanatics. 122

Indeed. It is entirely appropriate to shield young children from topics they do not yet have the capacity to fully understand. Florida was right to pass such a law and Texas should as well.

2. <u>Policy Recommendation</u>: Close the Obscene Materials Loophole

State Representative Jared Patterson has been a leader on exposing obscene materials in Texas public school libraries. Before the 2022-23 school year began, Representative Patterson identified 23 graphic and obscene library books found in Frisco ISD school libraries and challenged their inclusion. These books are described as "containing graphic depictions of adult-child sexual relationships, other forms of rape, oral sex, sodomy and exchanging sex for drugs and money." 123

A proactive approach to having such materials removed as inappropriate for children in important, yet more can be done.

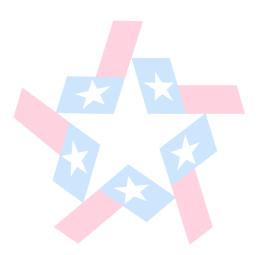
Section 43.24 of the Penal Code makes it a crime to sell, distribute, or display harmful materials to a minor. Harmful materials include material that:

- (A) appeals to the prurient interest of a minor, in sex, nudity, or excretion;
- (B) is patently offensive to prevailing standards in the adult community as a whole with respect to what is suitable for minors; and
- (C) is utterly without redeeming social value for minors. Parents have a right to know what their children are being taught in public schools and the manner in which they are being taught.

It is a defense to prosecution under Section 43.24 if the materials are provided to a minor "by a person having scientific, educational, governmental, or other similar justification." Representative Patterson has filed House Bill 976 to eliminate this affirmative defense, making clear that obscene materials meeting



the above standard are inappropriate for minors no matter who provides them. The Legislature should consider this legislation in the 88th Legislative Session.





VI. Public School Accountability and Testing

A. An Overview of the State's Accountability System

Public school accountability in Texas is based on several metrics. The state looks at college, career, and military readiness, measured under roughly a dozen different factors, such as graduation under certain degree plans, whether the student obtained some kind of certification or associate degree while in high school, whether the student earned dual-course credits while in high school, and how the student performed on college prep courses, to name only a few examples. Accountability in public schools is also measured by the school and district graduation rates over four, five, and six year periods.

Of course, accountability for elementary and middle schools in Texas is measured using criterion-referenced testing in the form of the State of Texas Assessments of Academic Readiness (STAAR) examinations. STAAR tests are aligned with the Texas Essential Knowledge and Skills (TEKS), which are state curriculum standards for what a student is expected to learn in each grade and subject in the Texas public school system. The STAAR examinations provide an objective measure for how well the TEKS are being taught and learned. STAAR exams are administered annually as follows:

- Reading Grades 3 through 8;
- Mathematics Grades 3 through 8;
- Science Grades 5 and 8;
- Social Studies Grade 8;

HB 3906 (86 R) charged the Texas Education Agency with updating the STAAR. These changes included capping the percentage of multiple-choice questions, eliminating writing tests in grades 4 and 7, and moving to an online format. Additionally, end-of-course (EOC) assessments are required for high school students in these specific courses: English I, English II, Algebra I, Biology, and U.S. History.

These factors are used to assess three main accountability criteria: student achievement, school progress, and how well schools and districts are closing the gaps in performance between different racial, ethnic, and socioeconomic groups.

School and district performance in these measures are used to produce "A-F Accountability Ratings," which provide an excellent shorthand for school performance that parents and interested parties can use to make decisions about public education.

B. Ongoing Opposition to Testing and Accountability



The public education establishment opposes both testing and the state's A-F accountability system. Establishment interest groups and teachers' associations will use the pandemic to further their goals of diminishing assessment-based or outcomes-based accountability.

Teacher associations argue that it's time to "end the overemphasis on the STAAR," ¹²⁴ an understandable sentiment, until one gets to the crux of the complaint, which is that "schools and school districts should not be graded—much less taken over—based on standardized test scores." ¹²⁵ These quotes are taken from the Texas American Federation of Teachers' 2021 and 2022 Legislative Priorities. ¹²⁶

The Texas Association of School Administrators' (TASA) position is to "oppose A-F campus and district ratings" and to limit state assessments to only those required to meet federal guidelines. Similarly, the Texas Association of School Boards (TASB) advocates for the Texas Legislature to "continue to reduce state assessments" and to prohibit state assessments "from serving as the primary indicator of school and student performance." Whilst this opposition comes directly from associations purporting to represent school teachers, administrators, and school board members, these positions are not uniformly held by school employees and board members.

Most of the interest groups are highly aligned with the efforts of Raise Your Hand Texas and its "Measure What Matters" campaign. The organization claims to have administered an online "poll" to more than 15,000 Texans – more than half of whom self-identify as someone working within the school system. The campaign's report states that, "Texas deserves a school assessment and accountability system that clearly tells our schools, our families, our communities, and our business partners how well we are preparing all of our students for the futures they want and deserve." What the report fails to disclose is that fewer than 1 in 3 students are proficient in grade-level math, and fewer than 1 in 2 students are proficient in grade-level reading, both key markers of preparation for the workforce. The main purpose of STAAR and the accountability system is to let parents and lawmakers know how strongly or poorly schools are performing so that they can demand improvement. The current system that these groups would like to get rid of is screaming for fundamental improvements to the public school system. Advocates like Raise Your Hand Texas would prefer to adopt a system that hides this truth from parents.

C. Policy Recommendations

1. <u>Policy Recommendation</u>: Hold the Line on Testing and Accountability

Strong academic standards, statewide assessments, and school accountability are critical to focusing adult behavior and improving student success. Because of the pandemic, the state has only issued A-F ratings to both campuses and districts one time since the Legislature created the system in 2019. For school districts interested in customizing their A-F rating systems, the Legislature has created a Local



Accountability System, which allows a number of indicators beyond STAAR, as long as the district can prove validity and reliability.¹³⁰

Moving away from a comparable, outcomes-based accountability system to a self-reported, inputs-based system may increase the number of A and B-rated campuses, but it will not improve student academic success. Moreover, it will mask school shortcomings and failures, which is likely the point.

In a commentary from 2020, TCCRI staff explained:

Parents of more than 5 million public school students have a right to know how their children are performing relative to other students, and how their schools are serving them relative to the rest of the state. And even though parents generally have a great deal of trust in their teachers, administrators, and schools, they deserve better than taking someone's word for it. They pay the taxes that fund those public schools and, for the most part, they have very few options other than sending their children to the schools to which they are geographically assigned.

For this reason, it is critical that the state holds the line on accountability. Fundamentally, some measure of testing must always be a part of a functional accountability system. In no other area of the public sector would it be conscionable to spend tens of billions of tax dollars without an expectation of accountability for how that money is spent. After all, education is the single largest expenditure in the state budget; public schools receive more than \$60 billion per year.¹³¹

Opposition to both testing and accountability remain strong. But performance on assessments and accountability ratings remain important metrics for parents of children forced to send their children to the school to which they are geographically assigned. For example, even on A-rated campuses, 51% of low-income students don't meet grade-level expectations¹³². Masking academic performance with the addition of other metrics as suggested by Raise Your Hand Texas and other advocates will not improve these results.

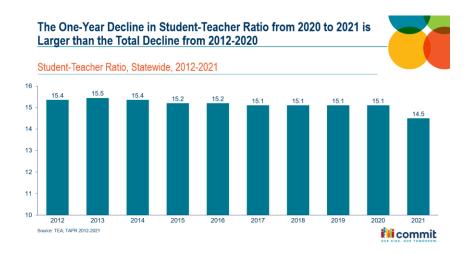
As schools continue to recover from COVID-induced academic setbacks, a transparent and accurate assessment of progress is critical. Attempts to hide the ball on true academic performance and/or mask inequities with non-academic indicators only serves to frustrate parents and force them to untangle a school's letter grade to determine academic success. Efforts to further dilute accountability or eliminate testing in Texas in the 88th Legislative Session should be opposed.



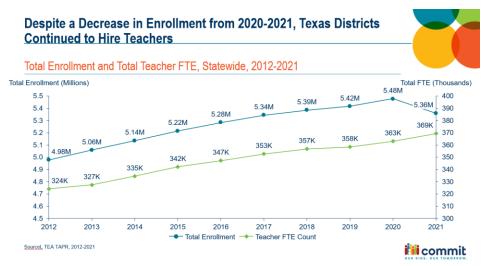
VII. Teacher Certification

A. Background

Texas requires an ongoing stream of new teachers in order to educate students in the public school system. According to the Texas Education Agency, the state employed 376,086 classroom teachers in the 2021-22 school year, but lost approximately 12% of them to attrition, up from 10% lost in prior years. Retirements are also on the rise, with more than 8,600 teachers retiring in 2021, up from approximately 7,600 retirements the previous year. To be clear, <u>Texas does not have a teacher shortage</u>. Data show that while Texas has teacher *vacancies*, the student-teacher ratio is becoming smaller, with teachers able to focus on fewer students. The following graph prepared by Commit Partnership¹³³ illustrates this trend:



In fact, while enrollment declined from 2020 to 2021, Texas actually increased its number of hired teachers:





A key issue is the process for becoming a classroom teacher in Texas. In order to become a certified teacher, the prospective teacher must earn a bachelor's degree, complete an educator preparation program, pass certification examinations, submit a state application for certification, and complete a criminal background check via fingerprint.¹³⁴

Teacher entry into the profession should be encouraged with the fewest barriers necessary. This concern relates directly to teacher certification, which has become a contentious issue. There appear to be two lines of debate on teacher certification, both of which call for a recommendation to continue current policy.

B. Policy Recommendations

1. <u>Policy Recommendation</u>: Continue Valuing the Private Sector in Teacher Certification and Encourage its Continued Growth

First, there is a contingency that is vocal in its opposition to private actors in the certification market. This handwringing manifests in pieces in the Dallas Morning News breathlessly referring to the "wild west teacher prep landscape," and asserting that "the state has 'the most deregulated teacher preparation landscape in the country," as though that is a bad thing. The fact is, most teacher certification training in Texas is conducted by private organizations. Employers—schools and school districts—have positions to fill and they need applicants to consider. The more applicants they have, the more opportunities they have to make the best hiring decisions.

The main argument that opponents of private certification appear to hang their hats on is the retention rates of teachers who went through for-profit programs versus teachers who attended a traditional university program. According to a University of Houston 10-year study, teachers who went through university certification programs remained in the teaching profession after one year at a 91% rate while teachers who went through private programs were retained at an 85% rate. While this is marginally interesting, it hardly calls for a public policy change. Looking at retention rates in the first year based on ethnicity, non-white, non-black, non-Hispanic (i.e. Asian and other) teachers were retained at an 86% rate, but no reasonable person would insist that that this modestly below average rate matters. It is also known that retention rates are higher in larger school districts than smaller, but that is not viewed as a failure. Rather, it is a reality that is accepted and attempted to be addressed. The fact is, an 85% or 86% retention rate is quite strong. Complaints about such a high number compared to a slightly higher number are sorely misguided and indicate little more than a lack of trust in market competition. The retention rates produced by for-profit certification companies in Texas—particularly in a profession that desperately needs more applicants—should be celebrated. It is a number that indicates overwhelming success, much like the university programs that the for-profits are compared to.



To the extent that barriers to for-profit certification are proposed, those should be rejected. Instead, public policy should continue to encourage private companies to help facilitate a pipeline of new teachers.

2. <u>Policy Recommendation</u>: Continue to offer a Choice of Certification Examinations

The other major point of contention in addition to for-profit certification preparation has become the formal certification process, which currently requires one of two different examinations, the Texas Examinations of Educator Standards Pedagogy and Professional Responsibilities (PPR) or the Educative Teacher Performance Assessment (edTPA) examination. The PPR examination is a one-time test, while the edTPA is a more extensive assessment involving preparation of a portfolio of materials made during the preparatory teaching experience.

The edTPA examination has been the subject of controversy in other states where it has been made a requirement. As *The Chicago Reporter* explains about the edTPA requirement in Illinois, there has been "A Laundry List of Problems With the New edTPA Teacher Assessment." Georgia eliminated the edTPA examination as a requirement for teacher certification in 2020, calling it "a barrier to entry" to the profession. Washington eliminated it in 2021. New York eliminated it in 2022. In Texas, a push to make the edTPA examination a requirement for teacher certification failed in 2022 when the State Board of Education voted unanimously (13-0) to reject the exam as a mandatory requirement. As things now stand, the edTPA remains one option to satisfy one of the requirements of teacher certification, but it is not a requirement. That should remain the state's policy.



VIII. Higher Education Teacher Tenure

Tenure creates a comfortable environment where academic rigor often atrophies, younger professors are blocked from advancement, and professors feel emboldened to push radical ideologies that undermine Western culture and values.

As higher education systems across the United States have continued their leftward drift and increasingly embraced radical social ideologies, students seeking a well-rounded education are left with fewer and fewer options. ¹⁴⁴ A major roadblock to institutional change is the protection inherent to many college professors, tenure. Tenure provides protection from competition thus stifling the intellectual rigor once common to institutions of higher education. ¹⁴⁵

Historically, tenure was created out of a desire to insulate professors from repercussions based on an unpopular opinion or position expressed in a classroom.¹⁴⁶ Today however, tenure is not guaranteed to those who speak out against the leftist social ideology. After 22 years of teaching, tenured Professor Charles Negy of the University of Central Florida was fired for tweets questioning the ideas of systemic racism and white privilege.¹⁴⁷ Despite being reinstated more than two years later, the damage to his reputation was done.

During the 87th regular legislative session in 2021, Senator Creighton filed Senate Bill 1159. Currently, tenured faculty are required to undergo periodic performance reviews at least once every 6 years. SB 1159 would have changed the requirement to at least once every 4 years. Additionally, the legislation would have expanded the circumstances under which revocation of tenure or disciplinary actions may be taken to include "sexual harassment, fiscal malfeasance, plagiarism, and conduct involving moral turpitude."¹⁴⁸

1. Policy Recommendation: Increase the Frequency of Tenure Reviews

Following a 41-5 vote in support of teaching critical race theory by the University of Texas at Austin's Faculty Council in 2022, Lt. Governor Dan Patrick made statements in favor of reforming tenure. He announced his support for ending tenure and changing 6-year tenure reviews to annual reviews, as well as classifying the teaching of critical race theory as cause for a tenured professor to be dismissed.¹⁴⁹

While it serves a valuable role in protecting the academic freedom of teachers, Tenure can be problematic when the entire institution—a public institution—of higher education in Texas embraces an ideology that runs counter to the interests of western society. The state has a responsibility to offer public higher education that encourages robust debate, but does not indoctrinate. Lt. Governor Patrick's remarks on tenure merit further attention.



IX. The TEXAS Grant Program

The Toward EXcellence, Access, and Success Grant Program, commonly known as the TEXAS Grant program, is "the state's signature student financial aid program for financially needy, academically prepared Texas students enrolled at Texas public universities." Eligible students for the 2022-23 school year may receive up to \$5,379 per semester, up from \$5,195 in the 2021-22 school year. The intent of the program is to continually cover the entire cost of tuition for students who continue to meet the program's requirements. The amount of awards is set at a level that is intended to achieve that goal when combined with other eligible forms of student aid. A major shortcoming of the TEXAS Grant, program, however, is that all students who qualify for the program do not receive it. Current estimates say that approximately 68 percent of eligible students do not receive the grants they qualify for. The program is the program of the pr

To qualify for a TEXAS Grant, a person must be a Texas resident, meet financial need requirements, be enrolled in a baccalaureate degree program at an eligible institution, and have applied for available financial assistance, and have satisfied one of several high school academic requirements.

AREA	HIGH SCHOOL GRADUATION REQUIREMENTS
Advanced Academic	- Complete 12 hours of college credit (dual credit or AP courses)
Program	- Complete the equivalent of the Recommended or Advanced High School Program
	- Complete the International Baccalaureate (IB) Program
TSI Readiness	- Meet the Texas Success Initiatives (TSI) assessment thresholds or qualify for an exemption
Class Standing	- Graduate in the top 1/3 of the high school graduating class
	0 1 4 7 000 (4 1 400 4 7 1 4 7 1 4
	- Graduate with a GPA of at least 3.0 on a 4-point scale or the equivalent
Advanced Math	- Complete at least one math course beyond Algebra II
	- Complete at least one advanced career and technical or technical applications course, as
	determined by the Texas Education Agency

Source: College for All Texans¹⁵⁴

Financial need requirements are determined based on the expected cost of attending an institution minus the "expected family contribution," which is a measure of how much the student and the student's family can be expected to contribute to that cost.¹⁵⁵ In awarding grants, priority is given to students with an expected family contribution that does not exceed 60 percent.

The TEXAS Grant program is both costly and heavily utilized. In 2020-21, the Texas Legislature appropriated \$866 million for the TEXAS Grant program, and 82,697 students received TEXAS Grants in 2020. However, because of the nature of how a student qualifies and how awards are granted, a not insignificant number of students who qualify for TEXAS Grants do not receive them.



A. Policy Recommendations

1. <u>Policy Recommendation</u>: Formalize TEXAS Grant Requirements for Clarity of Qualification

Because qualification for TEXAS Grant is somewhat open, and because funding is limited, a large number of students are unable to utilize this aid program that they otherwise qualify for. It is problematic that Texas's flagship aid program for economically disadvantaged students does not serve all of the students it purports to be available to. If a student qualifies for a program, the expectation should be that the student may take advantage of that program.

There are two paths to addressing this problem. The first path is to fully fund the program so that every student who qualifies may take advantage of it. Given that TEXAS Grant is approaching \$1 billion per biennium, expansion of the program in this way cannot be justified. Instead, the Legislature should take the existing priority requirements, tighten them, and codify them into a predictable framework that students can rely on.



X. Community College Funding

Community colleges serve an important role in Texas. As open-enrollment institutions of higher education, they provide an avenue of higher education available to any Texan interested in seeking post-secondary educational opportunities at a cost lower than four-year institutions. They provide access to higher education's core curriculum, allowing students to take advantage of that low cost and convenience before transferring to a four-year college or university in order to complete a four-year degree. Beyond that, they provide a broad spectrum of two-year degrees and certificates in a variety of specific fields and occupations. They partner with local businesses and local governments in efforts to fulfill the needs of their local communities and workforces.

On the other hand, community colleges have a well-established track record of poor performance and rising costs that far outpace enrollment and growth. Indeed, the trends over the last decade show astounding increases in revenue through property taxation, state appropriation, and tuition and fees while performance has remained poor. Moreover, as this report will discuss, funding sources for community colleges in Texas have increased year over year despite a net decline in enrollment over the last decade. Indeed, annual property tax collections by community college districts increased by more than \$1.3 billion dollars from FY 2011 to FY 2021. This increase occurred despite a net decline in enrollment over that time period.

There is a tacit understanding between taxpayers and government that, however much individual voters or taxpayers may agree or disagree with certain government programs and expenditures, government and its agencies have a responsibility to not direct taxpayer resources towards wasteful expenditures. In Texas, the community college system is coming perilously close to undermining this tacit understanding. Regardless of any actions at the federal level, it is incumbent upon state legislators to demand material improvement from the community college system and to scrutinize its funding.

To a certain degree, Texas is in the midst of attempting to do just that. Senate Bill 1230 (87R; Sen. Taylor) passed into law and established the Texas Commission on Community College Finance (the "Commission"), directing it to:

[M]ake recommendations for consideration by the 88th Texas Legislature regarding the state funding formula and funding levels for public junior colleges in Texas that would be sufficient to sustain viable junior college education and training offerings throughout the state and improve student outcomes in alignment with state postsecondary goals.

The Commission released its Report to the 88th Legislature in November 2022.¹⁵⁷ The Report makes several recommendations to reform community college finance, some of which are addressed in the recommendation section of this report.



A. History of the Texas Community College System

Texas's community college system originated in the private sector. In the 1890s, Decatur Baptist College was the first junior college created in Texas. ¹⁵⁸ According to the Texas State Historical Association (TSHA), "[t]hese two-year schools were usually church-sponsored and offered courses similar to those in the first two years of four-year colleges and universities." ¹⁵⁹ It was not until 1922 that the first public junior college was established in Texas, in Wichita Falls. ¹⁶⁰ In these early days, junior colleges were generally established along school district lines, typically as an extension of the local high school. ¹⁶¹ Junior colleges also utilized school district facilities and were under the control of the local school board. ¹⁶² Seventeen public junior colleges were established under these parameters. ¹⁶³

Then, in 1929, the Texas Legislature stepped in. House Bill 10 (41R, 1929) authorized the creation of public junior colleges within existing school districts that had high school enrollment of at least 400 students and total taxable property value in the district of at least \$12 million. He 10 granted school districts the authority to levy property taxes for the specific purpose of supporting a junior college, with the result that "[m]any taxpayers saw the new junior-college tax as nothing more than a surcharge on current school district taxes." Public junior colleges remained entirely locally funded until 1941, when the Legislature passed House Bill 320 (47R, 1941), which entitled accredited public junior colleges that met standards imposed by the Texas Department of Education to state funding equivalent to \$50 per full time student \$160 (\$810 in 2016 dollars). State funding of public junior colleges, in addition to local property taxation, has continued ever since.

The nomenclature within the community college system has evolved over time. Prior to the 1960s, the term "junior college" was ubiquitous, but by the 1970s the term "community college" became the accepted parlance and now prevails. The change is largely semantic, but does reflect a gradual shift in the types of courses offered by these institutions. According to the Texas State Historical Association, the purpose and scope of course offerings have evolved to a considerable degree:

Initially, academic courses transferable to four-year colleges and universities were the main focus of their curricula. Soon, vocational and agricultural education courses were added. As time passed, continuing-education courses were also added to programs; these courses were primarily designed for adults and taught specific skills such as cooking, typing, and automobile repair. Courses that granted professional credentials eventually became available in junior colleges, as did remedial and compensatory courses for students in need of such programs. Open-admissions policies, coupled with mandated guidance and counseling programs, opened opportunities for all residents to study at a junior college. Thus academic courses - as well as technical-education, technical-preparation, and continuing-education programs - increasingly became available for students in these colleges. ¹⁷⁰



Today, the community college system is comprised of 50 community college districts. ¹⁷¹ Some districts, such as the Alamo Community College District in San Antonio, have more than one college.

B. Current Funding Mechanisms for Community Colleges

Texas public community and junior colleges are funded almost entirely by three sources of revenue: state appropriations, tuition and fees charged to students, and property tax revenue. In 2020, approximately 57 percent of their operating costs were derived from local tax revenues, and another 21 percent from tuition and fees. The other approximately 22 percent of funding was appropriated by the Texas Legislature.¹⁷²

Over the past decade, GR appropriations have inched upwards, but have remained relatively stable at around \$1.8 billion per biennium.

Biennium	GR Appropriations (billions)	% Change
2010-11	\$1,728.8	N/A
2012-13	\$1,749.4	1.2%
2014-15	\$1,790.8	2.4%
2016-17	\$1,778.6	-0.7%
2018-19	\$1,807.6	1.6%
2020-21	\$1,867.7	3.3%
2022-23	\$1,875.5	0.4%

Source: LBB Fiscal Size-Ups and the General Appropriations Act for the 87th Legislative Session (SB 1)

Tuition and fee revenue has risen over the last decade at a slightly faster rate than state appropriations, although the increase has not been constant from year to year. The table below illustrates the total tuition and fees collected by community colleges from 2010 to 2020 (the growth rate in overall tuition collections was much pronounced from 1990 to 2013, although that period also saw a significant growth in enrollment¹⁷³).

Year	Total Tuition & Fees	Percent Change
2010	\$761,496,315	n/a
2011	\$789,711,222	3.71%
2012	\$853,892,840	8.13%
2013	\$859,617,993	0.67%
2014	\$843,763,326	-1.84%
2015	\$888,385,216	5.29%
2016	\$929,673,320	4.65%
2017	\$957,927,913	3.04%
2018	\$942,493,523	-1.61%
2019	\$969,921,030	2.91%
2020	\$926,688,310	-4.46%

Source: THECB¹⁷⁴



However, total tuition and fees collected is not always the best measurement to use, because enrollment fluctuates from year to year. Average cost per semester credit hour does a better job of illustrating the portion of the cost of a community college education that students bear. The total tuition and fees charged to full-time resident undergraduates taking 15 semester credit hours increased from an average of \$1,292 in 2013 to an average of \$1,659 in 2020¹⁷⁵- an average annual growth rate of 3.6 percent.

The third key source of funding for community colleges—local property tax collections—has grown rapidly in recent years. Increased property tax collections by community college districts collections exacerbate Texas's already-high overall property tax burden, which the Tax Foundation in 2021 rated as the sixth highest in the nation for owner-occupied residential housing (based on 2019 data). The According to the Texas Association of Community Colleges (TACC), the average community college property tax rate in FY 2021—reflecting both maintenance and operations (M&O) tax rates and interest and sinking (I&S) tax rates—was \$0.190123 dollars per \$100 of taxable property valuation, up from \$0.158924 in FY 2011, The average community college districts (and hence a greater number of 19.6 percent. But rate increases tell less than half the story. As a result of rising property appraisals statewide, as well as the expansion of community college districts (and hence a greater number of properties being subject to taxation), annual property tax collections by community college districts increased by more than \$1.3 billion dollars from FY 2011 to FY 2021. This increase occurred despite a net decline in enrollment over that time period.

Fiscal Year	Total Property Tax Collections by	Percent Change
	Community College Districts (in	
	millions, rounded)	
2011	\$1,409	n/a
2012	\$1,476	4.76%
2013	\$1,557	5.49%
2014	\$1,657	6.42%
2015	\$1,797	8.45%
2016	\$1,944	8.18%
2017	\$2,084	7.20%
2018	\$2,213	6.19%
2019	\$2,359	6.60%
2020	\$2,512	6.49%
2021	\$2,739*	9.04%

*Estimated Source: TACC

In summary, each of the three main funding sources for community colleges has exhibited a different general growth pattern over the last decade: slight increases in state appropriations; more significant but still moderate increases in tuition; and pronounced increases in property tax collections. With those patterns in mind, the manner in which funding is provided through state appropriations and property taxes calls for reevaluation.



C. State Funding for Texas Community Colleges

Section 130.003 of the Education Code provides that, from the state treasury, the Legislature shall biennially appropriate "an amount sufficient to supplement local funds for the proper support, maintenance, operation, and improvement" of public junior colleges. ¹⁷⁹ It further specifies that, with the exception of paying for audits, all state funds "shall be used exclusively for the purpose of paying salaries of the instructional and administrative forces of the several institutions and the purchase of supplies and materials for instructional purposes." ¹⁸⁰

State appropriations are made through the "student success" funding model, adopted by the 83rd Legislature and continued by subsequent Legislatures.¹⁸¹ The model has three primary components, which together account for nearly all of the state's portion of community college funding: 1) core operations, 2) student success points, and 3) contact hour funding.¹⁸²

Under the "student success" funding model in the 2020-21 biennium, each community college district received almost \$1.4 million for core operations. This is meant to help cover basic operating costs irrespective of the district's location or size. Her core operations, the vast majority of funding is split between student success points and contact hours; appropriations with respect to student success points totaled \$228.3 million, far less than the \$1,533.7 million appropriated with respect to contact hours. The vast majority of community and junior college state funding (82.1 percent) is based on contact hours (i.e., hours taken by enrolled students).

Performance-based funding based on "student success points" is currently calculated on a three-year average, using the following metrics. The "Points" column in the table below shows the point system used by the 86th Legislature, and the "87th" column in the table shows the point system used by the 87th Legislature. The changes the 87th Legislature made are noted in bolded italics and are provided for context.

Metric	Points	Points
	(86 th)	(87 th)
Student successfully completes developmental education in mathematics	1.00	1.00
Student successfully completes developmental education in reading	0.50	0.50
Student successfully completes developmental education in writing	0.50	0.50
Student completes first college-level mathematics course with a grade of "C" or better	1.00	1.00
Student completes first college-level course designated as reading intensive with a grade of "C" or better	0.50	0.50
Student completes first college-level course designated as writing intensive with a grade of "C" or better	0.50	0.50
Student successfully completes first 15 semester credit hours at the institution	1.00	1.00
Student successfully completes first 30 semester credit hours at the institution	2.00	1.50
Student transfers to a General Academic Institution after successfully completing at least 15 semester	2.00	3.00
credit hours at the institution		
Student receives from the institution an associate's degree, a Bachelor's degree, or a certificate	2.00	120
recognized for this purpose by the Coordinating Board in a field other than Science, Technology,		
Engineering and Mathematics (STEM), or Allied Health		



Student receives from the institution an associate's degree, a Bachelor's degree, or a certificate	2.25	3.25
recognized for this purpose by the Coordinating Board in the fields of Science, Technology, Engineering		
or Mathematics (STEM), or Allied Health		

Source: General Appropriations Act, House Bill 1 (86R) and Senate Bill 1 (87R)

D. Problems With the "Student Success" Outcomes-Based Funding Model

Despite the appearance and the formality of being tied to "outcomes," once a baseline is established, these outcomes are directly correlated to enrollment. More students means more points. Fewer students generate fewer points. This problem with the "student success" measurement has been apparent for years. The funding changes between the 83rd and 84th Legislatures offer two apt illustrations. Blinn College increased its student success points from 23,172 in the biennium leading up to the 83rd Legislative Session (2013) to 28,800 points in the biennium leading up to the 84th Legislative Session. ¹⁸⁶ Based on \$173 per point, Blinn increased its student success funding by \$973,644 in that span. ¹⁸⁷ Working in the other direction, Texas Southmost experienced a reduction in student success points from 13,865 to 8,735 during the same period. ¹⁸⁸ That equaled a reduction of 5,130 points, for a total reduction in student success funding by \$887,490. ¹⁸⁹ Texas Southmost's reduction in student success points was directly attributable to decreased enrollment, as the school experienced a 22 percent reduction in contact hours following its decoupling from UT-Brownsville between the 83rd and 84th Legislative Sessions. ¹⁹⁰

When such a reduction occurs—there is an expectation that the legislature will make up the difference. Indeed, state appropriations for the 2016-17 biennium included a "hold harmless" provision for districts like Texas Southmost, ensuring that their funding would be no less than 90 percent of what it was in 2014-15.¹⁹¹ "Hold harmless" provisions essentially indemnify entities from budgetary losses. For Texas Southmost, the hold harmless appropriation totaled \$1.67 million, meaning that the district actually came out *ahead* financially, even though it experienced a dramatic drop-off in student success points and enrollment. The practice of holding schools harmless from funding mechanisms working in the manner in which they are intended is a practice that should end.

Texas Southmost's decoupling from UT-Brownsville provides a unique context for its reduction in enrollment. ¹⁹² But it is clear that, in general, fewer students *mean* a decreased need for funding, and enrollment consistently fluctuates both at the institution-level and statewide. Taxpayers should not be required to fund community colleges above and beyond what they require, based on enrollment. Furthermore, while an entity may be held "harmless" through extra appropriations, taxpayers are harmed by being forced to pay for services that are not being delivered.

There are several issues raised by the current structure of state funding. For example, while conditioning state funding on outcomes is important, and "student success" funding is an earnest attempt to do so, basing funding on a raw total of achievements raises questions about its effectiveness, particularly when "points" can be maintained by continued enrollment and boosted by increasing enrollment. In other



words, increased enrollment input can boost outcome output on the other end. That makes it barely distinguishable from contact hour founding, which already accounted for more than 82 percent of state appropriations for community and junior colleges during the 2020-21 biennium. Whether or not the state should continue to supplement junior and community college funding *at all* is an open question, but, at a minimum, a better vehicle for that funding should be developed. As will be discussed in a later section, the Texas Commission on Community College Finance attempts to reform community college funding with respect to these concerns.

E. Community College Performance

The Education Code defines the "role and mission" of public junior colleges as follows:

Texas public junior colleges shall be two-year institutions primarily serving their local taxing districts and service areas in Texas and offering vocational, technical, and academic courses for certification or associate degrees. Continuing education, remedial and compensatory education consistent with open-admission policies, and programs of counseling and guidance shall be provided. Each institution shall insist on excellence in all academic areas--instruction, research, and public service. Faculty research, using the facilities provided for and consistent with the primary function of each institution, is encouraged. Funding for research should be from private sources, competitively acquired sources, local taxes, and other local revenue.¹⁹³

Aside from encouraging research, there are three core elements to this mission:

- Offering vocational, technical, and academic courses for certification or associate degrees;
- 2) Providing continuing education, remedial and compensatory; and
- 3) Insisting on excellence in all academic areas.

Elements 1 and 2 are easily met by simply "offering" and "providing" the requisite opportunities. Insisting on "academic excellence" is undefined and amorphous. While some community college students may enroll with the goal of taking only one or two classes to broaden their knowledge, most—approximately three-fourths—enroll seeking a degree. Thus, graduation rates are an obvious way to at least begin measuring community colleges' academic excellence. Texas community colleges fall well short of excellence in this regard.

2020 Community College Graduation Rates Over Six, Four, and Three Years

Community College	6-Year Graduation Rate (2014 Cohort)	4-Year Graduation Rate (2016 Cohort)	3-Year Graduation Rate (2017 Cohort)
Alamo CCD-Northeast Lakeview College	52.88%	41.71%	37.10%
Alamo CCD-Northwest Vista College	52.80%	46.62%	30.97%
Alamo CCD-Palo Alto College	43.86%	36.64%	30.15%



Alamo CCD-San Antonio College	41.56%	37.13%	24.73%
Alamo CCD-St. Philip's College	40.00%	42.12%	29.81%
Alvin Community College	51.84%	40.65%	31.86%
Amarillo College	47.91%	51.46%	54.24%
Angelina College	35.11%	28.15%	22.29%
Austin Community College	42.08%	26.12%	18.59%
Blinn College District	50.30%	27.96%	11.58%
Brazosport College	59.17%	50.00%	40.27%
Central Texas College	26.01%	20.68%	13.14%
Cisco College	40.29%	28.16%	32.34%
Clarendon College	50.88%	45.34%	46.39%
Coastal Bend College	39.82%	31.35%	24.82%
College of the Mainland Community College District	46.97%	35.53%	28.14%
Collin County Community College District	46.98%	35.22%	25.41%
Dallas College Brookhaven	37.66%	29.73%	19.86%
Dallas College Cedar Valley	24.10%	23.88%	19.40%
Dallas College Eastfield	37.12%	30.60%	20.25%
Dallas College El Centro	25.49%	23.30%	22.37%
Dallas College Mountain View	30.83%	29.67%	27.04%
Dallas College North Lake	32.42%	39.82%	24.91%
Dallas College Richland	42.68%	33.45%	25.09%
Del Mar College	30.27%	24.56%	14.40%
El Paso Community College District	37.79%	29.76%	24.06%
Frank Phillips College	43.64%	29.11%	37.50%
Galveston College	43.66%	42.86%	34.56%
Grayson College	38.36%	34.26%	26.52%
Hill College	40.16%	33.05%	28.19%
Houston Community College	39.62%	28.87%	17.65%
Howard CJCD-Howard College	38.59%	32.36%	30.13%
Howard CJCD-SW College for the Deaf	47.37%	47.37%	37.50%
Kilgore College	38.81%	35.04%	33.03%
Laredo College	47.73%	41.12%	32.24%
Lee College	56.62%	45.77%	45.53%
Lone Star College-CyFair	47.10%	30.55%	20.70%
Lone Star College-Kingwood	44.21%	30.64%	
Lone Star College-Montgomery	41.00%	27.32%	18.65%
Lone Star College-North Harris	31.07%	22.68%	18.44%
Lone Star College-Tomball	41.43%	24.63%	17.65%
Lone Star College-University Park	43.99%	30.13%	21.64%
McLennan Community College	40.35%	32.97%	26.34%
Midland College	40.63%	31.85%	19.71%
Navarro College	34.07%	31.26%	26.23%



North Central Texas College	37.40%	27.48%	21.79%
Northeast Texas Community College	42.47%	45.61%	32.37%
Odessa College	51.52%	34.46%	26.18%
Panola College	46.78%	41.73%	33.09%
Paris Junior College	44.24%	37.39%	33.78%
Ranger College	36.28%	32.96%	35.05%
San Jacinto CCD-Central Campus	49.16%	45.74%	35.36%
San Jacinto CCD-North Campus	52.28%	40.99%	36.71%
San Jacinto CCD-South Campus	53.01%	40.60%	33.59%
South Plains College	40.10%	31.18%	23.19%
South Texas College	40.47%	35.19%	28.70%
Southwest Texas Junior College	42.69%	47.96%	40.98%
Tarrant CCD-Northeast Campus	42.47%	31.89%	21.04%
Tarrant CCD-Northwest Campus	43.90%	34.84%	29.57%
Tarrant CCD-South Campus	36.72%	31.61%	25.78%
Tarrant CCD-Southeast Campus	43.95%	27.48%	20.00%
Tarrant CCD-Trinity River Campus	44.44%	31.85%	31.28%
Temple College	32.48%	18.93%	16.44%
Texarkana College	42.67 <mark>%</mark>	54.52%	43.23%
Texas Southmost College	42.29%	37.34%	28.57%
Trinity Valley Community College	34.80%	29.62%	30.86%
Tyler Junior College	38.49%	31.20%	29.53%
Vernon College	35.25%	28.43%	24.55%
Victoria College	43.19%	39.82%	20.59%
Weatherford College	37.50%	33.49%	26.42%
Western Texas College	50.79%	39.92%	41.84%
Wharton County Junior College	47.88%	29.94%	18.63%
Statewide	42.29%	30.77%	21.74%

Only one college in the state – Amarillo College – graduated more than half of their students in three years, and only six others met the 40 percent mark. Only eleven colleges graduated at least 50 percent of their students in six years, and none graduated 60 percent over that time period.

These statistics are cause for serious concern, and are not alleviated by the fact that a few community colleges in Texas have such high enrollment that they still manage to graduate a fair number of students in absolute terms, as opposed to percentages of the student body. In assessing academic excellence, what matters is completion *rate* as a percentage of students who graduate, and not the total number of graduates.

According to the National Student Clearinghouse, the *national* six-year completion rate for first-time, degree-seeking students in the 2014 cohort (whether studying full-time or part-time) at public two-year colleges was 40.2 percent. ¹⁹⁶ By comparison, the Texas six-year completion rate for students in the 2014 cohort who entered community college *on a full-time basis* was 42.3 percent. (Each of the national and Texas rates includes students who transfer to different institutions and complete their education there.)



While a six-year completion rate of 42.3 percent for full-time Texas students is an improvement from 2018 and 2019 (which had corresponding rates of 36.9 percent and 39.1 percent, respectively¹⁹⁷), those numbers are for students entering community college full-time, who as a group consistently attain significantly better outcomes than the group of students entering on a part-time basis. For example, the six-year completion rate for the 2013 Texas cohort for part-time students was only 25.0 percent, whereas it was 39.1 percent for full-time students in the 2013 Texas cohort.¹⁹⁸

Given that roughly three-quarters of students at public two-year institutions in Texas are part-time students, ¹⁹⁹ the six-year completion rate for all Texas students attending such schools (whether on a full-time or part-time basis) is likely significantly less than both the six-year Texas full-time student graduation rate of 42.3 percent and the national completion rate of 40.2 percent. Reaching a definitive conclusion is difficult because it is unclear how many part-time Texas community college students are seeking a degree (and are thus should be counted in graduation rate calculations). However, as noted above, in the not-too-distant past THECB reported that more than three-quarters of first-time attendees in community college sought a degree (data for Fall 2015 entrants). Thus, it is reasonable to conclude that, if part-time students seeking a degree are included in graduation rate calculations, the six-year graduation rate for Texas community college students is well below the most-recently reported 42.3 percent rate for Texas full-time students and the national six-year completion rate of 40.2 percent for all degree-seeking community college students. In short, the available data indicates that Texas is not outperforming other states in terms of six-year graduation rates for students entering community college, and is likely under-performing.

Community college advocates often argue that graduation rates alone do not capture the full "mission" of the community college system because of the large numbers of students who enroll in remedial, developmental, and other less traditional or part-time courses of study that do not necessarily put them on the path to a two-year credential.²⁰⁰ Developmental education, often defined as "underprepared students" is an issue. As the Center for Community College Student Engagement noted in a 2016 report:

Developmental education started in the 1960s to serve students who were perceived to be unprepared for college level instruction. It has operated under names like remedial, foundational, transitional, guided, basic skills, and developmental studies. Most colleges created programs with multiple levels of remedial reading, writing, and math. A common pattern included three levels in each area before students were deemed ready for college-level instruction. Some institutions developed as many as five levels in math.²⁰¹

That point regarding unprepared students is a fair one; per that 2016 report, 68 percent of community college students nationwide require at least some level of developmental education.²⁰² ²⁰³ In Texas, almost 58 percent of the Texas cohort were deemed not college ready under Texas-specific standards at the time they enrolled in a two-year public college.²⁰⁴

<u>However</u>, with respect to graduation rates it is important to remember that community colleges are <u>only required to report the graduation rates for *full time students*. As then-director of the Center for</u>



Community College Student Engagement at UT Austin Kay McClenney stated in 2010, "what you see here is a political victory by the college presidents that allows them not to count large numbers of students that come to them." Furthermore, while graduation rates may not be the only metric by which the performance of community colleges should be judged, they are a revealing and straightforward method by which to judge the outcomes of full time students in the community college system. McClenney went on to say:

You hear people say, 'The community college mission is different and complicated.' And it is. They say, 'People don't always come here to graduate.' And that's true. But it's the truth we hide behind that keeps us from getting serious about improving graduation rates.²⁰⁶

Research from other states attributes the low graduation rates achieved by community colleges (which is a national problem) in part to the fact that most public community colleges are open enrollment and cannot exclude poorly-prepared students.²⁰⁷

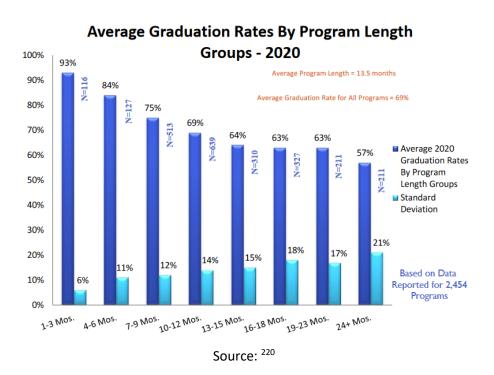
F. Community College Performance Versus Private Two-Year School Performance

The national graduation numbers for public two-year institutions are one bar by which to measure the performance of Texas community colleges. Another alternative is to compare them to *private* two-year institutions of higher education. Chapter 132 of the Education Code governs private for-profit and non-profit career schools and colleges. It provides the Texas Workforce Commission (TWC) with jurisdiction and control over them, as well as the power to enforce "minimum standards for approval" and "operating regulations and policies[.]"²⁰⁸ A career school or college in Texas may not operate until it receives a certificate of approval from the TWC.²⁰⁹ TWC has the authority to approve criteria for programs, curriculum, and quality of instruction offered.²¹⁰ A school or college must provide evidence to TWC that it has met those standards.²¹¹ The Texas Legislature does not appropriate funds to private two-year institutions.

Private institutions serve similar populations as their public counterparts, and their offerings are myriad. TWC operates a directory of licensed career school and colleges where prospective students can search schools and courses in areas of study ranging from accounting, aesthetician, and aircraft mechanic to veterinarian assistant, web designer, and welder. TWC requires that at least 60 percent of graduates from a career school or college be employed in the field in which they were trained. TWC reported in its 2015 annual report that Nearly 580 career schools and colleges in Texas provide vocational training to approximately 155,000 students statewide, and that 73.18 percent of career school and college graduates are employed in the field of their study. Thus, these schools and colleges were substantially exceeding the 60 percent benchmark. In the agency's 2020 annual report, TWC indicated that the number of career schools had grown to 632 schools as of September 1, 2020.



The Accrediting Commission of Career Schools and Colleges (ACCSC) is a national accrediting organization. ACCSC conducted a 2019 study among its accredited institutions and found that for the period between 2008 and 2013, the annual average rate of graduation was 69 percent. While this rate is considerably higher than the rates seen at Texas public community and junior colleges, it is important to note that these are not comparisons of identical institutions. Perhaps the most notable distinction is the fact that ACCSC's rates include programs that take as long as 24+ months to complete, but also courses that take as *little* as 1-3 months as well. The study is quite open about the fact that "program length has a strong influence on program graduation rates, i.e., as length increases graduation rates decline. This correlation is consistently the most substantial and significant relationship found in the Commission's student achievement data..." The following chart displays different graduation rates based on program length, along with standard deviation:



Comparing the chart above to graduation rates among public community and junior colleges in Texas reveals two key points. First, excluding the shorter programs to isolate only the 24+ month programs reveals that, on average, those programs show far superior graduation rates than those of public community colleges in Texas (57 percent versus Texas' six-year graduation rates of 42.3 percent for full-time students and 25 percent for part-time students). That these schools survive without direct state appropriations makes them all the more impressive when compared to their public counterparts. So, while the comparison is not one of identical institutions, useful information is nevertheless provided.

The second takeaway is that while public community colleges are built around the two-year degree, career schools offer prospective students a broad range of options, catering to need and flexibility. While community colleges like ACC offer certificates in "Jewelry Level I," which can take "as little as a year to complete," private institutions appear to offer a much broader array of options. The fact that



students in 1 to 3 month programs graduate at a rate of 92 percent (with a standard deviation of 6 percent) speaks to the need being filled by such an offering. TWC reported in its 2015 annual report that 73.18 percent of career school and college graduates are employed in the field of their study.²²³ Public community colleges are not similarly tracked. Thus, as is the case in most private settings, private business appears to be more responsive to market needs and operates in a more efficient manner than does the government.

The challenge to educate students who do not gain admission to four-year institutions remains one that is borne by community colleges. As a result, graduation rates of community colleges may always lag those of four-year institutions. Notwithstanding this challenge, though, community colleges must have appropriate incentives to pursue necessary reforms. If the current funding structure remains intact, community colleges will have continued access to rising local property tax collections, combined with stable state appropriations. Importantly, the property tax reforms of the 86th Legislature did not lower the "rollback" or "voter-approval" property tax rate of community colleges the way it did for most other taxing units. 224

G. Rising Property Taxes Despite Stagnant and Declining Enrollment

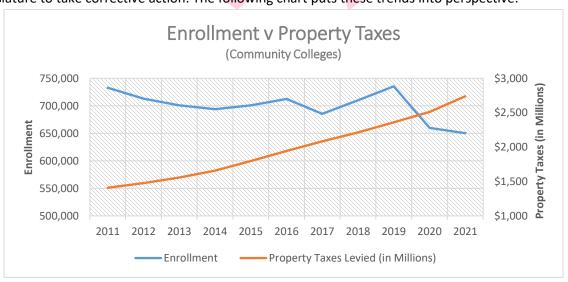
For FY 2021, Texas community colleges collected an estimated \$2.74 billion in taxes from property owners across the state. The Education Code authorizes community college districts to levy property taxes for two purposes: (1) to fund principal and interest payments on bonds issued to finance the construction of educational facilities, and (2) to fund the maintenance and operation of community colleges. Property taxes levied in support of the issuance of bonds are capped in statute at no more than 50 cents per \$100 of property valuation, and while M&O property taxes are not specifically limited in statute, total property taxes (bond taxes and M&O taxes) levied by a community college district may not exceed \$1 per \$100 of taxable property value. Property value. Property value taxing well below those statutory caps, and none taxed at either cap. Statewide, the average community college M&O property tax rate in FY 2021 was \$0.156423 per \$100 of taxable property value; the average l&S (i.e., bond-supported) rate was \$0.036942 per \$100 of taxable property value; and the average overall tax rate was \$0.190123 dollars per \$100 of taxable property value. South Plains College assessed the highest combined property tax rates at \$0.392703 percent per \$100 of taxable property value, while Blinn College assessed the lowest rate at \$0.056000 per \$100 of taxable property value.

In a state that already has one of the highest property tax burdens in the nation,²²⁹ it is critical to evaluate the purpose of each type of property tax that is levied and to ask whether taxpayers are getting value from the taxes they pay. Each property owner pays property taxes to their local school district as well as to their county government. Most property owners also pay property taxes to their city government and many to a community college district. In addition, a proliferation of special taxing districts over the past several decades – ranging from emergency services districts to crime control



districts, hospital districts, library districts, and even mosquito control districts – has resulted in a tangled web of locally-created entities that are empowered to levy property taxes. To be sure, community college districts are just one of numerous types of entities that levy property taxes, but their taxing authority and the results they achieve with the tax dollars they collect deserve scrutiny. Not surprisingly in light of Texas's high overall property tax burden, the state has a relatively low home ownership rate—the 13th-lowest among states in 2020. Texas's low home ownership rate has previously been linked to its high property tax burden. This was clear as far back as 2006; in that year, a report by the Texas Department of Housing and Community Affairs (TDHCA) highlighted the problem, pointing out that "[m]any people are able to acquire a loan and buy a house but are unable to keep up with payments on the loan because of high property taxes." Furthermore, property values statewide-especially in the city's large metropolitan areas- have risen significantly since 2006.

With this in mind, it is appropriate to review the specific burden that community college district property taxation imposes on property owners and whether the performance of community colleges justifies that burden. For FY 2011, the average overall community college property tax rate was \$0.158924 per \$100 of taxable property value. With that rate now at \$0.190123 per \$100 of taxable property value, the average overall rate has increased by 19.6 percent over the last ten years. Given declining enrolment over that period, that increase in rates would be concerning by itself, even if the enrollment decline is due in part to the COVID-19 pandemic's effects. But what is especially concerning is the dramatic increase in property tax *collections*. As with all forms of property taxation in Texas, the taxes paid by property owners are affected primarily by two variables: the rate of the tax and the appraised value of the taxable property. In FY 2011, tax collections by community college districts were \$1.40 billion. The estimated collections for FY 2021 are \$2.74 billion. Thus, property tax collections are estimated to have almost doubled in the span of 10 years. Again, the fact that this dramatic increase is occurring despite enrollment decreasing since 2011 is especially concerning and should prompt the Legislature to take corrective action. The following chart puts these trends into perspective:





The steep increases in property tax collections in the face of stagnant or even declining enrollment raises serious questions about continuing to allow community colleges to levy property taxes, or perhaps compelling them to cut rates as enrollment declines. Because of rising property valuations (which are calculated independently of community college districts by County Appraisal Districts (CADs)), community college property taxes are essentially "on auto-pilot." Even if community college districts leave their tax rates the same, the taxes they collect increase along with property values irrespective of whether enrollment is growing or whether there are other demands on the financial resources of the districts. Such a system simply funnels more and more money into the community college system with no expectation of improved academic outcomes, no assessment of whether the increased funding levels are merited (either by the college districts or by an independent entity), and little recourse for taxpayers.²³²

The period from 2011-2014 is especially instructive. As the chart above illustrates, Texas community colleges saw a decline in total enrollment in the three years following 2011. Nevertheless, many community colleges saw an increase in funding over that time period. A glance at the five community college districts with the most steeply-declining enrollment over that period underscores the urgency to reign-in community college property tax growth.

SAMPLE COMMUNITY COLLEGE ENROLLMENT DECLINES AND RISING PROPERTY TAX COLLECTIONS, 2011-2014:

College	Fall 2011 Enrollment	Fall 2014 Enrollment	Enrollment Percentage Change	2011 Property Tax Collections	2014 Property Tax Collections	Tax Collections Percentage Change
Cisco Community College	4,363	3,564	-18.3%	\$ 478,989	\$ 647,440	35.2%
Laredo Community College	10,046	8,277	-17.6%	\$25,392,048	\$28,025,260	10.4%
McLennan Community College	10,180	8,291	-18.6%	\$17,677,704	\$19,220,820	8.7%
Midland Community College	6,061	4,617	-23.8%	\$ 9,943,361	\$23,755,586	138.9%
Texas Southmost College	10,503	3,895	-62.9%	\$17,450,081	\$18,122,935	3.9%

Source: Texas Association of Community Colleges²³³

This data remains highly relevant in 2021 because the same funding model that allows for such illogical results is still in place.

Property tax relief has been a pressing issue for many Texans in recent years and continues to be so. A University of Texas/Texas Tribune poll conducted from October 22-31, 2021, found that just 20 percent of voters approved of how the Legislature has handled property taxes, with 46 percent expressing disapproval (34 percent expressed no opinion).²³⁴ Given the issues with community college funding identified in this paper, cutting community college property taxes is a logical area in which the Legislature can provide tax relief.



The table below lists the following FY 2020 data: the population of each community college taxing district, the total property taxes collected by each community college district, and the resulting percapita tax burden in each community college taxing district.

	Property	Population of	Per-Capita
	Taxes	Taxing	Tax
Community College Taxing District	Collected	District	Burden
Alamo Community College District - 3607	\$247,306,840	2,009,324	\$123
Alvin Community College - 3539	\$21,093,241	131,558	\$160
Amarillo College - 3540	\$29,977,486	201,645	\$149
Angelina College - 6661	\$8,036,029	86,395	\$93
Austin Community College - 12015	\$247,159,930	1,592,929	\$155
Blinn College - 3549	\$2,224,782	31,047	\$72
Brazosport College - 7857	\$28,574,751	35,805	\$798
Central Texas College - 4003	\$13,569,780	13,895	\$977
Cisco Junior College - 3553	\$1,217,358	62,842	\$19
Clarendon College - 3554	\$608,389	268,553	\$2
Coastal Bend College - 3546	\$3,111,552	5,205	\$598
College of the Mainland Community College District - 7096	\$23,739,139	3,258	\$7,286
Collin County Community College District - 23614	\$120,994,985	163,820	\$739
Dallas County Community College District - 9331	\$336,563,028	1,064,593	\$316
Del Mar College - 3563	\$77,245,779	2,613,430	\$30
El Paso Community College - 10387	\$63,627,374	321,735	\$198
Frank Phillips College - 3568	\$2,431,798	865,657	\$3
Galveston College - 6662	\$14,263,943	57,052	\$250
Grayson County College - 3570	\$19,327,568	135,543	\$143
Hill College - 3573	\$1,910 <mark>,3</mark> 93	28,087	\$68
Houston Community College System - 10633	\$211,283,294	1,842,366	\$115
Howard County Junior College District - 103574	\$11,604,203	34,860	\$333
Kilgore College - 3580	\$7,065,992	55,889	\$126
Laredo Community College - 3582	\$48,377,761	255,205	\$190
Lee College - 3583	\$36,212,038	119,124	\$304
Lone Star College System District - 11145	\$221,591,580	260,579	\$850
McLennan Community College - 3590	\$28,067,806	159,305	\$176
Midland College - 9797	\$33,863,888	52,624	\$644
Navarro College - 3593	\$4,690,663	41,668	\$113
North Central Texas College - 3558	\$4,102,806	2,264,099	\$2
Northeast Texas Community College - 23154	\$5,512,281	55,684	\$99
Odessa College - 3596	\$29,791,337	165,171	\$180
Panola College - 3600	\$10,049,547	22,491	\$447
Paris Junior College - 3601	\$3,000,997	50,088	\$60
Ranger College - 3603	\$633,674	2,792	\$227
San Jacinto Community College District - 29137	\$107,071,907	532,040	\$201
South Plains College - 3611	\$11,714,306	22,111	\$530
South Texas College District - 31034	\$69,758,723	936,701	\$74
Southwest Texas Junior College - 3614	\$6,052,086	36,944	\$164
Tarrant County College District - 3626	\$265,491,051	2,109,784	\$126
Temple College - 3627	\$10,066,525	83,250	\$121
Texarkana College - 3628	\$7,002,036	92,893	\$75



Texas Southmost College - 3643	\$21,740,862	255,823	\$85
Trinity Valley Community College - 3572	\$17,218,609	173,077	\$99
Tyler Junior College - 3648	\$27,773,130	191,330	\$145
Vernon College - 10060	\$2,616,316	12,887	\$203
Victoria College, The - 3662	\$15,230,201	91,319	\$167
Weatherford College - 3664	\$16,267,076	148,222	\$110
Western Texas College - 9549	\$7,593,047	16,932	\$448
Wharton County Junior College - 3668	\$7,532,900	56,711	\$133
TOTALS	\$2,511,960,787	19,834,342	\$374

Of course, each per-capita burden listed in the table is the ratio between property taxes collected in the applicable district and the number of people in that community college taxing district. If the number of actual taxpayers in the taxing district (rather than total population) were used, then the per-capita burden would increase significantly from the amounts listed in the table

H. TCCRI's Guidelines for Community College Funding Reform

There is general agreement that the state's formula for its portion of community college funding is in need of fundamental change, which is why the legislature created the Texas Commission on Community College Finance (the "Commission") and directed it to:

[M]ake recommendations for consideration by the 88th Texas Legislature regarding the state funding formula and funding levels for public junior colleges in Texas that would be sufficient to sustain viable junior college education and training offerings throughout the state and improve student outcomes in alignment with state postsecondary goals.

Were TCCRI to design this new system, it would follow several guidelines:

- 1. Expand the outcomes-based component of state funding to 100%.
- 2. The outcomes-based component should not easily correlate to enrollment. If, for example, enrollment declines, but a greater percentage of students enrolled in a degree program complete that program than did the year before, schools should be rewarded for that. Conversely, there should be penalties in loss of funding for poorer performance.
- 3. A restructuring of the state's formula funding should not include funding increases. Any discussion of funding increases should be decoupled from the fundamental redesign of the state's formulas. They should not be considered together.
- 4. The state's funding formula for community colleges should allow funding to decrease in proportion to enrollment decline or reduced outcomes. Community colleges should not be held harmless in those scenarios.

The Commission's Report and recommendations to the 88th Legislature have elements in common with these principles, but differ greatly in several respects. To be sure, the Report's recommendations are an



improvement over the current system, but there is an opportunity to improve those recommendations before legislation is created and voted on.

I. Policy Recommendations Related to the Commission on Community College Finance Report:

Although state appropriations represent only one of three major funding sources, that source should be based entirely on school performance. As it is currently structured, "student success" funding awards schools for the total number of benchmarks reached. For instance, a student success point is awarded for each student who successfully completes developmental education in mathematics. Another point is awarded for each student who successfully completes the first 15 semester credit hours at the institution. These numbers can be maintained by sustained enrollment and boosted simply by pushing more students through the system. This makes "student success" funding—currently only about 3 percent of total community college funding—virtually indistinguishable from the 90 percent of state funding based on contact hours. At a minimum, awards for simply completing courses or requisite hours should not be viewed as benchmarks for additional funding.

1. <u>Policy Recommendation</u>: Improve and Expand Outcomes-Based Funding

Where the Texas Commission on Community College Finance Report to the 88th Legislature gets it right, it recognizes that a new model of community college finance should be developed "that distributes the majority of state funding based on measurable outcomes aligned with regional and state workforce needs." It proposes funding levels based on outcomes with fixed amounts for the following:

- Credentials of value, including degrees, certificates, and other credentials from credit
 and non-credit programs that equip Texas students for continued learning and greater
 earnings in the state economy;
- Credentials of value awarded in high-demand fields;
- Students who transfer to four-year universities; and
- Students who complete a sequence of dual credit courses that apply toward academic and workforce program requirements at the collegiate level.

The Commission's recommendation is to require "evidence-based incentives tied to students' progress toward credentials." While note entirely aligned with what TCCRI proposes, the changes to outcomes-based funding to focus primarily on completion rather than arbitrary benchmarks easily obtained is a vast improvement over the current system. The fact that most of the state's funding will be based on this formula is an added benefit.

These changes should be strongly supported, though they could be improved by strictly adhering to the guidelines laid out at the beginning of this section. There is a concern that certain aspects of the Report may not be in line with those guidelines when legislation is crafted. For example, the Commission's



report recommends a baseline level of state funding for community colleges unable to yield a certain level of funding through ad valorem taxation. The reason community colleges were granted the authority to tax property in the first place was so that the community could support and sustain them. As this report lays out in great detail, that premise is not as foundational as many would like to believe, and the notion that additional state support is needed to supplement these local tax revenues makes that even clearer. To the extent that the legislature follows this recommendation, it should not increase community college funding beyond its current trajectory in order to do so. It should come out of existing, expected state funding. This would keep the reform within guideline 3.

2. <u>Policy Recommendation</u>: Reject Both Hold Harmless Proposals

The Commission's Report recommends a "hold harmless" funding mechanism "to facilitate transition to a dynamic, primarily outcomes-based funding formula." The Report suggests that this will be a one-time hold harmless, but it also recommends that the Commissioner of Higher Education "be authorized to create a process through which unintended negative consequences that result from implementation of the new funding model may be addressed."

As this report has laid out in previous sections, community colleges are often held harmless in ways that are quite difficult to justify, which is why TCCRI's guidelines reject holding community colleges harmless for changes in funding formulas. Even when accepting the premise that the hold harmless is a one-time occurrence, that premise is undermined by granting the Commissioner of Higher Education the permanent subjective authority to hold community colleges harmless for "unintended negative consequences." It is easy to envision and predict a scenario in which a school's enrollment declines, as does correlated student success funding, and the commissioner simply steps in and says the reduction in funding was an unintended negative consequence even though it would be the direct *intended* consequence of the new formula as written. The hold harmless provisions, particularly the Commissioner's authority, should be omitted from legislation.

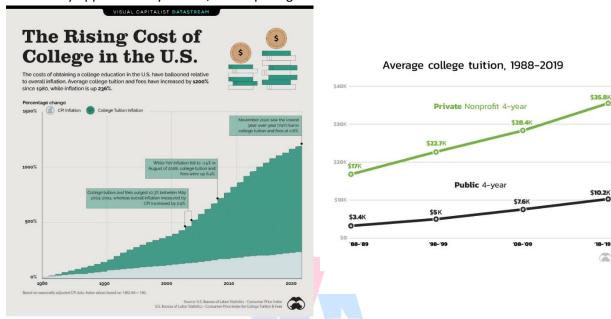
3. <u>Policy Recommendation</u>: Reject Expanded Funding of the TEOG Program

The Commission's Report also recommends increasing funding to the Texas Educational Opportunity Grant Program (TEOG Program).²³⁹

TCCRI has long been critical of financial aid programs as being the primary driver of increased higher education costs. Numerous studies have shown that government subsidies and subsidized student loans are a significant factor in increasing the cost of attending institutions of higher education. For example, the Federal Reserve Bank of New York found that for every additional dollar in subsidized loans, colleges raise tuition by roughly 65 cents.²⁴⁰ Another study compared private colleges that accepted federal aid assisted students to those that did not and found that prices were approximately 75 percent higher among the former institutions.²⁴¹ The state and federal government subsidize tuition in higher education



to an astounding degree. It is no wonder that the costs of higher education have risen in a way that few other services and products have. Since 1980, average tuition and fees across the country have increased by approximately 1200%, far outpacing inflation.



The charts shared above, produced by *Visual Capitalist*, tell the tale well. Average college tuition has been rapidly increasing and shows no signs of changing course.²⁴² While private institutions remain more expensive, both public and private display the same steady pace of exponential increase. This makes higher education less affordable with each passing year. Over the course of several decades, public policy related to higher education affordability has exacerbated this problem and created ancillary issues, not the least of which is student loan debt.

Several years ago, the American Enterprise Institute (AEI) created a visual aid that became ubiquitous in conservative economics and public policy organizations. The simple chart illustrates how the prices of common consumer goods have changed over time. Some goods have become more expensive over time while others, in contrast, have become more affordable.



Selected US Consumer Goods and Services, Wages Hospital Services Hospital Services College Tuition and Fees College Textbooks Medical Care Services Childcare and Nursery School Average Hourly Wages Housing Food and Beverages New Cars Household Furnishings Clothing Cellphone Services

Price Changes: January 2000 to December 2021

The common thread among the more affordable consumer goods on AEI's chart—cars, cellphones, computers, toys, TVs—is the absence of government intervention. In other words, a true free market has facilitated competition among providers of these goods. Those goods have become better and cheaper over time.

2020

Carpe Diem A=1

2010

Source: Bureau of Labor Statistics

In contrast, the more expensive consumer goods displayed on AEI's chart—hospital services, medical care, childcare, housing—have the opposite in common. They are heavily regulated and subsidized by government.

Notable at the top of AEI's chart is college tuition and fees.

MORE AFFORDABL

2000

-80%

It is easy to understand the desire to help make higher education more attainable, but in doing so, legislators who expand financial aid programs are making it more expensive and less affordable in the process. The TEOG program should be reformed, but it should be reformed in the same manner that this Report recommends for the TEXAS Grant program in an earlier section, by narrowing the qualification requirements to the point where existing funds can fully fund those eligible for the program.

J. Policy Recommendations Related to Ad Valorem Taxation by Community College Districts

TCCRI has several recommendations for community college finance that are unrelated to the Commission's work and not within the scope of their Report or recommendations:



1. <u>Policy Recommendation</u>: Eliminate the Authority of Community Colleges to Levy Local Property Taxes

One solution to the community college property tax problem is to repeal the authority of community college districts to levy property taxes at all. With property tax relief an ongoing priority in the Legislature, abolishing community college taxing districts is a proposal worth exploring. Given the changing landscape in higher education, coupled with factors such as dramatic increases in property tax collections for community college districts over the past decade, continued poor academic outcomes, and stagnant or even declining enrollment, a strong case can be made for eliminating community colleges property taxes. While this would be a significant change to current system of funding community colleges in Texas, it should be emphasized that such a change would not put Texas out of the national mainstream by any means. A 2020 report by the liberal Center for American Progress noted that "local appropriations for community colleges [i.e., property taxes] are generally the norm" in only 24 states. ²⁴³

In the aggregate, property tax revenues accounted for almost 60 percent of the revenue devoted to Texas community colleges in 2020, with state appropriations and student tuition comprising the rest. Property tax collections are the only source of revenue for community colleges that have no relation whatsoever to changes in enrollment or student achievement, which should be the primary metrics by which funding is allocated. Put simply, funding should be tied to enrollment. If it were, property tax collections by community colleges would not have soared over the last decade.

Notably, the Comptroller released an updated forecast in November 2021 which projects an ending general revenue-related certification balance of just under \$12 billion at the end of the 2022-23 biennium. He Legislature chooses to eliminate the ability of community college districts to levy property taxes, it will likely have state revenue available to offset a portion or even all of the lost property tax revenue.

In addition, community college tuition and fees in Texas are quite low relative to the rest of the country; thus, any property tax revenue lost as part of reform legislation could be replaced by community colleges increasing tuition and fees charged to students. Community colleges should be encouraged to improve their academic performance in order to attract more students, which would result in greater state appropriations under the current funding formula. If community colleges can successfully improve their academic outcomes, the value of the education they provide would increase, thus justifying higher tuition costs. In any case, increasing tuition costs and asking students to themselves bear a slightly larger burden of the cost of the services they receive is appropriate. Legislators should not feel compelled to hold community colleges harmless against the financial effects of generally repealing their property taxing authority (community colleges could be permitted to continue levying taxes solely for the purposes of paying off outstanding bond already issued).



2. <u>Policy Recommendation</u>: Tie Community College District Property Tax Collections to Changes in Enrollment

In lieu of repealing the authority of community colleges to levy property taxes entirely, the Legislature could consider several other approaches. First, community college property tax collections could be frozen for any year in which the college experiences a decline in enrollment. This proposal could require community college districts to certify annual enrollment figures with THECB. Any district with a reported enrollment decline would have its total property tax collections capped at the prior year's level. The relevant county tax assessor-collector could be tasked with lowering the community college district's tax rate in order to ensure that the tax collections do not exceed the cap.

Alternatively, a voter-approval (formerly known as a "rollback") election could be automatically triggered in a community college district if the proposed tax rate for a year would result in an increase in per-student property tax collections, as adjusted for inflation. Such an election could be used to either obtain voter approval for the tax rate, or to lower the rate to one that would result in the same per-student tax collections as the previous year.

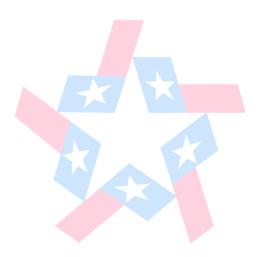
Still another alternative would be to extend the property tax reforms of Senate Bill 2 (86R) to community colleges. Generally speaking, this reform would cap the annual growth in M&O property tax collections by community college districts at 3.5 percent, excluding collections attributable to new properties, unless voters approved greater increases. Under current law, community colleges generally can raise M&O revenue by up to 8 percent year-over-year (excluding revenue attributable to new properties) without holding a voter-approval election. There are indications that such a reform would have significant effects; total property tax collections by community colleges statewide increased by an estimated 9 percent from FY 2020 to FY 2021.

3. <u>Policy Recommendation</u>: Require Voter Approval for Tax Revenue Increases Above 2.5%

As noted above, community college property taxes are capped at 1 percent of property values overall and at 0.5 percent for taxes collected to support the issuance of bond debt. All community college districts are currently taxing at rates far below those maximums. The highest combined rate is currently \$0.392703 in the South Plains community college district (all of which is the M&O rate, because that district imposed no I&S taxes), with the average combined rate for all community college districts being \$0.190123. Thus, lowering the maximum combined rate would do little to protect property owners. An alternative, however, is to apply the reforms of House Bill 3 (86R) to community college tax districts. HB 3 caps the year-over-year growth of a school district's M&O property tax revenue (excluding new property in the district) at 2.5 percent unless a local election is held and voters approve a greater increase. For most taxing units other than school districts (e.g., cities and counties), a similar cap of 3.5



percent on increases in M&O tax revenue applies, again subject to voters approving a greater increase in an election.²⁴⁵ The 25 percent cap should be applied to community college tax districts.





XI. Endnotes

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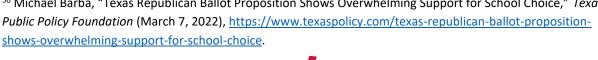
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biennium for programs to "use technology and diagnostic assessments to determine students' needs and college
readiness and use educational methods, including non-course based, that would improve developmental
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<sup>204</sup> "2020 Texas Public Higher Education Almanac," Texas Higher Education Coordinating Board (2020), <a href="https://reportcenter.highered.texas.gov/agency-publication/almanac/2020-texas-public-higher-education-almanac/">https://reportcenter.highered.texas.gov/agency-publication/almanac/2020-texas-public-higher-education-almanac/</a>.
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- ²¹⁷ Ibid.
- ²¹⁸ Ibid.
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- ²²¹ See Austin Community College website,

https://www6.austincc.edu/cms/site/www/awardplans/awardplan.php?year=2017&type=CC&group=PCJWL&nid=21154&apid=3752.

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- ²²⁴ Senate Bill 2 (86R) provided for a voter-approval or "rollback" election for most tax units if proposed tax rates would yield year-over-year property tax revenue increases beyond a certain level. However, the bill gave "special taxing units," which include community college districts, a greater ability to increase property tax revenue year-over-year before a voter-approval election is triggered.
- https://tacc.org/tacc/college-data (click on "FY 2021 TACC Local Revenue results" and select the "Prop Tax" tab in the spreadsheet).
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- ²²⁷ TEX. EDUC. CODE § 130.122(a).
- ²²⁸ Texas Association of Community Colleges, Fiscal Year FY 2020 Tax and Valuation Data,

https://tacc.org/sites/default/files/documents/2020-02/fy20 property tax report v2.pdf

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- ²³⁰ "Home Ownership Rates by State," U.S. Census Bureau,

https://www.census.gov/housing/hvs/data/ann20ind.html (see Table 15).

- ²³¹ "A Study of Residential Foreclosures in Texas," *Texas Department of Housing and Community Affairs* (Sep. 2006).
- ²³² While community college district board are elected, giving voters the ability to influence community college tax rates, County Appraisal District boards are not elected, but instead are appointed by the taxing entities within their jurisdiction. As a result, beyond appealing an individual property appraisal to the Appraisal Review Board (ARB), property owners have little influence over ever increasing appraisals that drive up their tax bills.
- ²³³ Ibid.
- ²³⁴ "Approval of How State Leaders and the Legislature Have Handled Property Taxes in Texas," *The Texas Politics Project* (Oct. 2021), https://texaspolitics.utexas.edu/set/approval-how-state-leaders-and-legislature-have-handled-property-taxes-texas-october-2021.
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- ²⁴² Visual Capitalist, https://www.visualcapitalist.com/ (Last visited 8.8.22)
- ²⁴³ "Marcella Bombardieri, "Tapping Local Support To Strengthen Community Colleges," *American Progress* (Oct.
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- ²⁴⁴ "The 2022-23 Certification Revenue Estimate Transmittal Letter," *Texas Comptroller of Public Accounts* (Nov. 4, 2021), https://comptroller.texas.gov/transparency/reports/certification-revenue-estimate/2022-23/.
- 245 A small number of taxing units, referred to as special taxing units (STUs), are subject to higher caps than those set forth in HB 3 and SB 2. Because of their relatively minor importance, this Task Force Report does not discuss STUs.

