



DATE:	August 22, 2019
SUBJECT:	Small and Mid-sized District Allotment pursuant to House Bill 3 (HB 3)
CATEGORY:	Funding Implications
NEXT STEPS:	Share with business and finance staff

House Bill (HB) 3 was passed by the 86th Legislature, 2019, and signed into law by Governor Abbott on June 11, 2019. As a result of HB 3, the small and mid-sized district adjustments were recreated as a stand-alone allotment for small and mid-sized districts.

Today, the agency released a HB 3 in 30 webinar providing background information that explains why the state moved away from small and mid-sized adjustments and moved toward small and mid-sized allotments and explains the formulas prior to and as a result of HB 3. You can access that webinar and other resources at: <https://tea.texas.gov/hb3>.

This is not a notice that you are receiving the small and mid-sized allotment. This is general information provided to all LEAs about changes to the small and mid-sized allotment structure as a result of HB 3.

Background

The small district adjustment was created in 1974 and amended in 2017 to phase in the adjustment for districts under 300 square miles in size. The mid-sized district adjustment was created in 1995 and then amended in 2009 to include eligible recapture districts based on size. The basic allotment was increased for school characteristics if the school district qualified as a small district or mid-sized

now flows as an allotment under tier one at the same time as other funding adjustments, as the compensatory education allotment and the bilingual allotment. This change was based on a recommendation from the [Texas Commission on Public School Finance's Final Report](#)

The Commission's report concluded a separate small and mid-sized allotment under tier one would increase spending transparency, while helping the state streamline

How Tier One Funding is Determined under HB 3

The Basic Allotment (BA) is increased from \$5,140 to \$6,160 per student in average daily attendance for the 2019–2020 biennium. The basic allotment is no longer adjusted as follows:

- CEI is repealed, with funding redirected into raising the basic allotment
- Small and mid-sized adjustment is a stand-alone allotment in tier one
- Small and mid-sized adjustment is treated like all other allotments, except special education funding is increased by the small or mid-sized district weights for small and mid-sized districts. The BA is used in a series of formulas that consider student characteristics.

Small and Mid-sized District Allotment under HB 3 for School Districts

The formula for calculating the new small and mid-sized stand-alone allotment is based on the formulas used under prior law, except that instead of adjusting the basic allotment before other student-based adjustments the small and mid-sized adjustments now occur concurrently with all other adjustments.

