

SUBJECT: Computing average daily attendance in declining enrollment districts

COMMITTEE: Public Education — favorable, without amendment

VOTE: 7 ayes — Sadler, Dunnam, Grusendorf, Hochberg, Oliveira, Olivo, Smith
0 nays
2 absent — Dutton, Hardcastle

SENATE VOTE: On final passage, April 4 — voice vote (Barrientos, Gallegos, Harris, Shapleigh, Truan, Whitmire recorded nay)

WITNESSES: (*On companion bill, HB 889:*)
For — Larry McClenny, Patton Springs ISD; Charley McMath, Texas Association of Rural Schools; Jim Waller, Petersburg ISD
Against — None

BACKGROUND: The Texas Education Agency reports that 304 school districts experienced average daily attendance (ADA) declines of two percent or more between 1998 and 2000. School funding is based on ADA.

DIGEST: SB 450 would amend the Education Code to require that a school district that experienced a decline of two percent or more in ADA be funded on the basis of actual ADA of the preceding school year if the decline in ADA were the result of a military base closing or personnel reduction.

School districts experiencing a decline of two percent or more in ADA that was not the result of a military base closing or personnel reduction would have to be funded, to the extent funds were specifically appropriated for this purpose, based on 98 percent of the actual ADA of the preceding school year.

The bill would take effect September 1, 2001.

**SUPPORTERS
SAY:**

SB 450 is needed to address the widespread problem of declining ADA. More than 500 school districts experienced a decline in ADA between 1999 and 2000, with 304 experiencing declines of two percent or more. Eleven of the 20 regional education service centers report that at least 30 percent of their school districts lost at least two percent of their ADA between 1999 and 2000. On average, each student that a school loses will result in a \$6,000 reduction in state aid.

The problem of a loss of funding is compounded by teacher-hiring deadlines. School districts are required to make teacher contracts in the spring, 45 days before the end of the school year. Districts must guess at how many students will attend classes in the fall and try to hire an appropriate number of teachers. Schools do not want to over-hire, but in the midst of a teacher shortage they do not want to under-hire either.

Small school districts suffer the most from the loss of state aid. Smaller districts often experience more severe declines. For example, the Spur school district, which has 270 students, experienced a decline of 29.5 percent over the past five years. The Levelland school district, which has 3,000 students, experienced a 25 percent decline over the same period. Declines often can represent a large percentage of a small school district's overall budget. Many small school districts are in rural areas, where it is particularly difficult to attract additional teachers. Districts may contract with more teachers than they actually need in the fall; teachers returning to school then discover that they have no job and may be forced to leave the area in order to find other teaching positions. It is difficult for these districts to offer a complete required high school curriculum when they have to cut staff positions due to decreased state aid.

Larger districts may have some budget options unavailable to smaller school districts, such as closing buildings and combining classes. Small and rural districts may be unable to close buildings due to the distance students would have to travel to attend school. Smaller schools that consolidate classes are likely to seek a waiver from the statutory 21-to-1 student teacher ratio.

This bill would not create a hold harmless. The bill would provide temporary assistance to schools experiencing large declines in ADA, while requiring

them to plan their budgets within decreased funding in a reasonable amount of time.

The bill only would provide additional funding for districts experiencing ADA declines to the extent funding was allocated for that purpose.

OPPONENTS
SAY:

The bill would be very expensive. In a biennium when funds are tight, the Legislature should explore other options to assist these school districts and other options for allocating these funds. School funding formulae already compensate for many other types of losses, such as a decline in property value. It is not necessary to increase aid based on declining attendance.

NOTES:

According to the fiscal note, the bill would cost \$50 million in general revenue through the fiscal 2002-03 biennium, with a future cost of \$25 million per fiscal year in 2004, 2005, and 2006.