State Compensatory Education (SCE) Program

How did HB 3 change Compensatory Education?
Agenda

What is Compensatory Education?
How did HB 3 change Compensatory Education?
Identification of Student Information
Census Tiers
Flow of SCE Allotment Funding
Use of SCE Funds
Advisory Committee
What is Compensatory Education?
What is Compensatory Education?

State Compensatory Education (SCE or Comp Ed):

- The **goal** of the SCE program is to **provide additional resources to reduce any disparity in performance on assessment instruments or disparity in the rates of high school completion** between educationally disadvantaged students, at-risk students, and all other students.

- The **purpose** of the SCE program is to **increase academic achievement and reduce the dropout rate** for these students by providing supplemental programs and services.

See TEC Sec 48.104(k)
How did HB 3 change Compensatory Education?
How Compensatory Education Changed: Overview

The main components of the SCE program as a result of the passage of HB 3:

☑ Increases overall allotment:
  - From 0.20 to a range from 0.225 – 0.275

☑ Establishes a new allotment methodology:
  - The methodology accounts for severe economic disadvantage in a student’s neighborhood based on the census block in which the student resides and the index category of the census block.

☑ Changes spending requirements:
  - Added childcare services and life skills programs to the allowable use of SCE funds
  - Requires 55% of the allotment be spent on the SCE program
  - Requires the commissioner to adopt rules on spending requirements, with a focus on streamlined reporting and in a way that does not reduce eligible uses

☑ Requires a Compensatory Education Advisory Committee

To the Administrator Addressed: House Bill 3 (HB 3) Implementation: SCE Program (July 11, 2019)

In Statute: This topic can be found in Section 48.104 of House Bill 3, starting on page 49.
How did the Compensatory Education allotment change?

HB 3 changes the previous funding methodology:

**Was:** a single multiplier \((0.20 \times \text{the basic allotment})\) for each student eligible for the national free and reduced lunch program

**Now will be:** a tiered multiplier for those free/reduced lunch students based on the tier of the student’s home address census block group.

<table>
<thead>
<tr>
<th>Tier 1</th>
<th>Tier 2</th>
<th>Tier 3</th>
<th>Tier 4</th>
<th>Tier 5</th>
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</thead>
<tbody>
<tr>
<td>0.225</td>
<td>0.2375</td>
<td>0.25</td>
<td>0.2625</td>
<td>0.275</td>
</tr>
</tbody>
</table>

Highest Socio-economic

Lowest Socio-economic
Compensatory Education: Tiering

The Compensatory Education Allotment is based on a tiering methodology:

- Establishes economic disadvantage census blocks with five tiers and assigned funding weights to each tier.
- Assigns a higher multiplier for educationally disadvantaged students than prior law.
- Requires an annual review of the census block data and assigned weights by March 1.
- TEA has developed a tool that will allow school districts and charter schools to easily obtain a census block group based on the student’s address.
- Allows the use of an alternate calculation, when no census data is available.

To the Administrator Addressed: House Bill 3 (HB 3) Implementation: State Compensatory Education Program (July 11, 2019)

In Statute:
This topic can be found in Section 48.104 of House Bill 3, starting on page 49.
Compensatory Education Funding: Prior Law vs. Current Law

Prior to HB 3:

- Students eligible for the national free and reduced lunch program determined the funding
- Best six months of the prior federal fiscal year

Post HB 3:

- Student’s determined to be educationally disadvantaged; and
- The census block group determined by the individual student’s home or residence address

**Key Point:**
SCE funding is now based on the coding of individual students.
What is the difference between an economically disadvantaged student and an educationally disadvantaged student?

Texas Education Code (TEC) §5.001(4) defines educationally disadvantaged as “eligible to participate in the national free or reduced-price lunch program.” Therefore, when we use educationally disadvantaged student, we are saying the student qualifies for free or reduced-price lunch program. Which is the same for economically disadvantaged. The terms have an identical meaning.
Identification of Student Information for SCE funding
Steps for Identification:

1. Students are determined to be educationally disadvantaged and are reported as economically disadvantaged in the PEIMS Fall submission. Guidelines for determining a student’s economically disadvantaged status can be found in the Texas Education Data Standards: [http://castro.tea.state.tx.us/tsds/teds/2020A/teds-ds2.4.pdf](http://castro.tea.state.tx.us/tsds/teds/2020A/teds-ds2.4.pdf) (Pages 31-34)

2. Identify the student’s resident address

3. Identify the census block group of that address
   ➤ TEA provides a free tool for this purpose.

4. The census block group assigned to the student determines the tier and the weight the student earns for SCE allotment

Key Point:
The district will base the residence address on where the student resides on the PEIMS Fall snapshot date.
Do I now get Compensatory Education funding for all students based on their home address tier?

No. Students must first meet the eligibility requirements for compensatory education (i.e., be classified as educationally disadvantaged).
What if I can’t identify a student’s census block group from the tool that was created by TEA?

Sometimes, especially for new addresses, lookup tools will not produce results. Feel free to consult census block group maps to make the identification manually.

In the event a census block group is not assigned, the eligible student will be assumed into the lowest funded tier, receiving the 0.225 weight.
What address should I use for determining the census block group for a student with a P.O. Box?

A **P.O. Box** is not a resident address, therefore; the district needs to **obtain the address of where the student resides**.
**Question**

What address should I use for determining the census block group for a student who is Homeless?

**Answer**

Districts do not need to report a census block group for a student who is homeless. **TEA will use the address of the campus on which the student is enrolled to determine the census block group for that student.**
Frequently Asked Questions

**Question**

What address should I use for determining the census block group for a student when parents have joint custody of the child?

**Answer**

For the specific scenario where only one of the custodial parents has an address that qualifies the student for enrollment in a campus, then use the parent’s address that qualifies the student for attendance at that campus. In all other cases, the district chooses the most appropriate resident address of the custodial parents for the purposes of assigning a compensatory education census block group.
There are some funding and data collection issues with regard to residential facility students that require additional review by TEA. So **expect more guidance on this issue** to be posted to the HB 3 Frequently Asked Question document in the coming weeks.
So, if students are determined to be educationally disadvantaged and are reported as economically disadvantaged in the PEIMS, are they now identified in PEIMS as at-risk?

Economically/Educationally Disadvantaged status is NOT one of the 14 State At-Risk Criteria.

If an LEA currently has a Local At-risk criterion allowing economically disadvantaged students (who do not otherwise meet the State At-Risk Criteria) to be served with SCE funds, you will need to get Board approval to remove that criterion (since SCE services are already allowable for economically disadvantaged students based on HB3), so the students do not count against the 10% cap.
Census Tiers
Census Block Group Tiers: How will census block groups be categorized/determined?

Below are the five categories used in determining census block groups:

1. Median household income by block group
2. The highest average educational level of the population (i.e., block group)
3. Percentage of single-parent households
4. Home ownership rate (i.e., calculated as owner occupied housing/units total housing units)
5. Other* economic criteria determined by the commissioner and advisory committee (not part of the initial census block determination)

*other criteria will be determined and adopted in the future, pending rulemaking comments and recommendations from the Compensatory Education Advisory Committee
Census Block Group Tiers: How will census block groups be categorized/determined?

How the categories of census block groups were used to determined Tier placement:

1. Each of the four categories were ranked and assigned a percentile score from 0 to 1.
2. The scores were added together and given an overall Socioeconomic score between 0 and 4.
3. After scoring all 15,286 block groups, they were ranked from lowest to highest.
4. Census blocks groups were placed into tiers starting with the lowest scores going into Tier 5 which earns the highest funding weight.

This methodology is fully described in a report posted on the HB 3 website: A Statewide Socioeconomic Tier Model for Texas School-Age Residents: Methodology and Results. Texas Education Agency, May 2018. https://tea.texas.gov/WorkArea/DownloadAsset.aspx?id=51539630875
### Table 3. Mean Indicators for Texas Census Block Groups by Calculated SES Tier (ACS 2016 5-yr Estimates) *

<table>
<thead>
<tr>
<th>SES Tier</th>
<th>Median Household Income</th>
<th>% Home Ownership</th>
<th>% Single-Parent Households</th>
<th>Educational Score %</th>
<th>Total Socio-economic Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>$114,358</td>
<td>89%</td>
<td>11%</td>
<td>70%</td>
<td>3.4</td>
</tr>
<tr>
<td>Tier 2</td>
<td>$68,724</td>
<td>75%</td>
<td>19%</td>
<td>60%</td>
<td>2.7</td>
</tr>
<tr>
<td>Tier 3</td>
<td>$52,944</td>
<td>64%</td>
<td>27%</td>
<td>54%</td>
<td>2.0</td>
</tr>
<tr>
<td>Tier 4</td>
<td>$40,507</td>
<td>54%</td>
<td>37%</td>
<td>48%</td>
<td>1.4</td>
</tr>
<tr>
<td>Tier 5</td>
<td>$28,705</td>
<td>37%</td>
<td>53%</td>
<td>42%</td>
<td>0.8</td>
</tr>
</tbody>
</table>

*An excel document containing all the underlying data and tiering determinations based on this methodology from the 2016 ACS.*


**Key Point:** Students are funded if they are identified as eligible for a free or reduced lunch. But the level of funding for each student is based on the tier of the student’s home address census block group.
Each red dot is a campus.
Census Tier
Close-up View:
Dallas County

Each red dot is a campus.
Each red dot is a campus.
Census Tier Close-up View:

Hidalgo County

Each red dot is a campus.
Census Tier Close-up View:

Gray County

Each red dot is a campus.
Maps for census block groups

For an interactive map of the entire state with census data as tiered for the purposes of supporting legislative deliberations, visit:

http://tea4avcastro.tea.state.tx.us/research/

(be patient, that web resource was not designed for heavy use)
What if a block group doesn’t have a tier assigned due to insufficient census information?

A small number of census block groups in Texas have insufficient data to assign a census tier. In all non-standard cases, educationally disadvantaged students will be assigned into the lowest funded tier, receiving the 0.225 weight.
SCE Allotment Funding for 2019-2020
The 2019-2020 School Year is the first year of the new HB 3 methodology, and student level census block group information is not yet known. As a result, this year will involve a transition process for the purposes of SCE Allotment Funding.

1. **Starting with the new school year**, district payments will be provided based on estimates developed based on campus addresses.

2. **Starting with FSP payments in the spring**, the FSP payments will likely be adjusted to align with actuals from student information in the fall PEIMS submissions pending rule adoption.

**Key Point:**
In some cases actuals may be noticeably different from the methodology used to produce estimates. Districts should budget accordingly.
TEA will initially fund the SCE allotment for 2019-2020 based on the census block group of each campus and the fall 2018 student estimates.

➢ TEA used the address of each campus to determine a single campus census block group.

➢ TEA used the initial census block group tiering determinations developed during the legislative process to assign each campus a poverty tier.

➢ Each campus poverty tier was applied to every educationally disadvantaged student at those campuses, using counts from the 2018 fall enrollment snapshot.

An excel document containing estimated SCE allotments by district can be found on the HB3 website. 
SCE Allotment Data https://tea.texas.gov/sites/default/files/SCE%20data.pdf

Note: This funding methodology produces an estimate. But this is NOT the actual payment methodology stipulated by law. This methodology is used because student enrollment information by census block group is not yet known. As a result, a reconciliation process will be required after that information is obtained.
The census block group map is a tool provided by TEA to assist LEAs in finding the Census Block Group (GEOID) for the students that are economically disadvantaged.

It can be used in conjunction with the census block group calculator to verify results and/or determine the GEOID for students calculated with a confidence score under 100% or with an address type other than "Point" or "Sub".

If the address does not exist on the map, then other resources may need to be used to find the X/Y Coordinates. The X/Y Coordinates can then be used to find the Census Block Group on the map.
The fall PEIMS submissions will be used as the determination for each student’s educationally disadvantaged status and census block group.

- **Districts will be required to upload a census block group** for each student in membership, in addition to the prior practice of noting whether the student is educationally disadvantaged.
- **TEA has developed a tool** to help districts identify census block groups from addresses. But districts are free to use any source of information for that purpose.
- **Final FSP funding will be based on** the census block group uploaded in **the fall 2019 PEIMS**.

**Key Point:**
Because the funding will be based on information collected by the school district or charter school, the identified and reported information must be accurate so that the district or charter school receives the correct amount of funding.
Beyond 2019-2020, LPE funding estimates will be based on census block groups reported as of the prior year’s fall snapshot date for educationally disadvantaged students.

Expect more correspondence on this topic in future years.
SCE funding with a Community Eligibility Provision (CEP)

Rules may be amended for the method of determining the number of students who qualify for an SCE allotment at a campus that participates in a CEP administered by the U.S. Department of Agriculture.

Please note: It appears the intent of the legislature was that CEP should NOT qualify for compensatory education, independent of individual student identification. This will likely be how the rule is proposed, and this was the methodology assumed when modeling estimated SCE funding.
Prior to HB 3, school districts and charter schools participating in a CEP were required to follow 19 TAC §61.1027 for an alternative reporting method. **This will not change.** Districts are required to collect information to determine if a student is educationally disadvantaged for determining funding for Compensatory Education.
Use of SCE Funds
State Compensatory Education funding can be spent on the following:

- Programs that meet the needs of **educationally disadvantaged students** - as permitted before and after the passage of HB 3

- Childcare services or assistance with **childcare expenses for students at risk of dropping out of school**, as described by the TEC, §29.081(d)(5)

- Pay the costs associated with services provided through a **life skills program** in accordance with the TEC, §29.085(b)(1) and (3–7)

- Continue to **support** a **program eligible under Title I of the Elementary and Secondary Education Act of 1965** and its subsequent amendments.

- Additionally, rules will be adopted to permit a school district to use funds for programs and services that reflect the needs of the students at each campus.
Can funds be spent on students at-risk of dropping out as defined in TEC 29.081(d)?

Yes. Students that meet one of the 13 criteria are eligible for the same supplemental services they received before the passage of HB3. Additionally, the students who are designated as educationally disadvantaged can receive supplemental services paid for with Compensatory Education funds.
State Compensatory Education spending requirements:

- At least **55 percent** of the SCE funds allocated **must** be used **to fund supplemental programs and services designed to eliminate any disparity in performance on assessment instruments administered under the TEC, Subchapter B, Chapter 39, or disparity in the rates of high school completion between:**
  1. students who are **educationally disadvantaged** and students who are not educationally disadvantaged; and
  2. students **at risk of dropping out of school**, as defined by the TEC, §29.081, and all other students.
Will TEA continue to allocate expenditures coded to Program Intent Code (PIC) 99?

Yes. TEA will continue to allocate PIC 99 to the other programs through PEIMS after the mid-year submission. However, TEA recommends that districts and charters code as much as they can to the actual program and campus.
Can I continue to use State Compensatory Education Allotment funds to pay for the second half of a pre-k program?

**Question**

Yes, you may continue to use SCE funds to pay for the second half of a pre-k program as long as the students meet the eligibility for use of the allotment. Additionally, HB 3 added the Early Education Allotment, which is another significant funding stream for districts and charters to use to fund the second half of a pre-k education program.

**Answer**

**Key Takeaway**

The district or charter is required to offer a full day pre-k program for four-year-olds and may use other funding sources as long as the student meets the allowability for use guidelines.
Adoption of rules for use of funds

The Commissioner will adopt rules regarding the use of funds:

☑ Rule proposal expected in Fall 2019
☑ Rules must allow the funds to be spent on the campus to address the students needs,
☑ Provide streamlined reporting on the use of the funds, and
☑ May not restrict uses that were allowable prior to HB 3.

Note: The State Board of Education will adopt rules that require a report as part of the Annual Financial Report and determine minimum standards for the report.
Commissioner Review

The Commissioner of Education will review the reports submitted in the Annual Financial Report:

☑ Determine compliance with the rules on allowable use of funds

☑ Provide each district a reasonable opportunity to comply with new rules

☑ If it is determined the district or charter is not in compliance, the Commissioner shall withhold funds until compliance is achieved
  • Discretion is provided to TEA to use the average of the prior three years to determine the amount to withhold
  • Begins with the 2021-2022 fiscal year
### Frequently Asked Questions

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>What if my district does not meet the spending requirements for this year because of the changes that were made to state funding?</td>
<td>The district or charter will be required to make up the difference in the following year. For example: District received $100, required to spend $55 on the program, only spent $45. The following year the district would be required to spend $10 plus 55% of the new allotted amount for the year.</td>
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**Key Takeaway**

The district or charter needs to **meet the needs of its students** regardless of the difficulties in budgeting.
Compensatory Education Advisory Committee
An advisory committee will be formed in fall of 2019 to advise the agency in adopting rules for the SCE allotment.

The advisory committee will consist of members appointed by the Commissioner, including:
- School district superintendents and chief financial officers
- Classroom teachers
- Representatives of school districts located in an area other than an urban area, as designated by the U.S. Census Bureau
- At least one representative of an open-enrollment charter school
- Demographers
- Experts on census data
- Public school finance experts
- Appropriate employees of the agency
The Advisory Committee will help the TEA in amending and adopting:

- Rules establishing other economic criteria to be considered for the census block groups
- Rules for students in certain programs
- Methods for counting homeless students
- Rules to determine the appropriate weight for certain students
- At least every two years review census and student data and make recommendations

Additional information coming soon.
Additional Information
What is the “new” 14th criteria?
Sec. 29.081 (d) (14)

(14) has been incarcerated or has a parent or guardian who has been incarcerated, within the lifetime of the student, in a penal institution as defined by Section 1.07, Penal Code.

May districts ask parents/students if they have been incarcerated?
Yes, a district may ask for this information. A TTA will be developed shortly.

Definition of “incarceration”, “penal institution” has been sent for legal interpretation.
A public hearing is a particular type of open meeting at which the public must be permitted to respond to or testify in response to the topic of the public hearing. So, if the district wishes to hold a public hearing outside of a formal board hearing, it may do so, as long as it meets the basic requirements of a public hearing listed above (Open Meetings Act).
SCE funds can be used to serve any student who is under 26 years of age and who meets one or more of the following:

- Meets one or more of the 14 State At-Risk criteria [as defined in TEC 29.081(d)]
- Meets one or more of an LEA's, Board approved, Local At-risk criteria.
- Is enrolled at a Schoolwide Title I campus regardless of the school's percentage of economically disadvantaged students . . . the >40% requirement has been removed]
- Qualifies as economically disadvantaged (i.e., the student qualifies for free or reduced lunch) at any campus
Next Steps (TEA and District)

**TEA Next Steps**

- Develop a tool that allows districts and charters to upload students’ addresses to obtain census block group information.
  - Creation of an advisory committee in the **Fall 2019**.
  - Rule proposal in **Fall 2019**.

**District Next Steps**

- Report to TEA the census block group for educationally disadvantage students **Fall 2019**.
Stay tuned for the most up-to-date information from TEA on the implementation of House Bill 3.

Visit [tea.texas.gov/HB3](http://tea.texas.gov/HB3) for the most up-to-date information

Email [HB3info@tea.texas.gov](mailto:HB3info@tea.texas.gov) with any questions
In summary
When faced with the question of whether a certain position, program, item, or activity may possibly be funded with SCE funds, keep the following in mind:

- Will it further the goals of the program?
- Will it support the SCE strategies identified in the campus improvement plan?
- Does it have a clearly demonstrative and legitimate purpose?
  - Can it be evaluated for program effectiveness?
- Is the cost reasonable and necessary?

The more removed services are from the student, the more the resources are diluted and the more difficult it becomes for the school district to defend the use of the grant funds and justify the effectiveness of the program in improving student performance.
Thank you!

Additional questions: Email HB3info@tea.texas.gov

State Compensatory Education Program

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