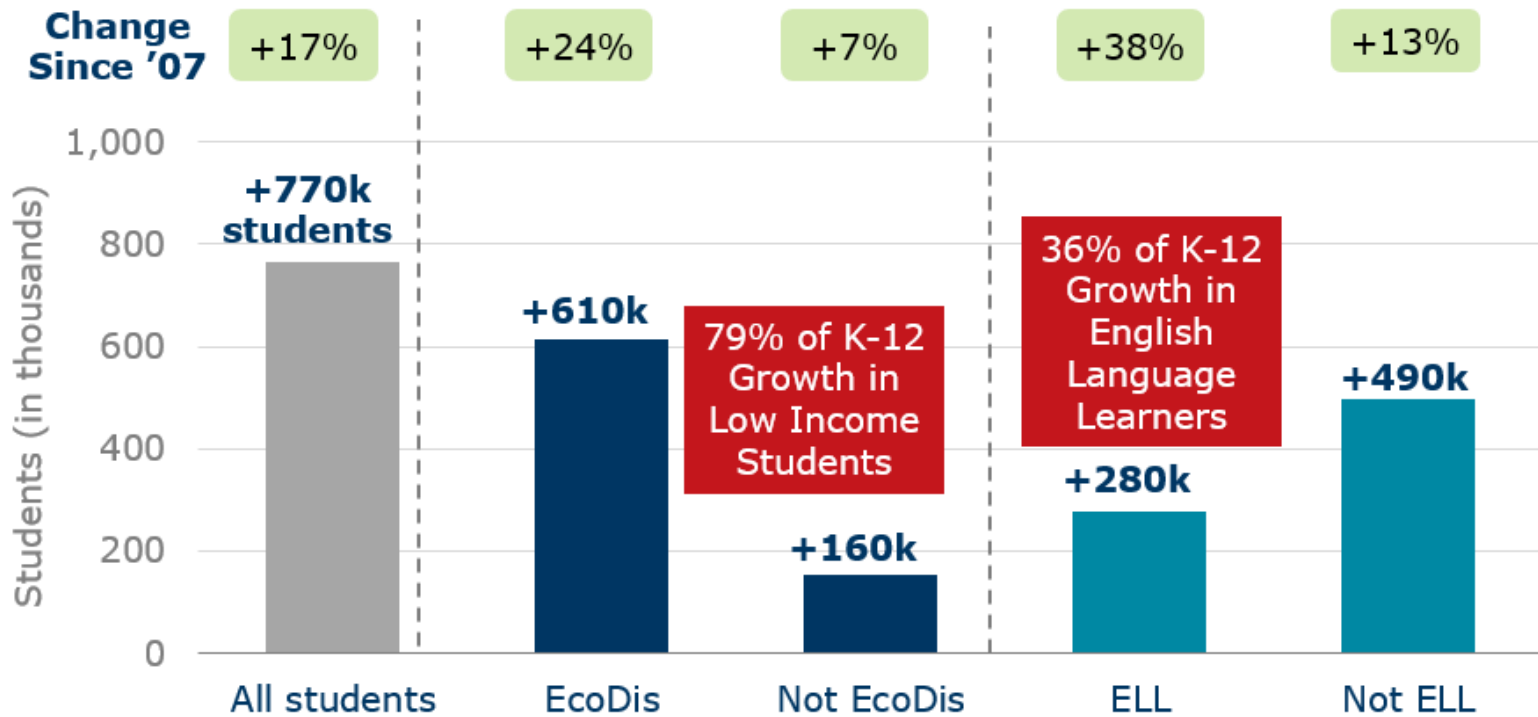




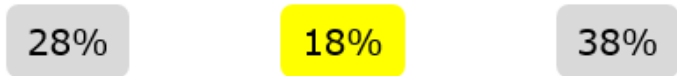
Exhibits

With Changing Demographics, State Can't Sustain Texas' Economic Prosperity Without Equitably Investing in its Fastest Growing Populations

Change in Texas Public PK-12 Student Enrollment, From 2007 to 2017



% of HS Grads Earning a Postsecondary Degree Within Six Years¹



Texas Ranks 2nd and 9th in the % of Students Who are Economically Disadvantaged and English Language Learners

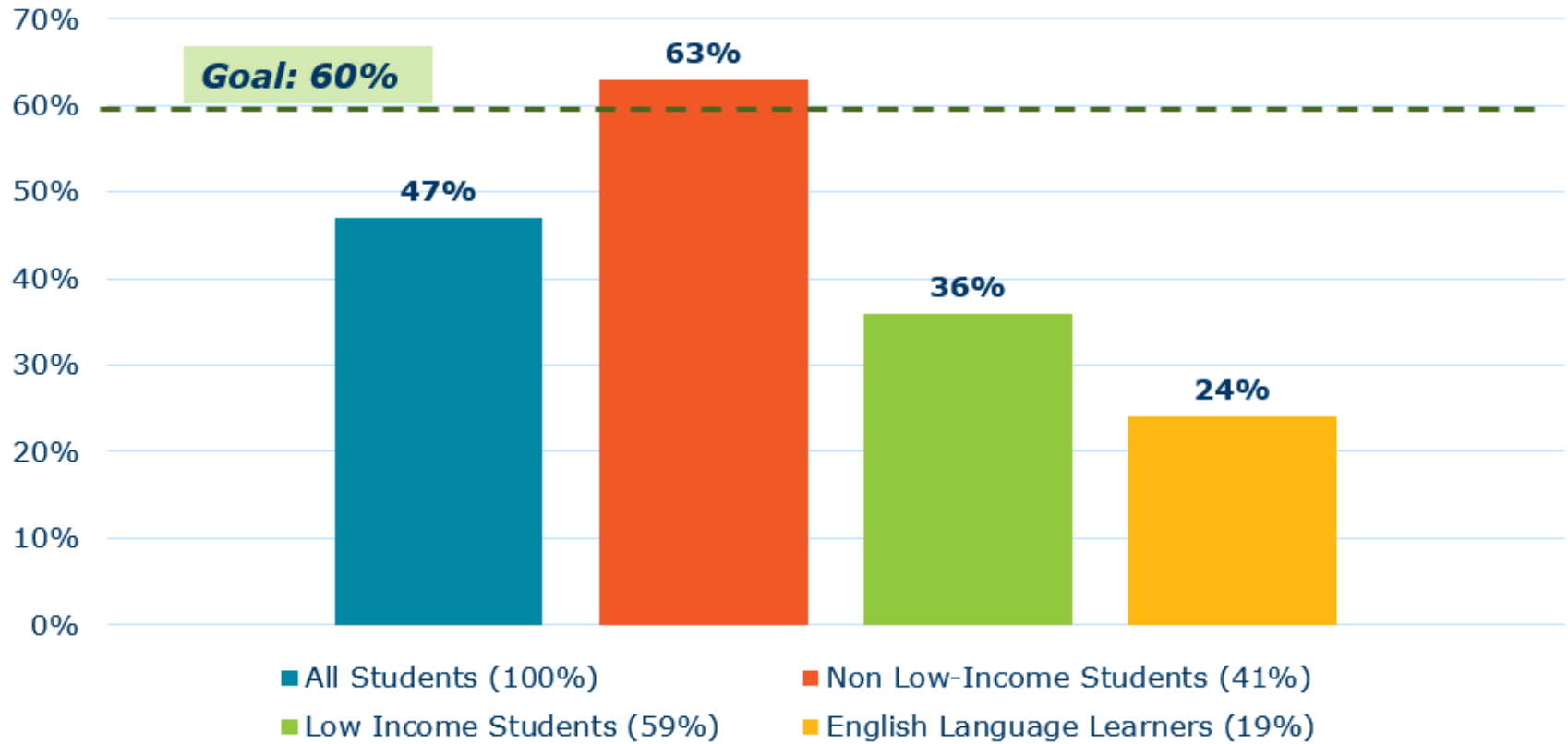
% English Language Learners K-12 Enrollment	
1	California
2	Texas
3	Nevada
4	New Mexico
5	Alaska
6	Colorado
7	Kansas
8	Washington
9	Illinois
10	Florida
11	Hawaii
12	Oregon
13	Minnesota
14	Massachusetts
15	Virginia

% Economically Disadvantaged K-12 Enrollment	
1	Mississippi
2	New Mexico
3	Arkansas
4	Georgia
5	Oklahoma
6	Louisiana
7	South Carolina
8	Kentucky
9	Texas
10	California
11	Nevada
12	Tennessee
13	Florida
14	North Carolina
15	Oregon



Data Clearly Indicates Investments Should Target Low Income and ELL Students, Which Are Both Well Below a State Goal of 60% Proficiency

2018 STAAR Proficiency at "Meets" Standard Across All Grades and Subjects

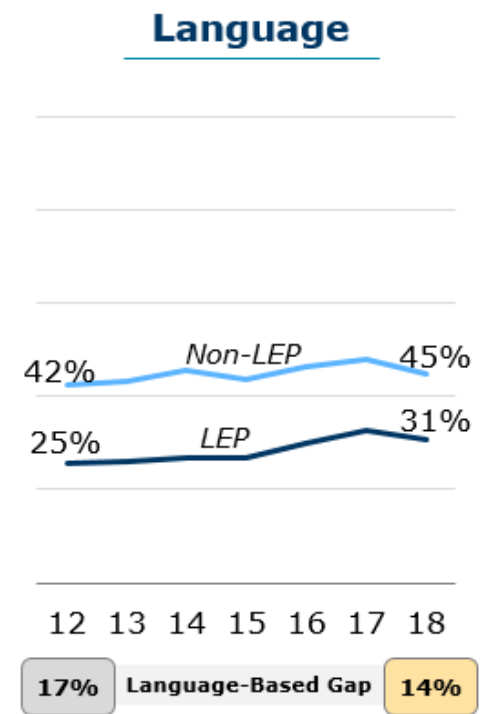
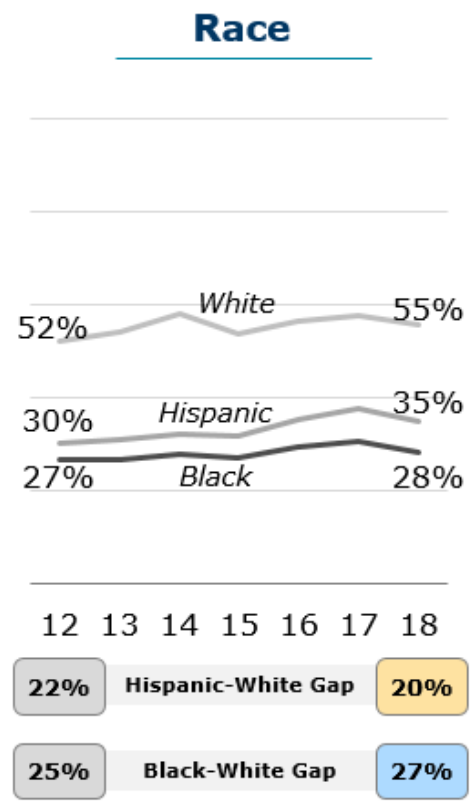
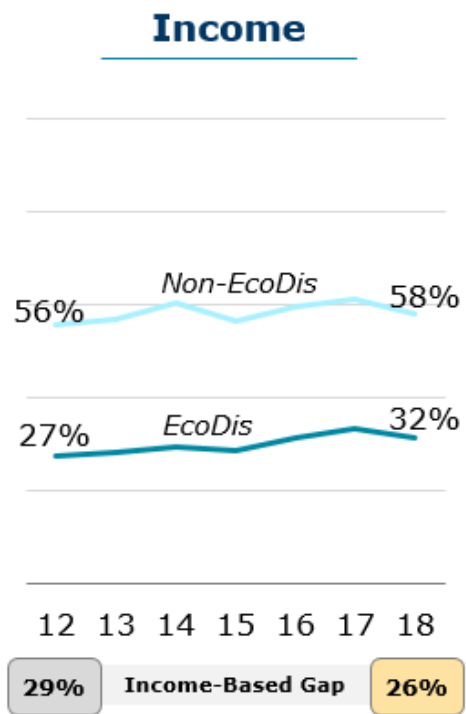


Source: STAAR, 2018 Aggregate Data at Meets Standard



Achievement Gaps in 3rd Grade Reading Exist in Texas by Income, Race, and Language Proficiency

Statewide STAAR 3rd Grade “Meets Grade Level” Rates by Demographic, 2012-2018

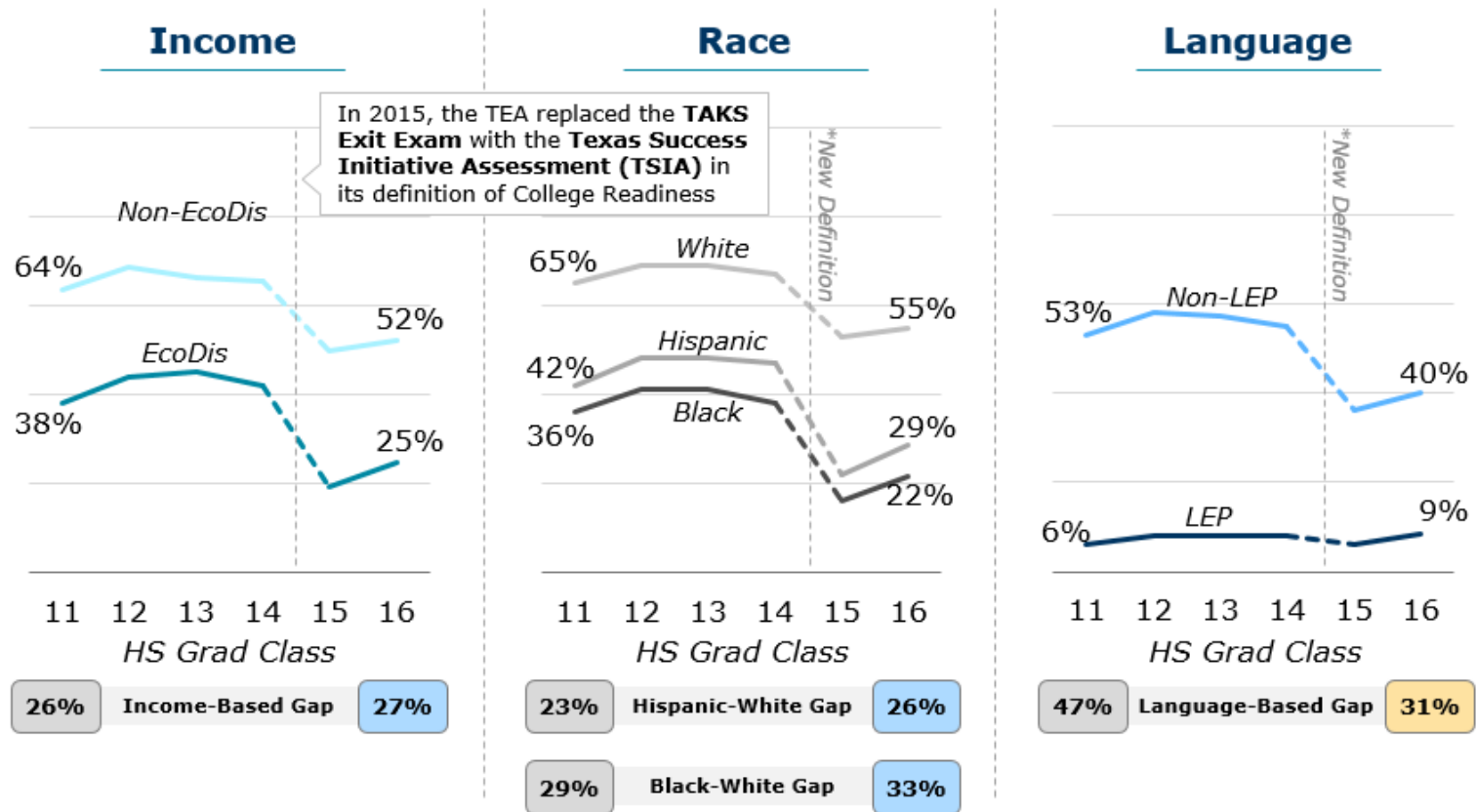


Source: TEA STAAR 2012-2018 reports



College Readiness Rates Show That Achievement Gaps Persist Into High School

Statewide College Readiness Rates (SAT/ACT/TSIA) of High School Graduates by Demographic, 2011-2016 HS Grad. Classes



Source: TEA TAPR 2012-2017 reports; for weighted averages (Non-EcoDis, non-LEP), TEA Accountability Reports (2012-2017), 4-Year HS Graduation Rates

Note: LEP/non-LEP HS grad counts are not published by TEA TAPR standard files; these numbers found in TEA Accountability Reports (4-Year Longitudinal Graduation Rates, 2011-2016)



The Need for Targeted Resources:

Even the State's 15 Highest Performing Systems Serving Low Income and English Language Learners Fall Well Below a 60% STAAR Proficiency Goal

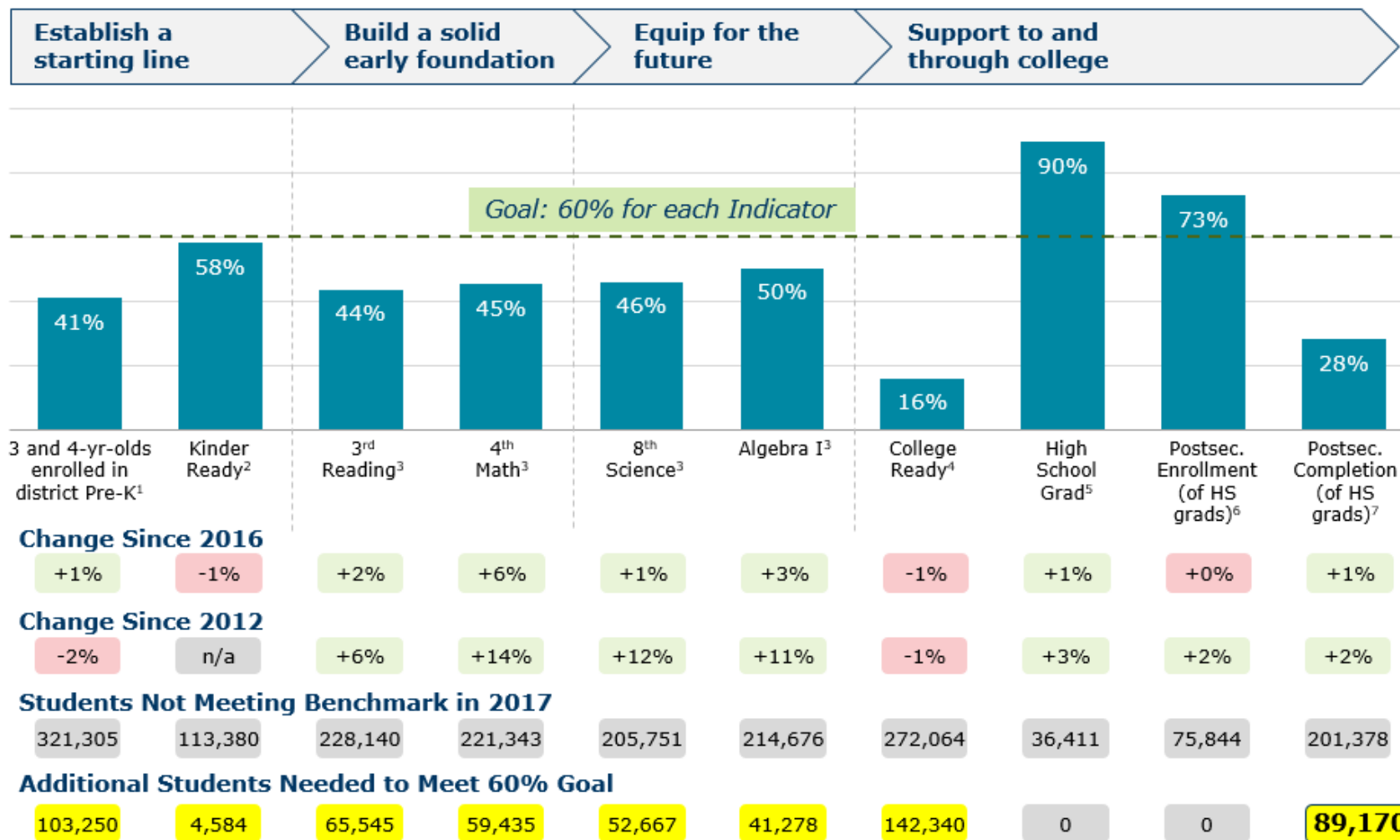
Economically Disadvantaged Students Only ¹			
ISD or Charter	Eco. Dis. %	Enroll.	STAAR 2018 % Meeting Std.
WYLIE	26%	14,972	55%
LOS FRESNOS	77%	10,827	54%
SHARYLAND	61%	10,026	53%
IDEA	89%	29,334	52%
HEB	52%	23,065	50%
KATY	29%	75,231	50%
MIDWAY	30%	7,886	49%
ROMA	88%	6,528	49%
TOMBALL	22%	14,882	49%
YES PREP	87%	10,258	48%
KIPP	91%	13,346	47%
PEARLAND	28%	21,516	47%
BROWNSVILLE	96%	46,799	47%
EAGLE PASS	77%	14,779	46%
SOCORRO	71%	45,804	46%

ELL Students Only ¹			
ISD or Charter	ELL %	Enroll.	STAAR 2018 % Meeting Std.
COPPELL	11%	12,349	42%
ROMA	68%	6,528	42%
TOMBALL	11%	14,882	41%
IDEA	34%	29,334	40%
KATY	17%	75,231	39%
CROWLEY	15%	15,185	35%
SHARYLAND	29%	10,026	35%
DALLAS	44%	157,787	35%
WYLIE	10%	14,972	35%
KIPP	35%	13,346	34%
GRAND PRAIRIE	29%	29,287	33%
MT. PLEASANT	39%	5,312	32%
LOS FRESNOS	22%	10,827	31%
LAMAR	14%	30,744	31%
WHITE SETTLEMENT	12%	6,794	31%



Where We Stand Today: Texas' Education/Workforce Pipeline

Need for ~90,000 Additional Students Completing to Meet TX 60x2030 Goal



(1) Pre-K Enrollment: Percent of 3- and 4-year-olds enrolled in district Pre-K programs. Texas Education Agency (TEA) – Texas Public Education Information Report (TPEIR) – Texas Pre-Kindergarten Report; (2) Kindergarten Readiness: The percent of students deemed Kindergarten Ready based on assessments given by districts at the beginning of the year to Kindergarteners; (3) STAAR indicators: Achievement levels represent percentage of students achieving “meets grade level” standard on 2017 STAAR exams. (4) College ready: The percent of HS grads who took the SAT or ACT and scored at least a 24 on the ACT or 1110 on the SAT (reading and math) – TEA TAPR 2017. (5) Graduation rate: the percent of the 9th grade cohort from 2012 – 2013 school year that graduated four years later in 2016. Texas Education Agency: – 2016-2017 Accountability System – 4 year Federal Graduation Rate; (6) College enrollment: The percent of 2010 HS graduates who enrolled in a TX postsecondary institution; THECB 8th Grade Cohort 2016 report; (7) College completion: The percent of 2010 HS grads who earned a PS degree/certification within 6 years of HS graduation; THECB 8th Grade Cohort Study, 2016 report

Troubling outcomes resulting from relationship of our spending relative to our growing student needs, particularly in literacy



2017 "Nation's Report Card" (NAEP) TX Rankings



46 out of 50 in 4th Grade Reading
41 out of 50 in 8th Grade Reading

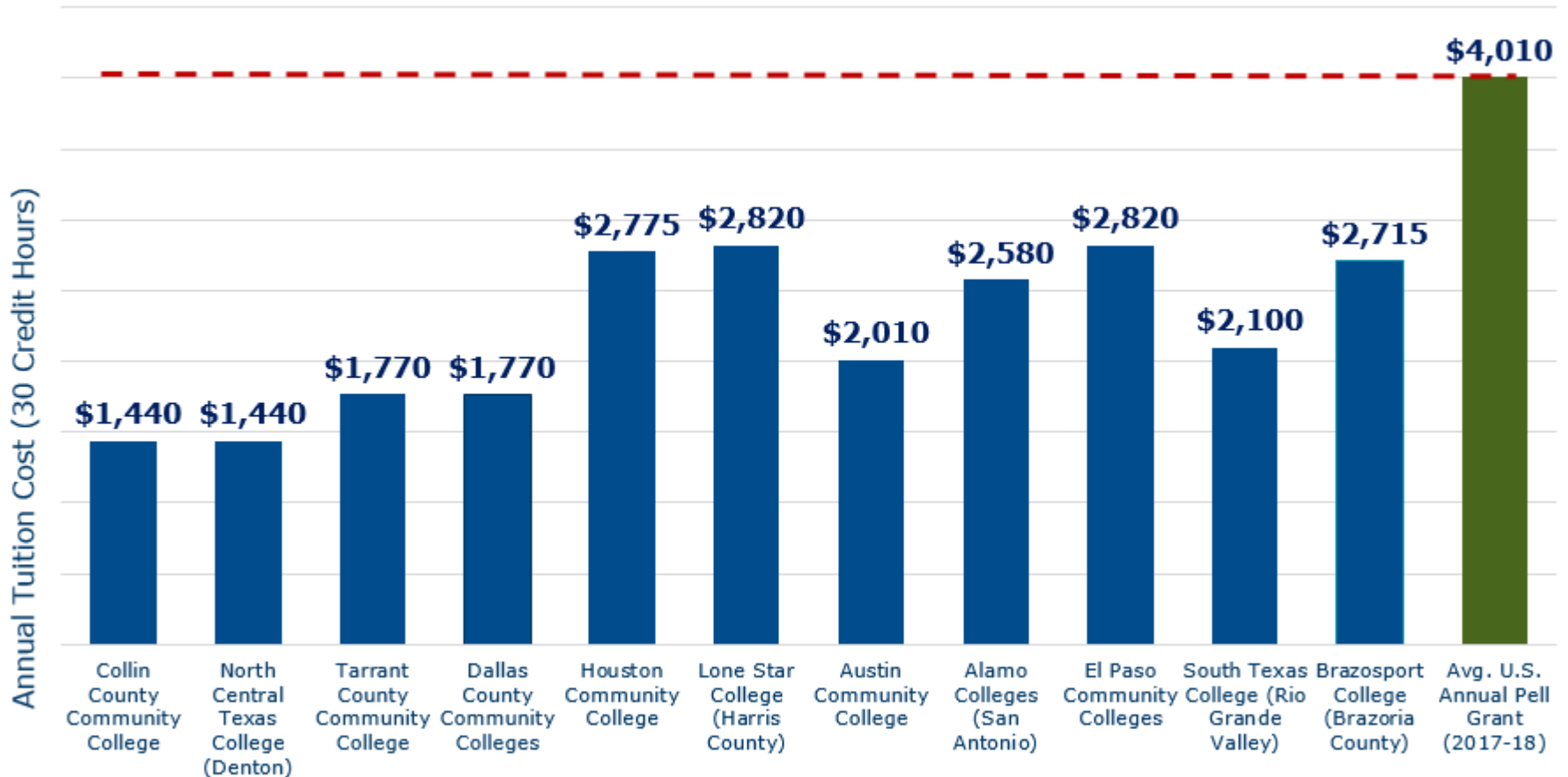


19 out of 50 in 4th Grade Math
24 out of 50 in 8th Grade Math

2018 Quality Counts Report, Education Week Research Center. Per Pupil spending adjusted for regional cost differences and not inclusive of construction cost ; National Center for Education Statistics, 2017 NAEP Results



Across Texas, Community College Tuition Rates (4th Lowest in U.S.)
 Are Below Average Annual U.S. Pell Grant,
 Making Tuition for all Low Income U.S. Citizens in Texas Free

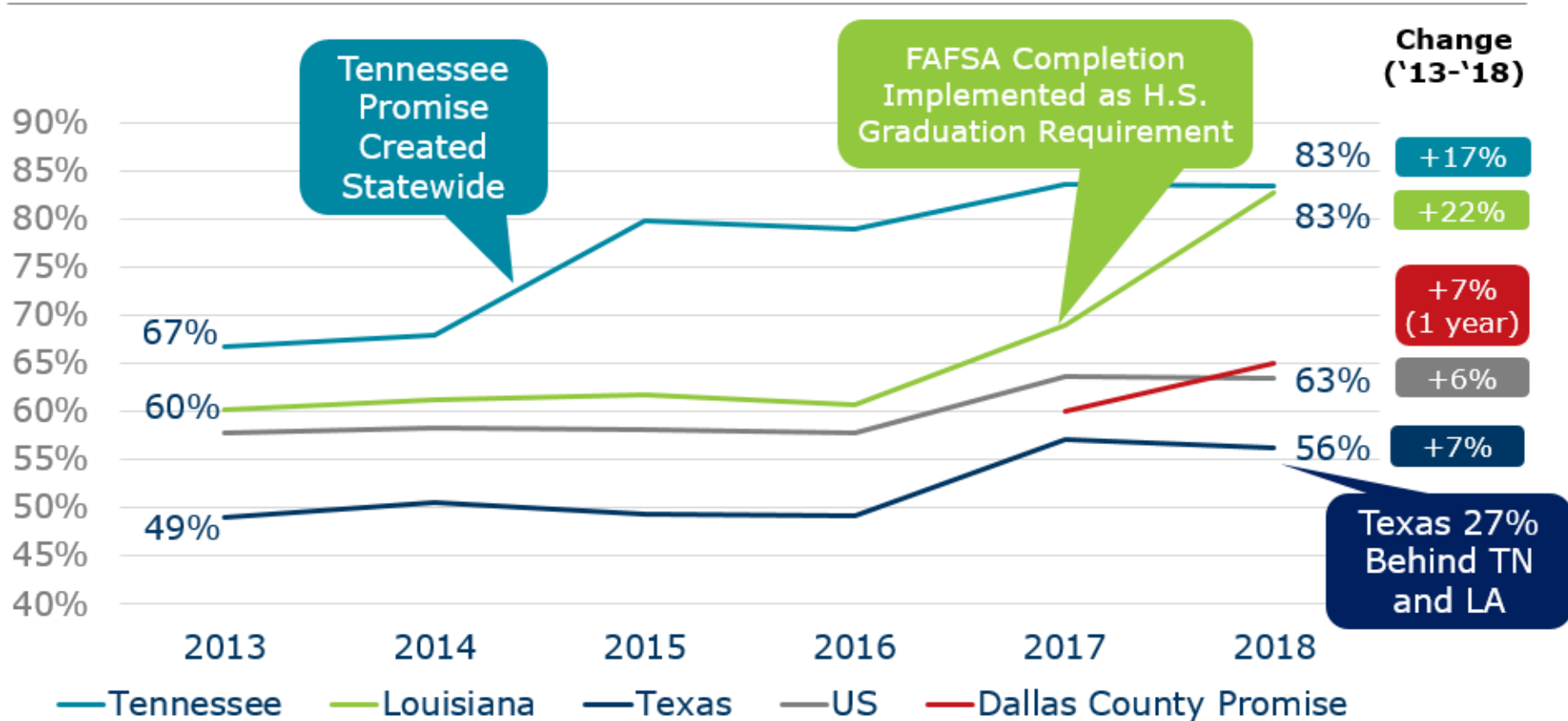


Source: Various community college websites, <https://trends.collegeboard.org/student-aid/figures-tables/maximum-and-average-pell-grants-over-time>



Statewide Initiatives Have Led to LA and TN Leading the Nation (and Texas) in FAFSA Completion and Accessing U.S. Aid via Pell Grants Despite Ranking 9th in U.S. in % Economic Disadvantage, TX Also Trails U.S.

FAFSA Completion Rates through June 30

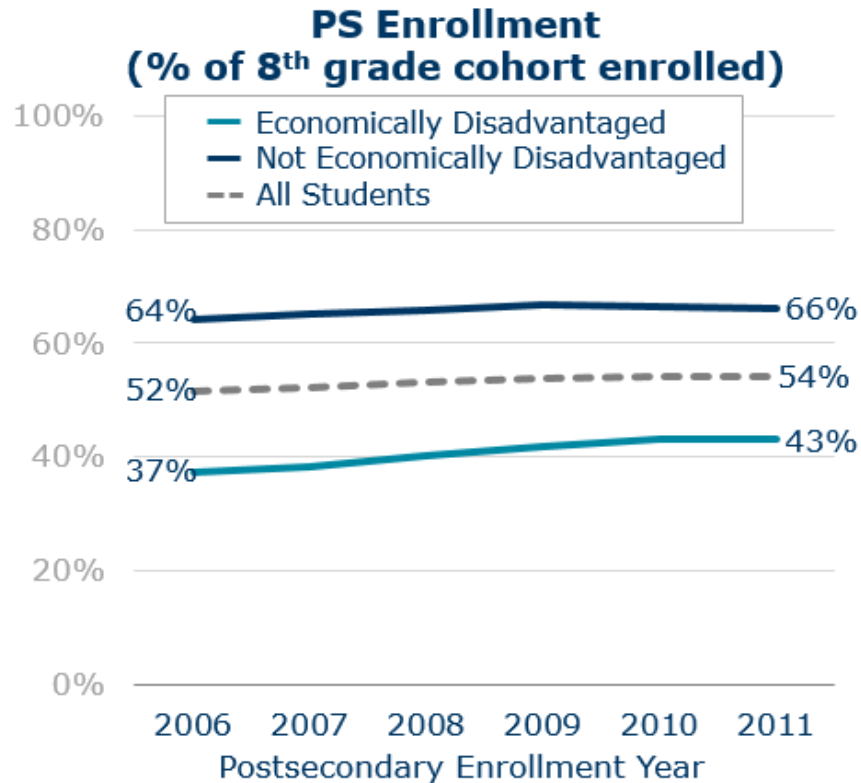


Source: U.S. Department of Education FAFSA Report

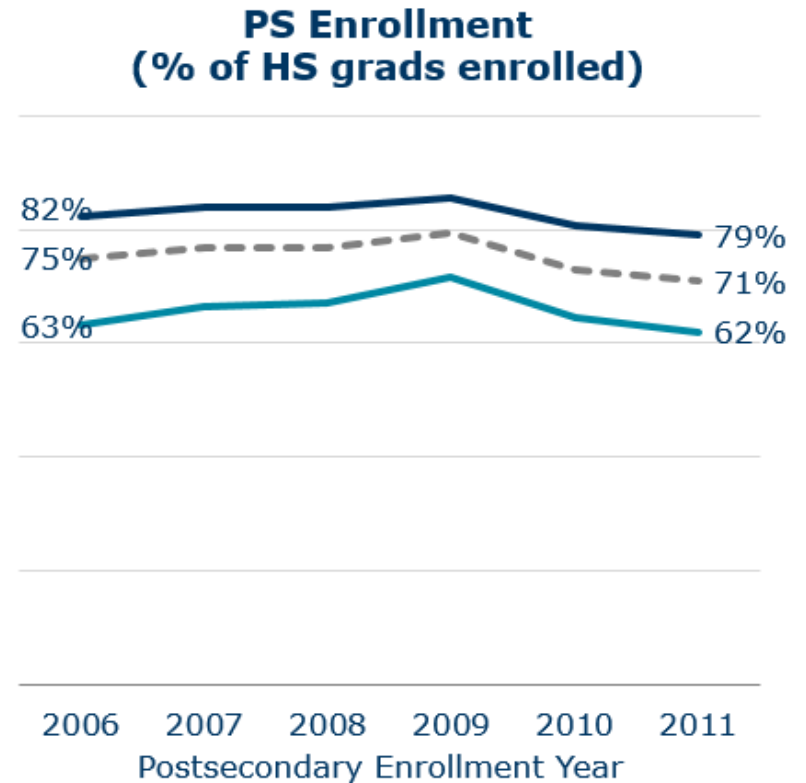


Economically Disadvantaged Students, Whether as a Pct. of 8th graders or of HS Grads, Enroll in Post Secondary Education at Rates 2/3rds to 3/4ths of Their Non-Disadvantaged Peers

THECB 8th Grade Cohort Postsecondary Enrollment Rates by Income



27% EcoDis/Non-EcoDis Gap **23%**



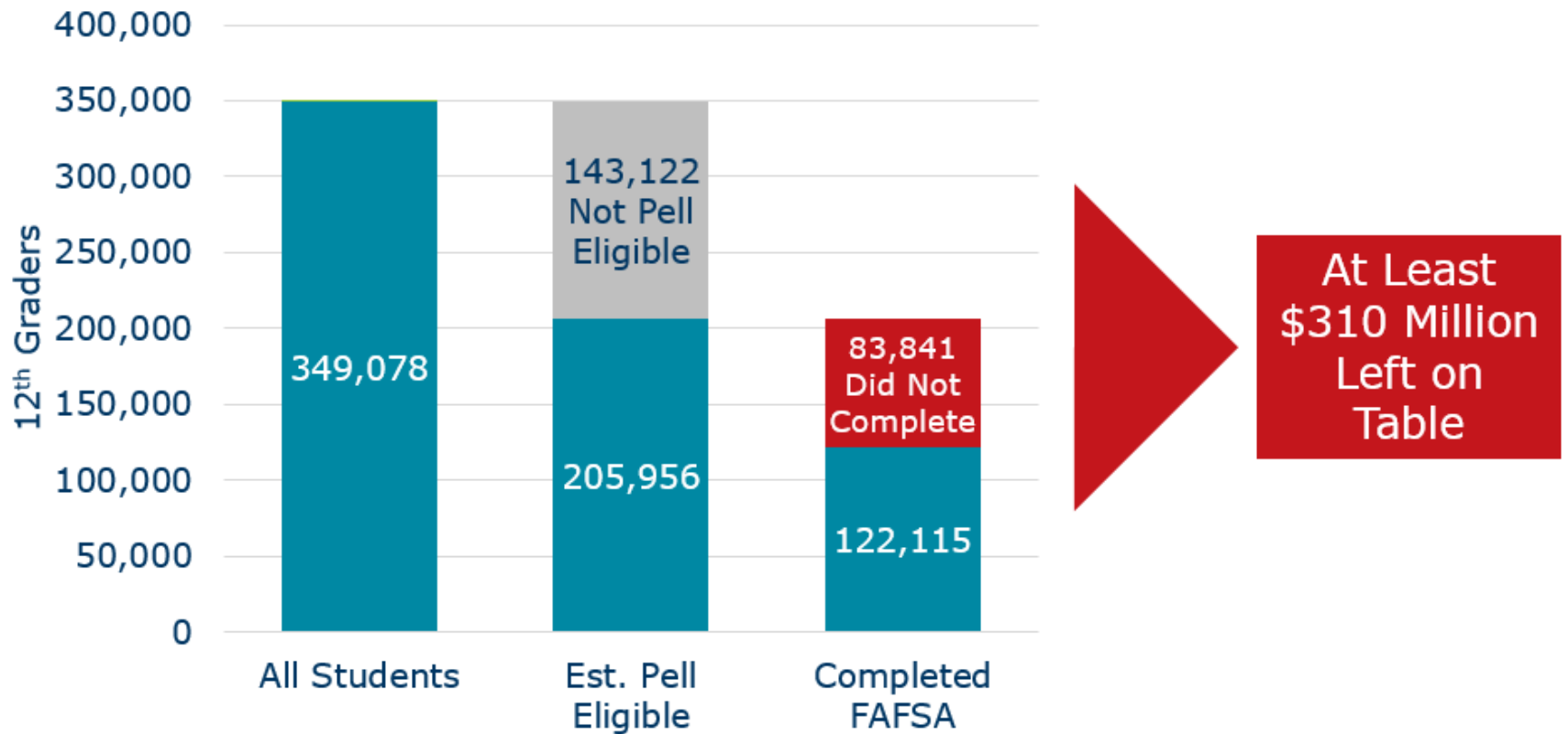
19% EcoDis/Non-EcoDis Gap **17%**

Source: Texas Higher Education Coordinating Board 8th Cohort Study



Texas Students Leave at Least \$310 Million in Annual U.S. Aid for EACH H.S. Senior Cohort On the Table Due to Failure to Complete FAFSA

Texas Students Qualifying for Federal Financial Aid via FAFSA *(conservatively assumes that only those considered economically disadvantaged qualify for federal aid)*

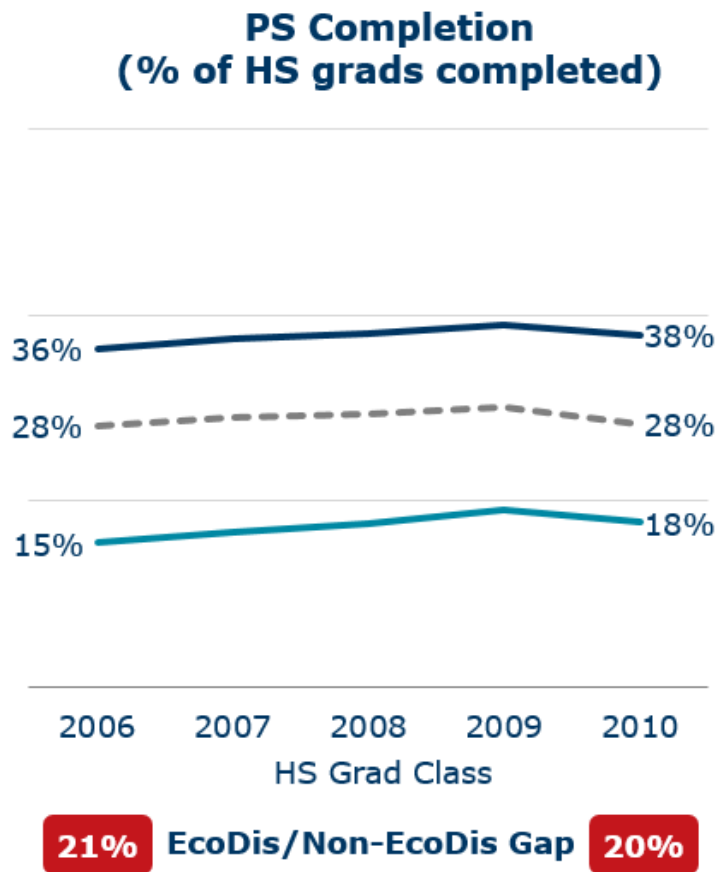
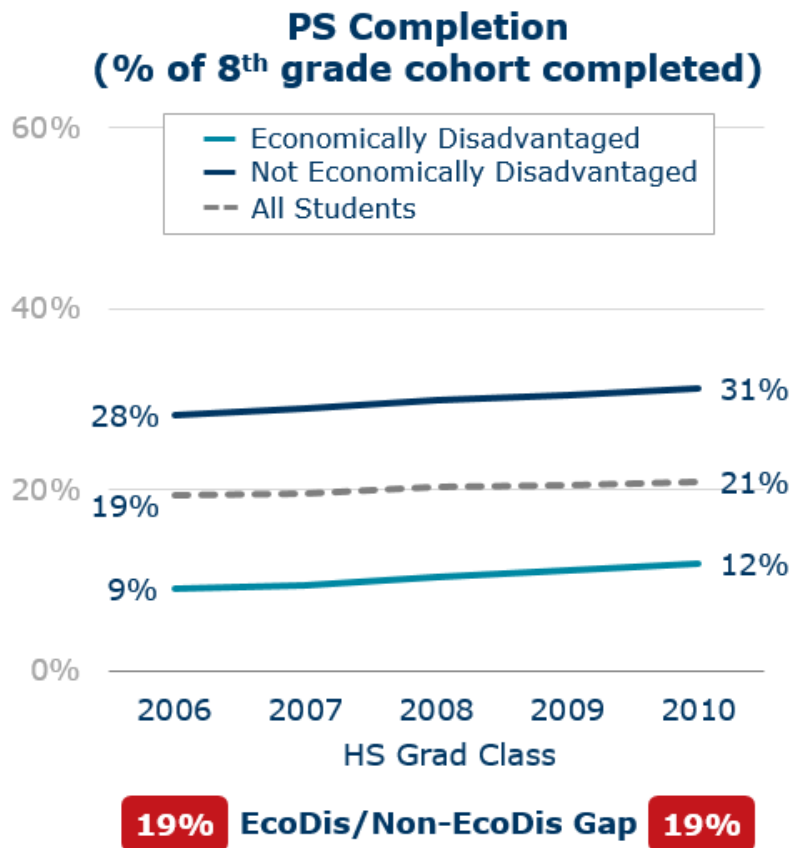


Source: 12th graders and completers in 17-18 - National FAFSA Tracker: <https://national.fafsatracker.com/currentRates>; FAFSA Eligible (59% in 16-17) - 2017 Texas Academic Performance Report; Average Pell Grant (\$3,740 in 16-17).



Economically Disadvantaged Students, Whether as a Pct. of 8th graders or of HS Grads, Ultimately Attain a Post Secondary Degree at Rates 1/3rd to 1/2th of Their Non-Disadvantaged Peers

Postsecondary Completion Rates by Income



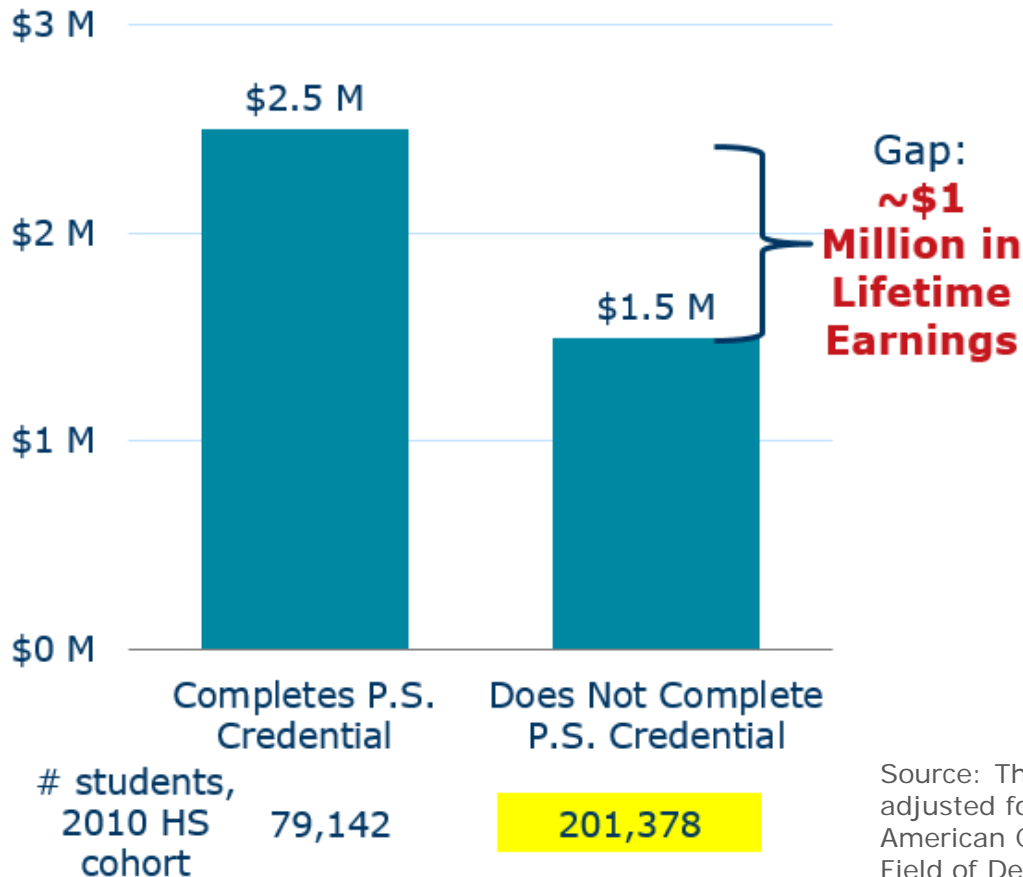
Source: Texas Higher Education Coordinating Board 8th Cohort Study



Roughly **\$200 Billion Dollars** Foregone by Each Texas H.S. Class by not Obtaining Postsecondary Credentials

Estimated Lifetime Earnings by Education Level, H.S. class of 2010

Texas



Within each Texas H.S. graduating class, students subsequently not earning a postsecondary credential lose up to **~\$200 Billion** in future lifetime earnings (equal to **1/8th of Texas \$1.6 trillion GDP**)

Source: The Commit Partnership, Median earnings found and adjusted for inflation (2017 Dollars) in U.S. Census, American Community Survey Briefs, "Work-life Earnings by Field of Degree and Occupation for People with a Bachelor's Degree: 2011"; PS attainment numbers estimated using the THECB Higher Education Attainment report, HS grad classes '08-'10



87% of School Districts Offer Pre-K Programs;
 ~70% of Those Offering PreK Have Full-Day Offerings;
 ~54% of Currently Enrolled 3 and 4 Year Old's Attend Full Day

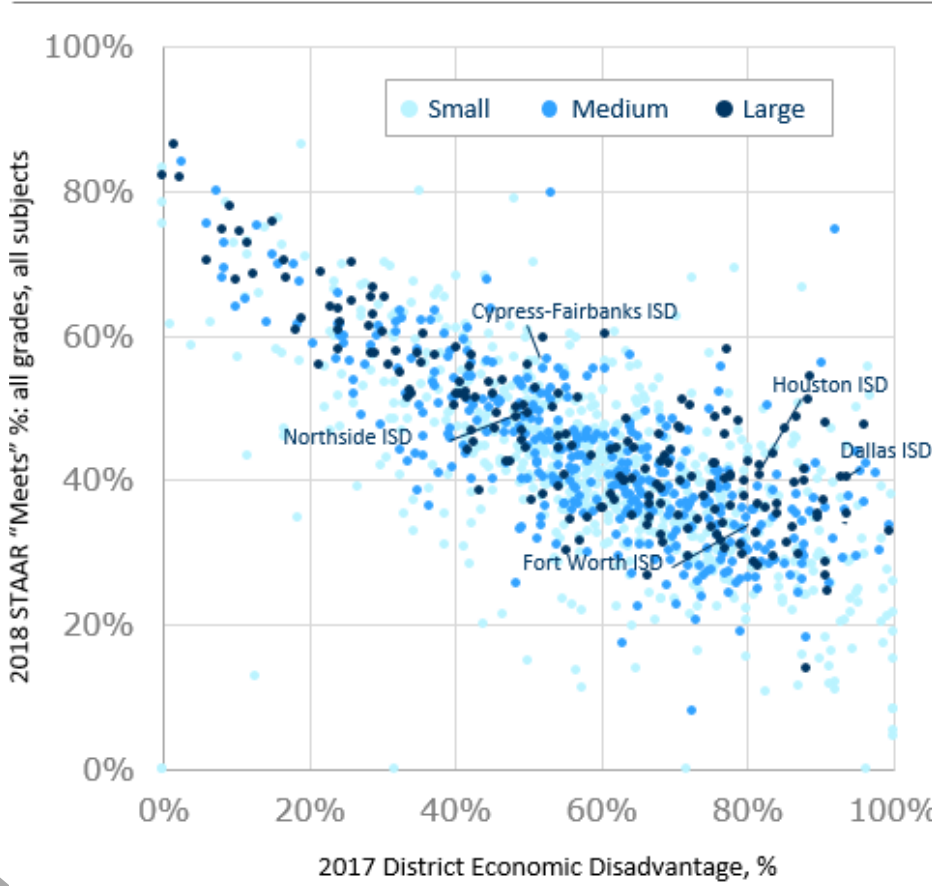
		2016-2017					
		Total Enrolled		ADA Eligible		Not Eligible for ADA	
		Students Enrolled	Percent Enrolled	Students Enrolled	Percent Enrolled	Students Enrolled	Percent Enrolled
Age 3	Full-Day	14,546	53%	13,857	53%	689	54%
	Half-Day	13,042	47%	12,454	47%	588	45%
	Total	27,588	100%	26,311	100%	1,277	100%
Age 4	Full-Day	107,497	55%	100,600	54%	6,897	60%
	Half-Day	89,029	45%	84,508	46%	4,521	40%
	Total	196,526	100%	185,108	100%	11,418	100%
Total	Total	224,114	100%	211,419	100%	12,695	100%

Number of Districts Offering Full and Half Day Pre-K		
	2016-2017	
	Districts Providing Pre-K	Schools Providing Pre-K
Full-Day Only	452	1,464
Half-Day Only	296	1,369
Full and Half-Day	303	519
Total	1,051	3,352



Current Outcomes Impacted by Poverty...But Wide Variations in Outcomes Among Districts with Similar Demographics Show That Strategies, Priorities and Resource Allocations Can Matter Greatly

2018 STAAR “Meets Grade Level” Rates by District: All Grades, All Subjects

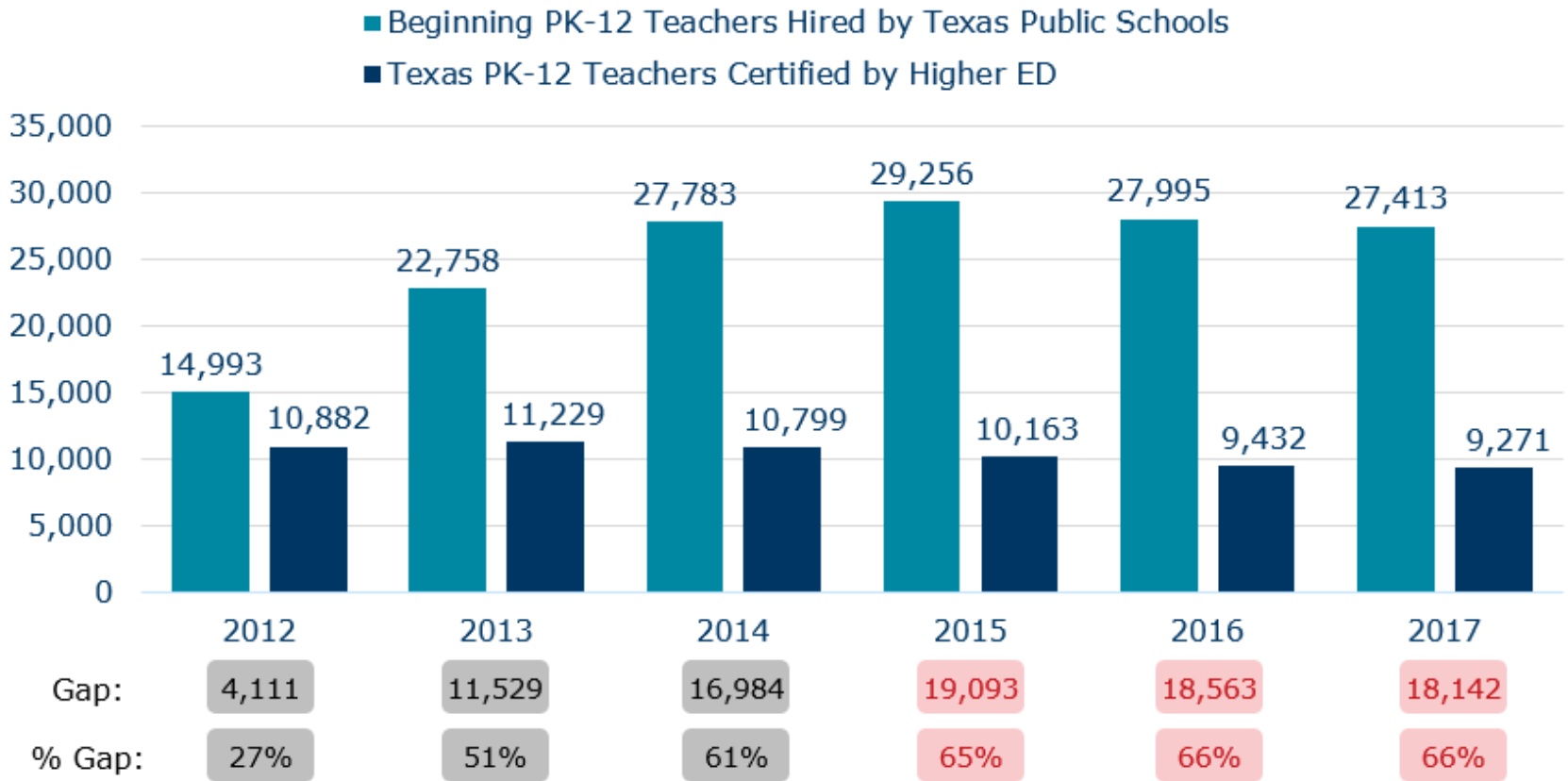


Student Group	Proficient % at Meets for Highest Perf. ISD or Charter	Proficient % at Meets for Lowest Perf. ISD or Charter	Gap Between Highest and Lowest
All Students	86%	25%	61%
Non-Low Income Students	87%	35%	52%
Low Income Students	55%	21%	34%
ELL Students	42%	9%	33%



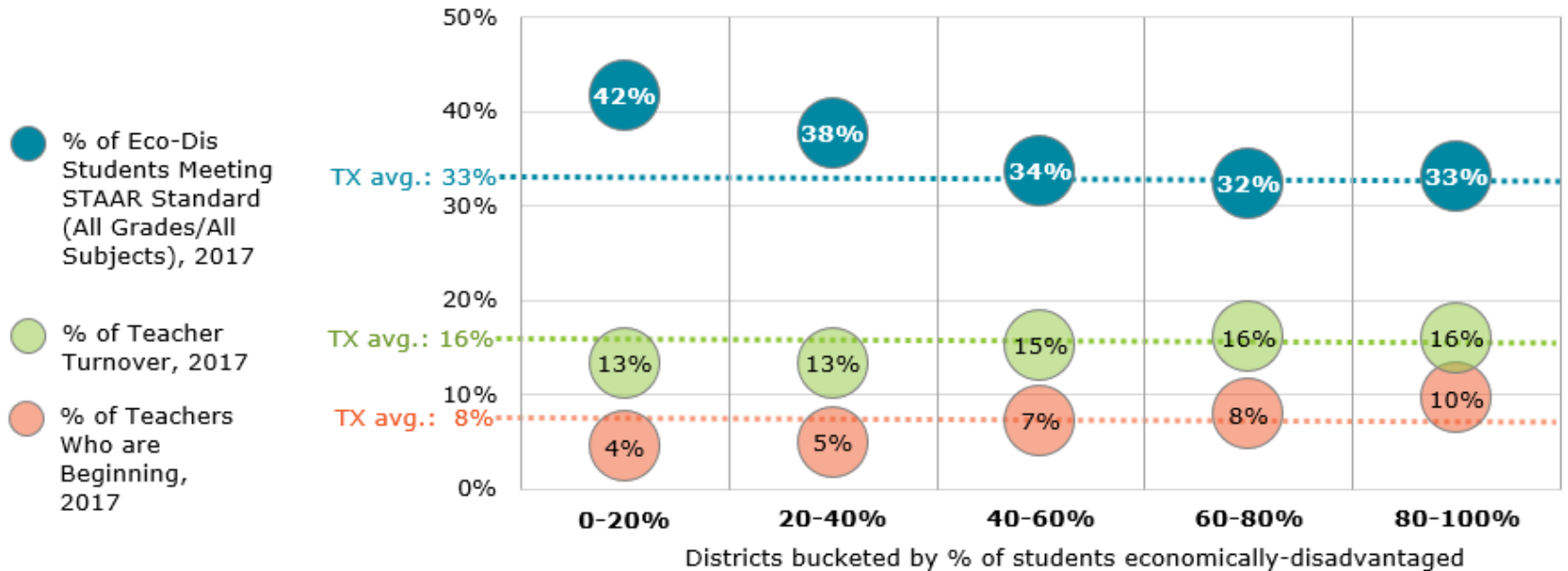
Teacher Supply Provided by Schools of Higher Education Continues to Decline Statewide (15% Decline since 2012)

State of Texas Teacher Supply and Demand, 2012 -2017



Lower Income ISD's Increasingly Have More Beginning Teachers and Higher Teacher Turnover, Impacting Low Income Achievement

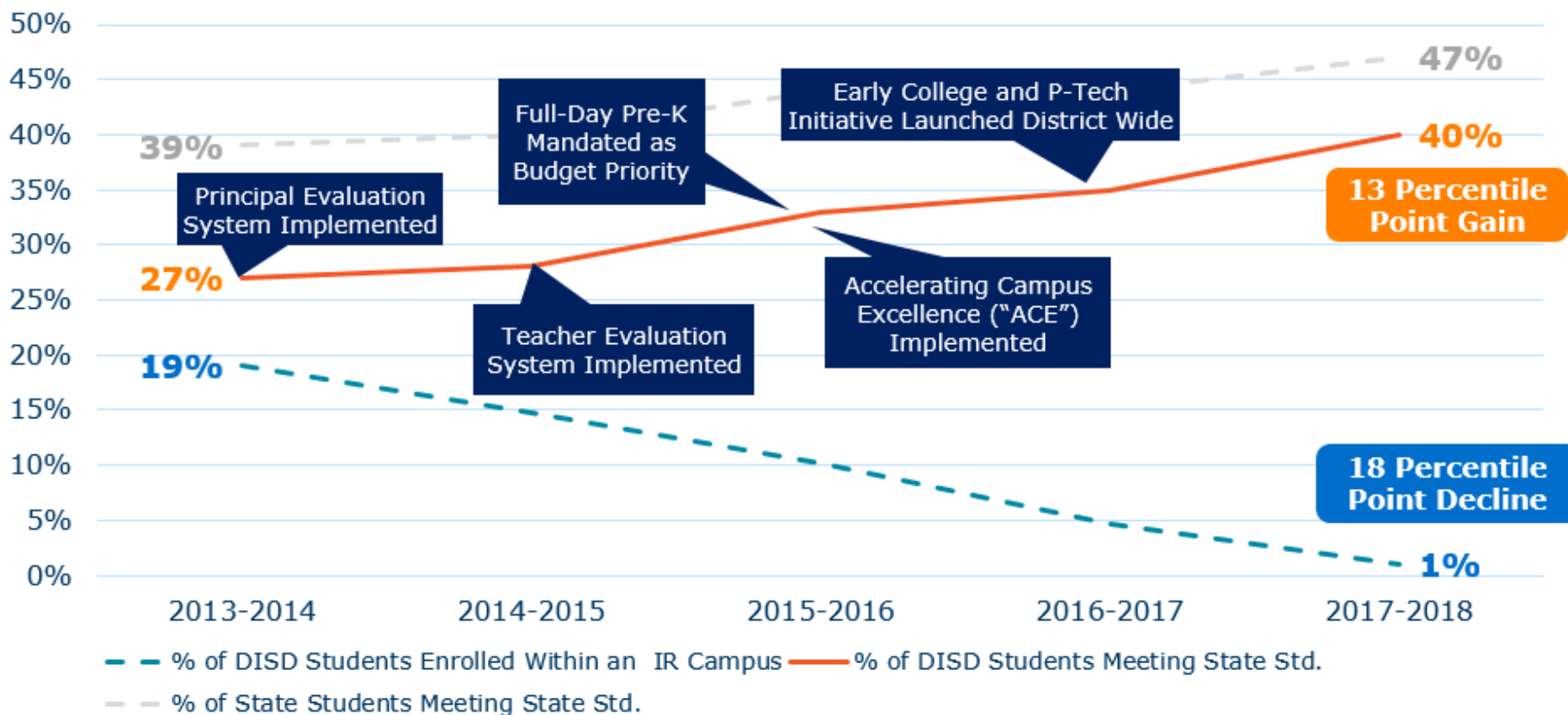
Eco-Dis Student Achievement vs. Teacher Characteristics, by District Eco-Dis Rate (200 Largest ISDs)



	0-20%	20-40%	40-60%	60-80%	80-100%
Teachers: Avg. Yrs. Exp.	11.2	11.4	10.8	10.6	10.2
# Districts	15	30	51	67	36
# Students	223,117	727,916	1,081,443	1,463,410	787,427
# Teachers	14,627	47,393	69,988	92,391	50,736



Dallas ISD Has Made Significant Academic Progress by Implementing a Number of Key Initiatives Focused on Early Childhood, Educator Pay/Strategic Staffing, and Early College/P-Tech



Improvement Required Campuses	43	37	22	13	4
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Source: TEA STAAR Aggregate report (<https://tea.texas.gov/student.assessment/staar/aggregate/>). First administration, all test takers, grades 3-8 and EOCs combined. Improvement Required (IR) is the lowest accountability rating for a campus as determined by the Texas Education Agency



Dallas ISD Retains 90%+ of Teachers Rated at Higher Levels of Proficiency, with Salaries Ranging as High as \$75k to \$90k Before Adjustments for Participation in ACE or Increases Due to TRE Passage

2018-2019 Effectiveness Levels	N Teachers	% Change from Previous Year	Average CYS	N/% Retained in TEI Eligible Position	Average % Salary Increase	Average Salary	
						2017-2018	2018-2019
Unsatisfactory	82	-6.8%	8.4	48 (58%)		\$53,371	\$53,371
Progressing I	1414	-8.2%	2.7	1098 (78%)	1.6%	\$51,739	\$52,548
Progressing II	2002	-15.5%	7.0	1597 (81%)	2.7%	\$53,515	\$54,945
Proficient I	4206	2.6%	11.6	3549 (84%)	2.7%	\$56,913	\$58,447
Proficient II	1172	5.3%	12.7	1058 (90%)	3.5%	\$59,669	\$61,734
Proficient III	702	26.3%	13.2	654 (93%)	4.3%	\$63,644	\$66,392
Exemplary I	133	30.4%	14.3	124 (94%)	9.1%	\$68,610	\$74,843
Exemplary II	110	48.6%	14.4	102 (93%)	4.9%	\$79,209	\$83,051
Master	3	100%	8.3	3 (100%)	9.8%	\$82,000	\$90,000
Total*	9824		9.7	8292(84%)	2.9%	\$56,671	\$58,309

**This total reflects preliminary Effectiveness Level data through 09/26/2018; teachers with No Level are excluded from this data set. Dallas ISD recently passed a \$126 million Tax Ratification Election on 11/6/2018 to provide additional funding to in part continue to grow teacher compensation, including adding more effective teachers who qualify for higher salary bands.*



The ACE Initiative in Dallas ISD Resulted in 12 of 13 Multi-Year IR Campuses (92%) Going Off State's Improved Required List After One Yr.

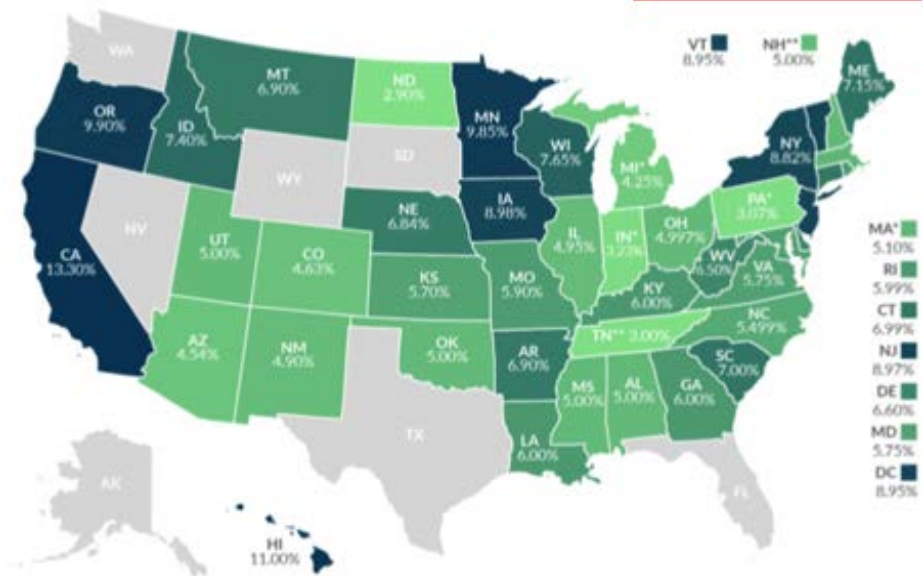
								2017-18	
Campus	Year 1 of ACE	Type (Elm. or Mid.)	% Eco Dis.	% ELL	% Mob.	Rating Prior To ACE	Rating Following Year 1 of ACE	Points per TEA	Equiv. Grade
Blanton	15-16	ES	92%	63%	21%	IR 5	Met Std.	93	A
J.W. Ray	17-18	ES	94%	3%	36%	IR 4	Met Std.	91	A
Mills	15-16	ES	91%	45%	28%	IR 5	Met Std.	89	B
U. Lee	15-16	ES	92%	31%	35%	IR 2	Met Std.	85	B
Titche	17-18	ES	84%	42%	33%	IR 5	Met Std.	88	B
J.N. Ervin	17-18	ES	97%	12%	38%	IR 2	Met Std.	85	B
Hernandez	17-18	ES	84%	33%	48%	IR 2	Met Std.	87	B
Rusk	17-18	MS	92%	59%	24%	IR 2	Met Std.	84	B
Edison	15-16	MS	91%	34%	28%	IR 5	IR	76	C
Dade	15-16	MS	100%	27%	31%	IR 3	Met Std.	78	C
Zumwalt	15-16	MS	97%	15%	43%	IR 3	Met Std.	74	C
C.F. Carr	17-18	ES	92%	34%	18%	IR 5	Met Std.	76	C
Pease	15-16	ES	92%	3%	44%	IR 3	Met Std.	59	F
Totals or Average for 13 Schools		10 ES and 3 MS	91%	32%	31%	Avg of 3.9 Yrs.	12 of 13 Met Std (92%).	82	B



How High Are Income Tax Rates in Your State?

Top State Marginal Individual Income Tax Rates, 2018

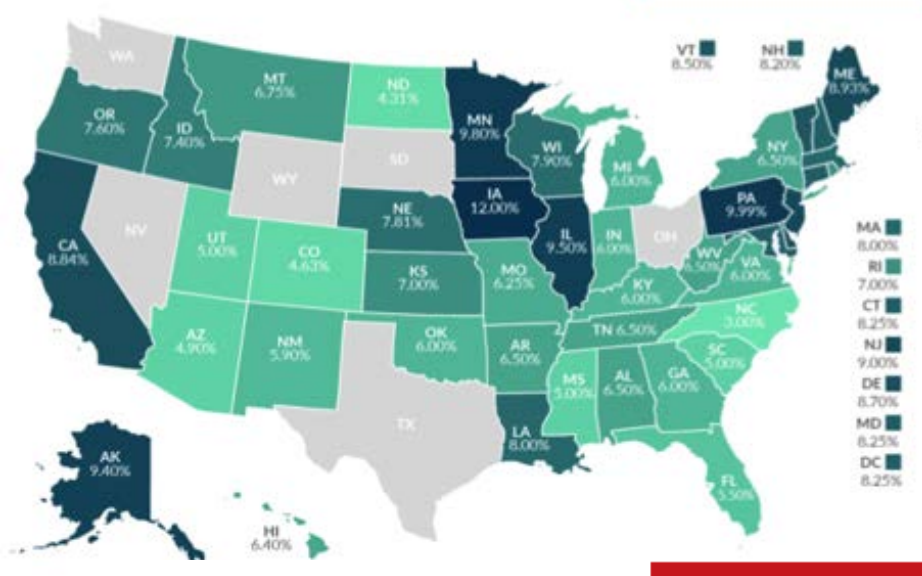
TX one of 7 states with 0%



How High Are Corporate Income Tax Rates

Top State Marginal Corporate Income Tax Rates in 2018

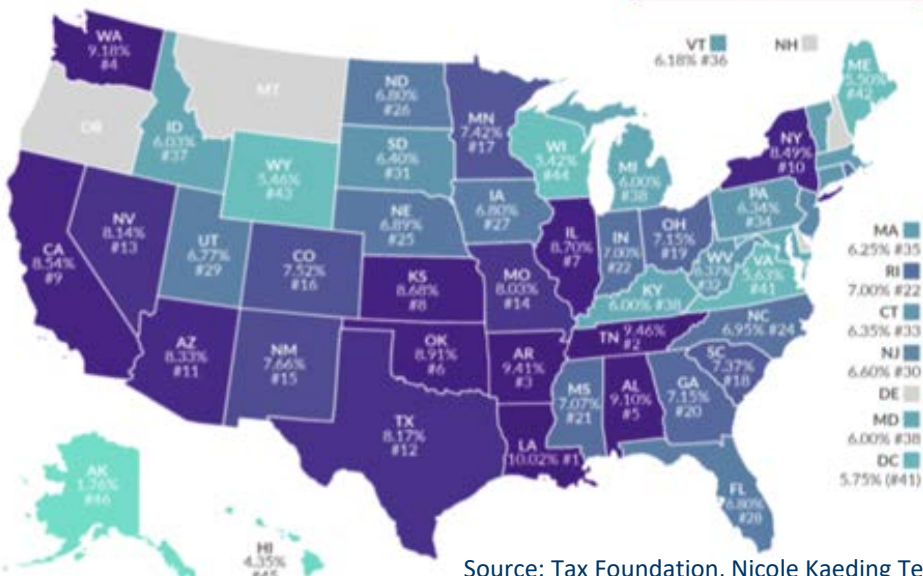
TX one of 6 states with 0%



How High Are Sales Taxes in Your State?

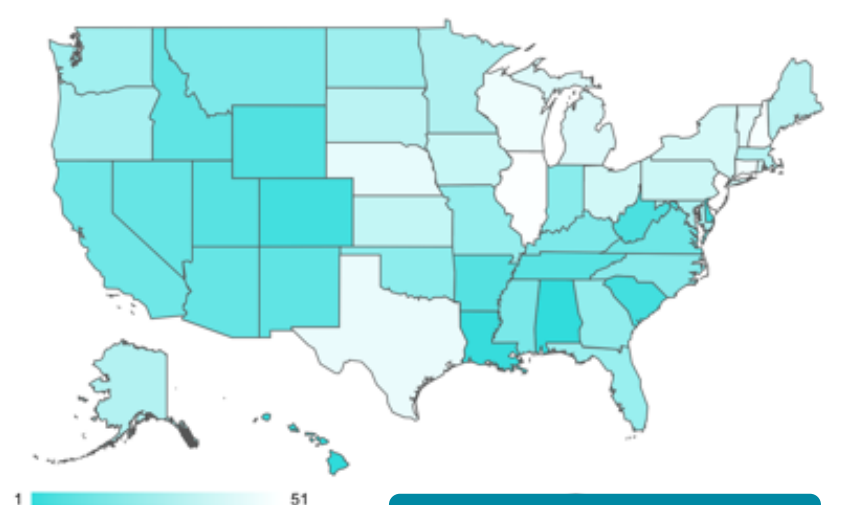
Combined State & Average Local Sales Tax Rates, Jan. 1 2018

TX ranks 12th (<OK, AR, LA)



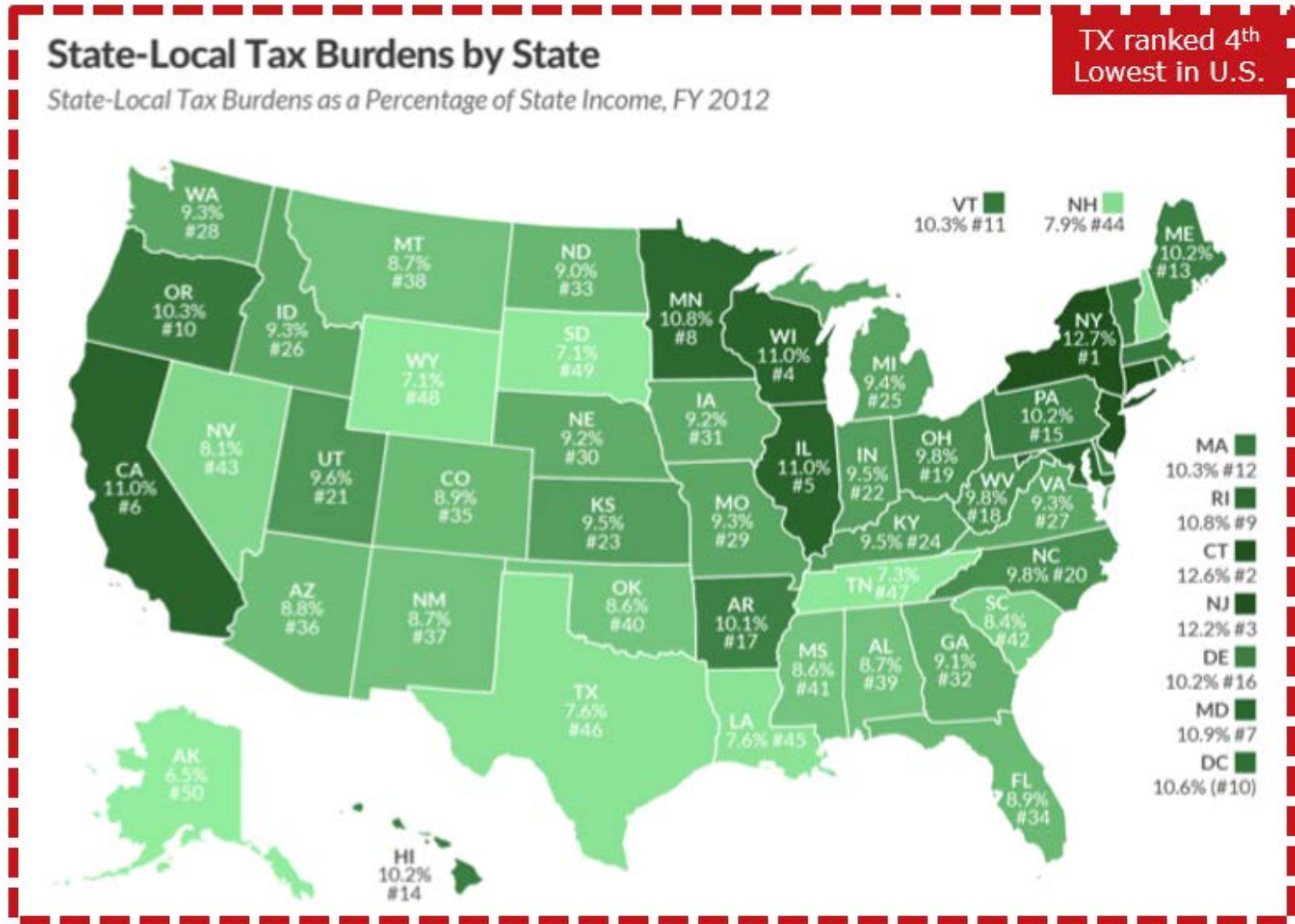
Real-Estate Tax Ranking

TX ranks 6th Highest in U.S.



Source: Tax Foundation, Nicole Kaeding Testimony, 4.19.18 ; U.S. Census Data

Total State and Local Tax Burden Ranked 46th in 2012

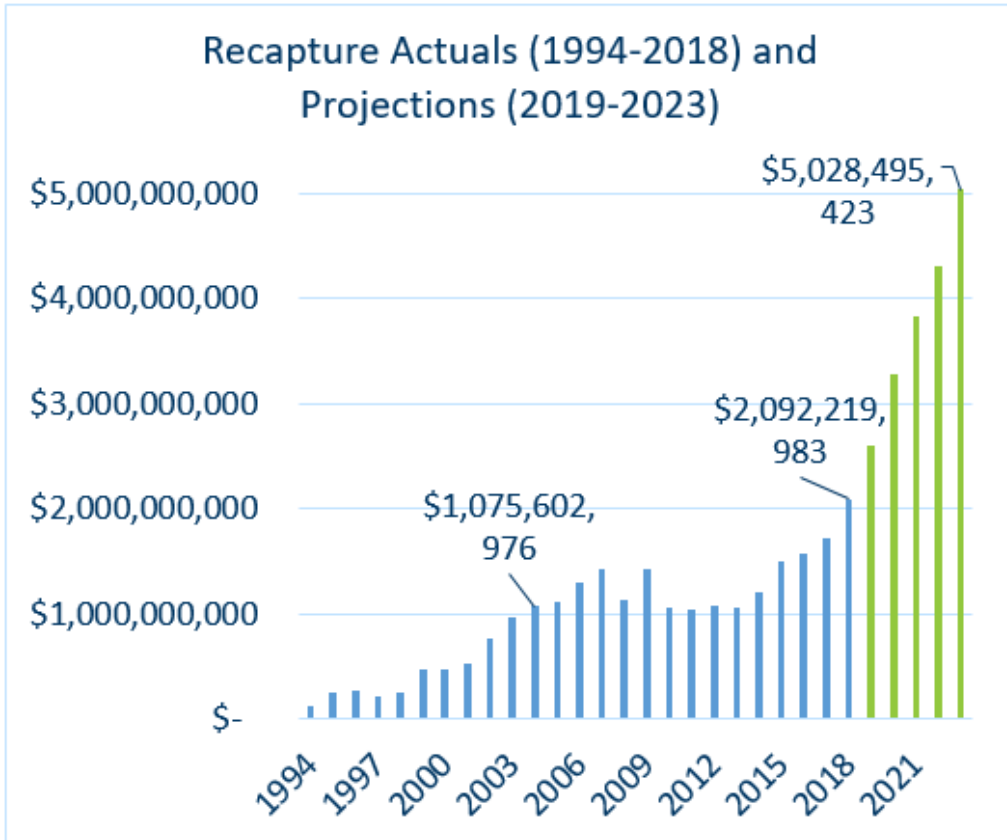


Source: Tax Foundation, Nicole Kaeding Testimony, 4.19.18



If unaddressed, recapture will become an even larger burden over a growing number of Chapter 41 school districts over the next 5 years

Actual and Projected Recapture Collections, 1994 to 2023



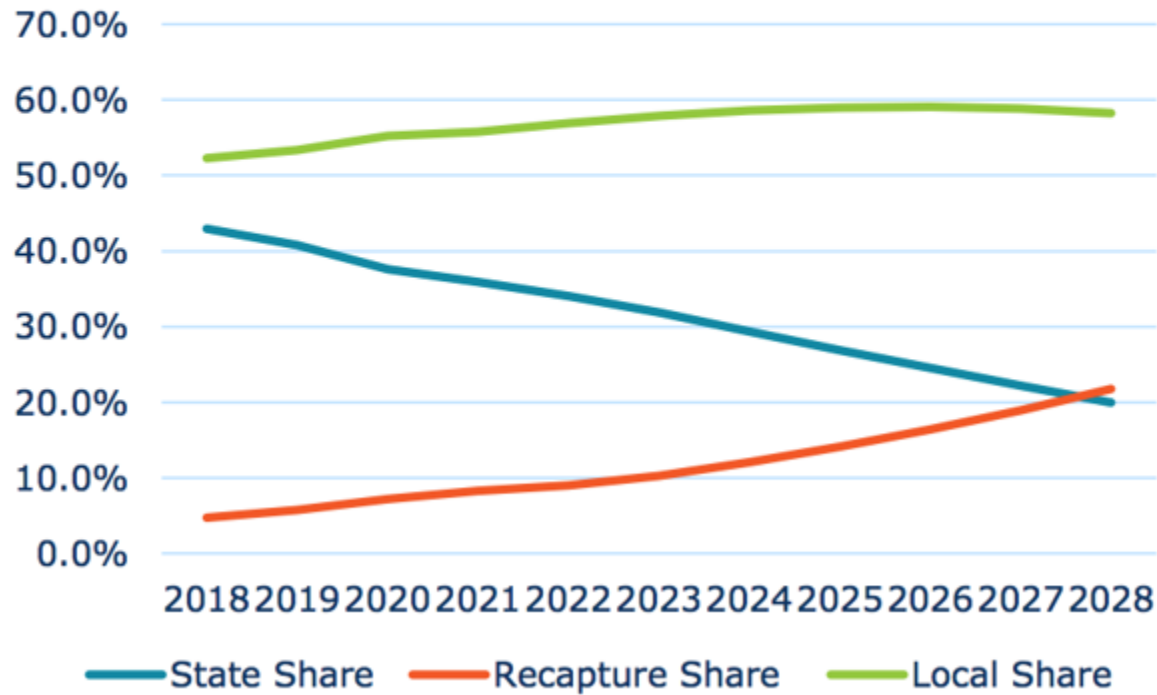
The \$2.7B that the state collects in recapture payments from Chapter 41 school districts is projected to nearly double in just five years, **up to over \$5B by 2023** under the current school finance system.

Source: Texas Commission on Public School Finance, 11.13.18, Presentation by Governor's Office of Budget and Policy



If current formulas and structure not addressed, recapture will become an even larger burden, exceeding the state's share of funding in a decade

State/Local Share Under Current Formula Trends



Source: Texas Commission on Public School Finance, 11.13.18, Presentation by Governor's Office of Budget and Policy



Initial State Investment of ~\$780 Million in 3rd Grade Reading Allotment and ~\$400 Million of Outcomes-Based Funding Could Meaningfully Increase 3rd Grade Reading Achievement

Economically Disadvantaged 3rd Grade Students

Outcomes Based Funding Per Student	Current Proficient % in Reading	Current Number of Students Proficient	Total Outcomes Funding in Yr. 1 (MM's)	Stretch Proficient % in Reading	Stretch Number of Students Proficient	Stretch Total Outcomes Funding (MM's)
\$3,400	32%	79,754	\$271.2	55%*	139,203	\$473.3

Non Economically Disadvantaged 3rd Grade Students

\$1,450	58%	86,900	\$126.0	68%	102,005	\$147.9
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Total 3rd Grade Students

41%	166,654	\$397.2	60%	241,208	\$620.2
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Resulting Change in 3rd Grade Reading Outcomes and Funding

+19%	+74,554	\$222.0
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*Roughly 300 elementary campuses in Texas are achieving 55% proficiency today for their low income students.



Proposed 3rd Grade Outcome Funding in Year 1 Will Equitably Support Campuses and Can Improve as Outcome Dollars are Wisely Invested

Assuming a District Has 1,000 3rd Grade Students (~ 50 Classrooms)

District Economic Disadvantage %	0%	25%	50%	75%	100%
Number of Eco. Dis. Students	-	250	500	750	1,000
Number of NON Eco. Dis. Students	1,000	750	500	250	-
Proficient Eco. Dis. Students <i>(Using State Average of 32%)</i>	-	79	158	236	315
Proficient NON Eco. Dis. Students <i>(Using State Average of 58%)</i>	579	434	290	145	-
Funding for Eco. Dis. Students @ \$3,400/student	-	\$267,847	\$535,693	\$803,540	\$1,071,386
Funding for NON Eco Dis Students @ \$1,450/student	\$839,989	\$629,991	\$419,994	\$209,997	-
Total Outcome Funding (in \$000's)	\$840k	\$898k	\$956k	\$1.01m	\$1.07m

Under proposed outcomes funding, a district that is 100% poor would receive 28% more new funding than a district that has zero poverty, consistent with comp ed spectrum recommendations



Initial State Investment of ~\$400 Million in High School Graduate CCMR Outcomes-Based Funding Could Help Meaningfully Increase Post-Secondary Success

Economically Disadvantaged High School Graduates

Outcomes Based Funding Per Student	Current Proficient % In CCMR	Current Number of Students Proficient	Total Outcomes Funding in Yr. 1 (MM's)	Stretch Proficient % in CCMR	Stretch Number of Students Proficient	Stretch Total Outcomes Funding (MM's)
\$5,380	25%	48,687	\$261.9	55%	108,413	\$583.3

Non Economically Disadvantaged High School Graduates

\$2,015	50%	68,518	\$138.1	68%	94,144	\$187.7
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Total High School Graduates

35%	117,205	\$400.0	60%	201,557	\$771.0
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Resulting Change in High School Graduate CCMR Outcomes/Funding

+25%	+84,352	\$371.0
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At \$1.0 million in incremental lifetime earning for every post-secondary credential, if only 25% of incremental ready graduates complete a credential, that equates to **\$21 billion in lifetime earnings with each and every graduating class**



Proposed CCMR Outcome Funding in Year 1 Will Equitably Support Campuses and Can Improve as Outcome Dollars are Wisely Invested

Assuming a District Has 1,000 Seniors

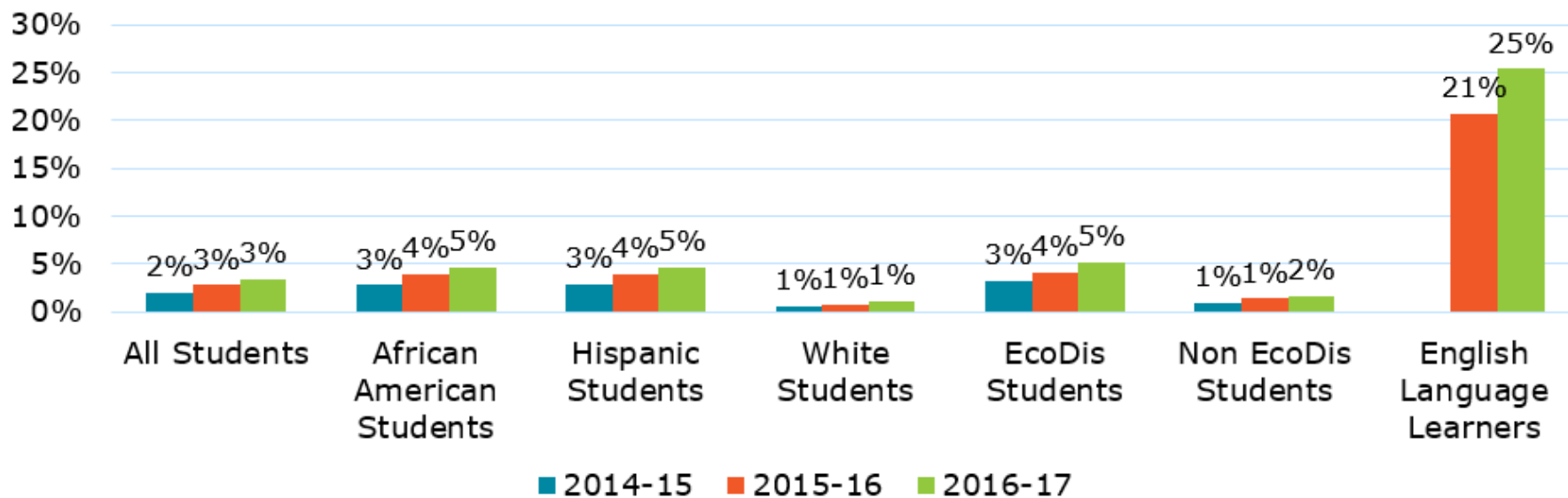
District Economic Disadvantage %	0%	25%	50%	75%	100%
Number of Eco. Dis. Students	-	250	500	750	1,000
Number of NON Eco. Dis. Students	1,000	750	500	250	-
Proficient Eco. Dis. Students <i>(Using State Average of 25%)</i>	-	62	123	185	247
Proficient NON Eco. Dis. Students <i>(Using State Average of 50%)</i>	500	375	250	125	-
Funding for Eco. Dis. Students @ \$5,380/student	-	\$332,214	\$664,428	\$996,642	\$1,328,856
Funding for NON Eco Dis Students @ \$2,015/student	\$1,007,934	\$755,950	\$503,967	\$251,983	-
Total Outcome Funding (in \$000's)	\$1.01m	\$1.09m	\$1.17m	\$1.25m	\$1.33m

Under proposed outcomes funding, a district that is 100% poor would receive 28% more new funding than a district that has zero poverty, consistent with comp ed spectrum recommendations



Increasing Number of Students Graduating Through Individual Graduation Committees (IGCs), Having Not Passed All Required STAAR EOC Exams

IGC Graduates as a Percent of All Graduates by Student Sub-Population



Individual Graduation Committee Graduates			
Student Type	2014-15	2015-16	2016-17
All	6,279	9,014	11,422
African American	1,121	1,622	1,994
Hispanic	4,265	6,131	7,772
White	645	885	1,174
EcoDis	4,654	6,131	7,772
NON EcoDis	1,625	2,267	2,725
English Language Learners	N/A	3,186	4,479

Source: Texas Education Agency IGC Annual Reports 2014-2017

