



REWARDING SUCCESS FOR ALL STUDENTS

*Texas Leads the Way with
HB 3's College, Career and Military Readiness Bonuses*

INTRODUCTION

Our education system's purpose is to enable every student to have the knowledge and skills to reach their full potential - which requires students are college and career ready. But for far too many students, the system is falling short. A recent Brookings Institute report found 60 percent of high school graduates were not college or career ready.

Closing this gap requires bold policy moves, and it requires tapping into one of the greatest incentives proven to move school performance: funding. Most states are locked into a one-size-fits-all funding approach or requires schools to adopt top-down approaches that don't always lead to better outcomes. Rather than strip funding away from underperforming schools, a properly designed **performance funding** model can create the needed incentive to transform outdated instructional models and reward schools for student gains.

By linking a meaningful portion of funding to student learning, states can drive innovation and improvement.

A key element is providing significantly larger rewards for success with economically disadvantaged and special education students, so that even districts with concentrations of these students can fully benefit.¹ Depending on a state's specific goals and priorities, there are many different potential outcomes that can be linked with performance funding.

In 2019, Texas approved one of the nation's "[biggest and boldest](#)" efforts to use performance funding in education. The state began providing significant bonuses for College, Career or Military Readiness (CCMR), with higher rewards for success with economically disadvantaged and special education students.

"Texas has moved the finish line from the graduation stage to the following Fall, rewarding districts that help their students execute on what comes next," said Bridget Worley, executive director of the Texas Impact Network, which is supporting implementation of the CCMR bonuses.²

This brief describes how the CCMR bonuses in Texas were developed, how they are designed, and how they are working so far.

HOW CCMR BONUSES CAME ABOUT

The CCMR outcomes bonuses in Texas were included in 2019's comprehensive school funding reform legislation, called House Bill 3 (HB 3). A bipartisan commission developed many of the key components in HB 3, including the CCMR bonuses. The foundation for CCMR was tied to the state's goal to have at least 60 percent of adults aged 25-34 in Texas achieving a postsecondary degree or workforce credential. Policymakers examined how well the state was doing in achieving the goal, and they saw big shortfalls for economically disadvantaged and other higher-need students, who made up the fastest growing segments of the state's student population.

To address this challenge, policymakers saw performance funding as having significant benefits. First, it meant paying only when districts achieved specific outcomes. This lowered the initial cost, with state spending increasing only as student success improved. Indeed, any additional cost was linked to a huge and clearly visible return on investment, considering the much higher lifetime earnings of students with postsecondary success. Second, the state could focus on

¹ See ExcelinEd, [Performance Funding](#) (2019); ExcelinEd, [Conceptual Framework for Performance Funding](#) (2018).

² Interview with Bridget Worley, Executive Director, Texas Impact Network (Nov. 11, 2021).



outcomes rather than dictating specific interventions. In a state that emphasizes local control in education, it was important to make the initiative optional for districts.

“Linking some money to student outcomes was critical to securing bi-partisan support for overall school funding reform in the Texas Legislature,” said Texas State Representative Dan Huberty, who chairs the House Committee on Public Education and played a major role in the passage of HB 3.³

Policymakers also wanted to focus on economically disadvantaged and special education students who were falling most short in achieving postsecondary success. They wanted to treat all districts fairly yet not disproportionately benefit districts with the most advantaged student populations. This meant providing substantially more funding for success with higher-need students.

“The goal was to change behavior, to make it fair and to make it optional,” said Todd Williams, Chairman and CEO of The Commit Partnership, who played a critical role in developing the CCMR bonuses as outcome committee chair of the Texas Commission on Public School Finance.⁴

“Linking some money to student outcomes was critical to securing bi-partisan support for overall school funding reform in the Texas Legislature.”

**-Rep. Dan Huberty, Chair,
House Committee on Public
Education**

HOW CCMR BONUSES WORK

Bonus Amounts

Texas’s baseline bonus is \$3,000 per every student who is assessed as ready and successfully transitions to college, earns a career certificate or credential or enlists in the military. For economically disadvantaged students, the bonus is an additional \$2,000 per student. These are students who are eligible for free or reduced-price lunch. In other words, CCMR for an economically disadvantaged student earns a district \$5,000, or 66 percent higher than the baseline amount. This substantial additional bonus for higher-need students is critical because it addresses a potential concern that districts with more advantaged students will disproportionately benefit from performance funding.

For CCMR students with disabilities, districts also receive an additional \$2,000. This extra amount is available whether the student is economically disadvantaged or not.⁵ For those CCMR students who are economically disadvantaged and receiving special education services, districts receive a combined bonus of \$7,000—a meaningful incentive to achieve positive outcomes for students facing multiple challenges.

Districts receive bonuses based on the students graduating and successfully transitioning each year, regardless of when they started high school. However, districts receive a bonus only for each CCMR student *above a threshold percentage*, set at the 25th percentile of districts statewide for each category. This was intended to focus on improved outcomes, not paying districts for what they were already doing.

³ Interview with Dan Huberty, Texas State Representative & Chair, House Committee on Public Education (Nov. 18, 2021).

⁴ Interview with Todd Williams, Chairman and CEO, The Commit Partnership (Sep. 23, 2021).

⁵ See Texas Education Agency, [HB 3 in 30: College, Career, or Military Readiness Outcomes Bonus and Exam Reimbursements](#) (2019).



The thresholds are set separately for non-economically disadvantaged students, economically disadvantaged students and special education students, based on 2016-17 graduates statewide. The thresholds are 24 percent for students who are not economically disadvantaged, 11 percent for students who are economically disadvantaged and 0 percent for special education students. In other words, districts only receive CCMR bonuses for students above these thresholds. The thresholds are fixed; they are not adjusted or updated each year.⁶

College Readiness

To qualify as a college ready student under HB 3, students must achieve a college readiness score on the SAT, the ACT or the Texas Success Initiative Assessment (TSIA), a test that may be used for students enrolling in public colleges and universities in Texas.⁷ The required scores are as follows:

TSIA	SAT	ACT
>= 351 on Reading	>= 480 on the Evidence-Based Reading and Writing (EBRW)	>= 19 on English and >= 23 Composite
>= 350 on Mathematics	>= 530 on Mathematics	>=19 on Mathematics and >= 23 Composite

Further, graduating students must enroll in a postsecondary institution by the tenth instructional day of the fall semester immediately following high school graduation or have already earned enough college credits to qualify for an associate degree while in high school.

Career Readiness

For career readiness, students must achieve college readiness scores on the SAT, ACT or TSIA, as noted above. By August 31 immediately following high school, they must also have earned an industry-based certification, typically issued by a trade association or industry-approved testing entity, or they can have earned a Level I or Level II certificate, which is awarded by an institution of higher education.⁸

Military Readiness

Students must receive a passing score on the Armed Services Vocational Aptitude Battery (ASVAB) and enlist in the U.S. Armed Forces after graduation.

⁶ See [19 TAC §74.1007](#).

⁷ The college readiness scores are determined by the Texas Higher Education Coordinating Board as part of the Texas Success Initiative. The Texas Success Initiative Assessment (TSIA) is administered through the College Board's Accuplacer digital platform. Starting in January 2021, the state is using a replacement test, called TSIA 2.0, which has different college readiness scores.

⁸ See Texas Agency Education, [Understanding Credentials in Texas: Certificates & Certifications](#) (2018). Level I requires completing a program consisting of at least 15 and no more than 42 semester credit hours. A Level II certificate is awarded for completing a program of at least 30 but no more than 51 semester credit hours. For a list of industry-based certifications, see Texas Education Agency, [Industry-Based Certification Resources](#).



Outcomes Bonuses vs. Accountability

The CCMR criteria for outcomes bonuses are different than for the state’s accountability system. There are additional ways students are college ready under accountability. Students can score a 3 on an Advanced Placement exam or a 4 on an International Baccalaureate exam in any subject. They can also have completed and earned credit for three hours of dual-course credits in English Language Arts or mathematics or nine hours in any subject.

Similarly, the accountability system includes expanded criteria for career readiness. Students can graduate with a completed Individualized Education Plan (IEP) and “workforce readiness,” which means the student “has either demonstrated self-employment with self-help skills to maintain employment or has demonstrated mastery of specific employability and self-help skills that do not require public school services.” Students who received special education services can also graduate with an “advanced diploma plan.”⁹

“The biggest difference between accountability and the CCMR bonuses is that one is an ‘or’ and the other is an ‘and.’ Accountability holds school systems accountable for students meeting one of 11 indicators. The CCMR bonuses reward school systems for fully preparing students with college readiness *and* a postsecondary plan,” said Ms. Worley.¹⁰

Data Collection

SAT, ACT and TSIA data come directly from test vendors. Enrollment in college and Level I and Level II certificate data come from the Texas Higher Education Coordinating Board and the National Student Clearinghouse. Industry-based certification data are self-reported by districts. Military enlistment will come from the U.S. Department of Defense. Because the state is still working with the Department of Defense to verify enlistment data, the state is not yet providing bonuses for military readiness.¹¹

Funding Timeline

The state calculates bonus payments about a year-and-a-half after students graduate. This gives time for students to enroll in a postsecondary institution or enlist in the military and for the state to gather and validate data. For example, this means that in early 2022, districts will receive bonus funding for 2019-20 graduates.¹²

Spending Requirements

Districts must spend at least 55 percent of their outcomes bonus funding on students in grades 8-12 and for activities related to college, career or military readiness. Allowable uses include teacher training and professional development on CCMR content; student preparation for CCMR content; counseling and advising services; work-based learning; advanced academics; and school models that blend high school and college coursework.¹³

⁹ See Texas Education Agency, [CCMR in Academic Accountability Versus Outcomes Bonuses](#); Texas Education Agency, [2021 Accountability Manual Chapter 2](#). An “advanced diploma plan” includes a Recommended High School Plan (RHSP), Distinguished Achievement Plan (DAP), Foundation High School Plan with an Endorsement (FHSP-E), or Foundation High School Plan with a Distinguished Level of Achievement (FHSP-DLA).

¹⁰ Interview with Bridget Worley, Executive Director, Texas Impact Network (Nov. 11, 2021).

¹¹ See Texas Education Agency, [College, Career, or Military Readiness Outcomes Bonus Data Sources](#).

¹² See Texas Education Agency, [CCMR Outcomes Bonus Data Processing Timeline](#).

¹³ See Texas Education Agency, [CCMR Outcomes Bonus Allowable Expenses](#) (2019).



Initial Implementation and Early Lessons

So far, districts have received CCMR bonuses for two years of graduates, 2017-18 and 2018-19. The bonuses totaled \$240 million and \$270 million for the two years, respectively.¹⁴ The following chart shows the breakdown for 2018-19 graduates.

	% CCMR ¹⁵	Total Bonuses
Non-Economically Disadvantaged	29.7%	\$150,621,000
Economically Disadvantaged	12.6%	\$117,185,000
Special Education	3.7%	\$2,028,000

These students graduated prior to the passage and implementation of HB 3. In early 2022, the state will announce bonuses for 2019-20 graduates, the first school year after HB 3 passed. However, this is also the first class heavily impacted by the pandemic.

Nonetheless, districts are already making positive changes because of the CCMR bonuses. “Districts are shifting behavior as they see their data and determining how they can invest in evidence-based strategies and a continuous improvement cycle,” said Bridget Worley, from the Texas Impact Network.¹⁶

“It has been a game changer for our district.”

**-Dr. LaTonya Goffney,
 Superintendent, Aldine
 Independent School District**

“It has been a game changer for our district,” said Dr. LaTonya Goffney, superintendent of Aldine Independent School District, north of Houston, with 67,000 students, 90 percent of whom are economically disadvantaged.

“Before, we were waiting too late. Different people owned different parts of the work. Now, we are using live data to determine what is working and what isn’t at each campus and to intervene earlier. We have streamlined our vision and coordinated our approach.”¹⁷

“We were shocked when we compared our initial CCMR bonuses to our full potential,” said Dr. Scott Muri, superintendent of Ector County Independent School District, in west Texas, with 32,000 students. “Now, we’re all in. We’ve added career technical courses so more students finish their pathways, and we’ve shifted funding to better serve economically disadvantaged students, English learners and special education students.”¹⁸

¹⁴ See Texas Education Agency, [CCMR Outcomes Bonus Report](#).

¹⁵ These are percentages above the threshold of 24 percent for non-economically disadvantaged and 11 percent for economically disadvantaged students.

¹⁶ Interview with Bridget Worley, Executive Director, Texas Impact Network (July 28, 2021).

¹⁷ Interview with Dr. LaTonya Goffney, Superintendent, Aldine Independent School District (Sep. 28, 2021).

¹⁸ Dr. Scott Muri, superintendent of Ector County Independent School District (Sep. 28, 2021).



Ector County ISD can earn up to \$8.5 million in CCMR bonuses. For Aldine ISD, the maximum available bonuses are more than \$21 million each year.¹⁹

Districts are finding that they benefit from technical assistance to help them realize how much bonus funding they could be receiving and how they can reinvest initial bonuses to improve CCMR outcomes and receive larger bonuses in the future. The [Texas Impact Network](#), a joint venture supported by The Commit Partnership and Educate Texas, is one organization providing such support to districts.

One challenge for districts is finding the initial funding to improve outcomes, when the bonuses come more than a year later. Fortunately, the large infusion of federal stimulus funding received by districts is providing a unique opportunity for districts to start new strategies to improve college, career and military readiness. They can then use the state CCMR bonuses to sustain and grow these programs once their federal stimulus dollars expire.

CONCLUSION

Texas has designed a national model of performance funding that focuses on critical, postsecondary outcomes. It provides incentives large enough to drive change, and it treats all students fairly through substantial extra bonuses for success with economically disadvantaged and other higher-need students. It will be well worth watching and learning more from Texas as implementation continues.

“For other states looking to invest additional funds in K-12 education, HB 3 is a role model for making those funds matter for student success.”

-Dr. Larry Miller, national expert on performance funding

“Clearly, Texas policymakers did their homework because HB 3 ensures substantial, recurring, flexible and fair funding, tied to meaningful, easy to understand and independent measures of student success,” said Dr. Larry Miller, one of the country’s foremost experts on performance funding in education. “For other states looking to invest additional funds in K-12 education, HB 3 is a role model for making those funds matter for student success.”

¹⁹ Interview with Bridget Worley, Executive Director, Texas Impact Network (Nov. 11, 2021).