

NUMBERS BRIEF #2\*

## Texas School Financing Continues a Regressive Trend

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Everyone agrees that the system used by Texas to fund public education is hugely complex and largely outdated. In August 2014, with decades of several court opinions as a legal foundation, Texas District Judge John Dietz ruled that the school finance system was also unconstitutional. Specifically, the judge found that the system violated the Texas Constitution's mandate to provide a free public education because it was financially inadequate, inefficient, and unequal. The State appealed Dietz's ruling to the Texas Supreme Court.

Instead of responding to Dietz's ruling by reforming the system during its 84<sup>th</sup> Legislative Session, many expected the Texas Legislature to wait for the Supreme Court's final ruling, expected later this year. However, in March, Representative Jimmie Don Aycocock announced willingness in the House to make fundamental changes to Texas school finance. Committee Substitute House Bill (CSHB) 1759 by Aycocock, chair of the House's Public Education Committee, was the mechanism of change, promising to increase equity and aiming to infuse an additional \$800 million into school finance.

While the bill received supportive testimony and was voted out of committee, some education advocates criticized it. These advocates said the bill was inequitable because it would eliminate, instead of update, the "cost of education index," which formulates allotments for districts based on factors such as educator salaries in surrounding areas, percent of low-income students, and school district size and geographic location. Further criticism highlighted the bill's failure to increase certain special allotments for students with exceptional needs or take other measures aimed at increasing educational fairness. On May 14, 2015, Aycocock pulled down CSHB 1759 on the House floor, with amendments looking to attack its core and little chance of its passage in the Senate. With school finance adequacy, efficiency, and equity challenges and related litigation looming, it is worth a look at the latest legislative effort to fix the system, as ideas from this effort could end up in future reform bills. During hearings, the committee released documents produced by the Legislative Budget Board (LBB) comparing the funding proposed by CSHB 1759 (labeled Model 68771) to the funding under current law. These documents included each school district's projected total maintenance and operations (M&O) revenue per current law weighted average daily attendance (CL WADA), a complex calculation somewhat analogous to funding per pupil. These numbers, along with data from the Texas Education Agency (TEA), form the basis of our analysis.

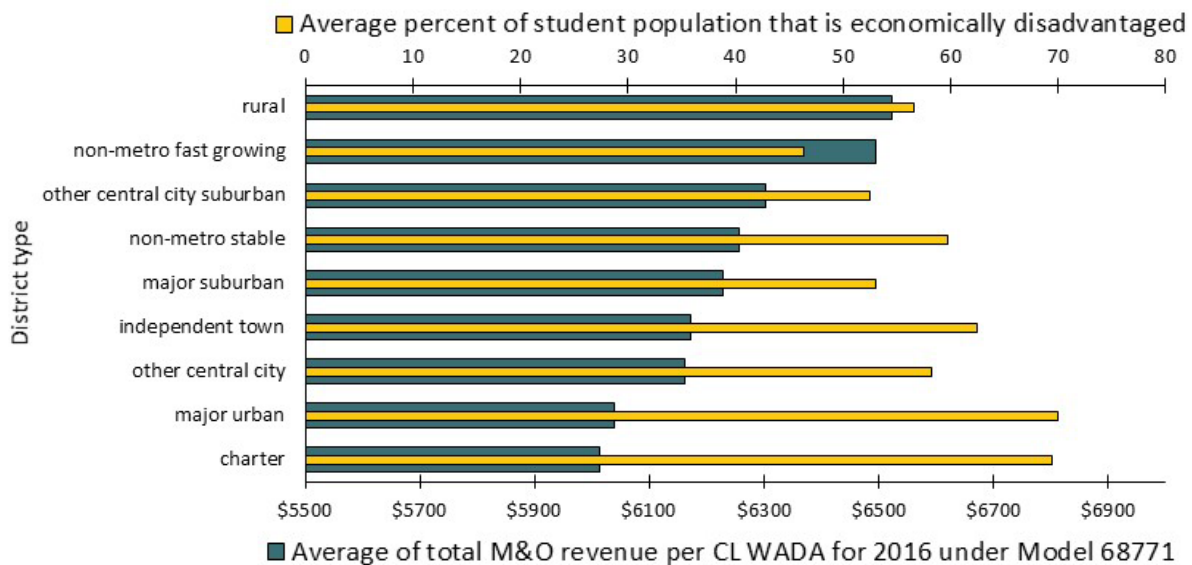
### Analysis

Under the LBB calculations, all district types across Texas would have seen an increase in their average total M&O revenue per CL WADA in 2016. However, the pattern of high and low districts would have remained the same under the new model as under the old formula as shown in the table below. Using both current law and Model 68771 calculations, rural, non-metro fast growing, and other central city suburban districts continue to receive the largest average revenue per CL WADA. Of the traditional public schools, major urban cities, other central cities, and independent towns continue to receive the lowest average revenue per CL WADA under either funding scheme. Rural districts, with the largest average revenue under both funding formulas, also have the greatest range of funding, with both the state low of

\*This brief is the second in a series that focuses on data, statistics, and relevant facts as they relate to Blacks, African Americans, and other people of color in Texas and the nation.

\$4,756 for Walcott ISD, west of Amarillo, and the state high of \$14,439 for Westhoff ISD, southeast of San Antonio. This pattern of funding differences is a problem as major urban districts and independent towns have the highest student poverty rates, while non-metro fast growing areas and other central city suburban areas have the lowest student poverty levels, as shown below using TEA data. While Model 68771 did offer an improvement over the current funding formula, it still fell short of the charge put forth by Judge Dietz in his ruling that, “Equity should be a guiding principle of the school finance system.”

Average of total M&O revenue per CL WADA for 2016 under Model 68771 and average percent of student population that is economically disadvantaged by district type



	District type <sup>a</sup>								
	Charter	Major urban	Other central city	Independent town	Major suburban	Non-metro stable	Other central city suburban	Non-metro fast growing	Rural
Current formula average revenue for 2016 <sup>b</sup>	5678	5803	5903	5886	6002	5990	6057	6259	6265
Model 68771 average revenue for 2016 <sup>b</sup>	6012	6038	6160	6171	6228	6256	6302	6495	6524
Average change in revenue <sup>b</sup>	335	235	257	285	226	266	244	236	259
Model 68771 low <sup>b</sup>	6010	5628	5869	5726	5658	5541	5290	5779	4756
Model 68771 high <sup>b</sup>	6147	6672	6642	6690	7063	8325	9481	12416	14439
Total student population in 2014 <sup>a</sup>	189,661	983,127	790,744	245,267	1,607,410	271,191	623,317	30,538	155,249
Percent of economically disadvantaged student population in 2014 <sup>a</sup>	69	70	58	62	53	60	52	46	57

<sup>a</sup>Data on Texas school districts' categorization and student populations are available for download from the TEA website at <http://ritter.tea.state.tx.us/adhocrpt/adste.html>

<sup>b</sup>Data on current and proposed Model 68771 average total M&O revenue per CL WADA in 2016 can be found at <http://www.legis.state.tx.us/tlodocs/84R/handouts/C4002015040714001/a4a086cf-a684-4335-b748-736116f28421.PDF>