



Equity in Education ...and why it matters



Equity Center
Students Matter. Taxpayers Matter. Equity Matters.

A Brief Background...

Several years ago, the Equity Center started working on “A Plan for Texas” with these two guiding principles in mind:

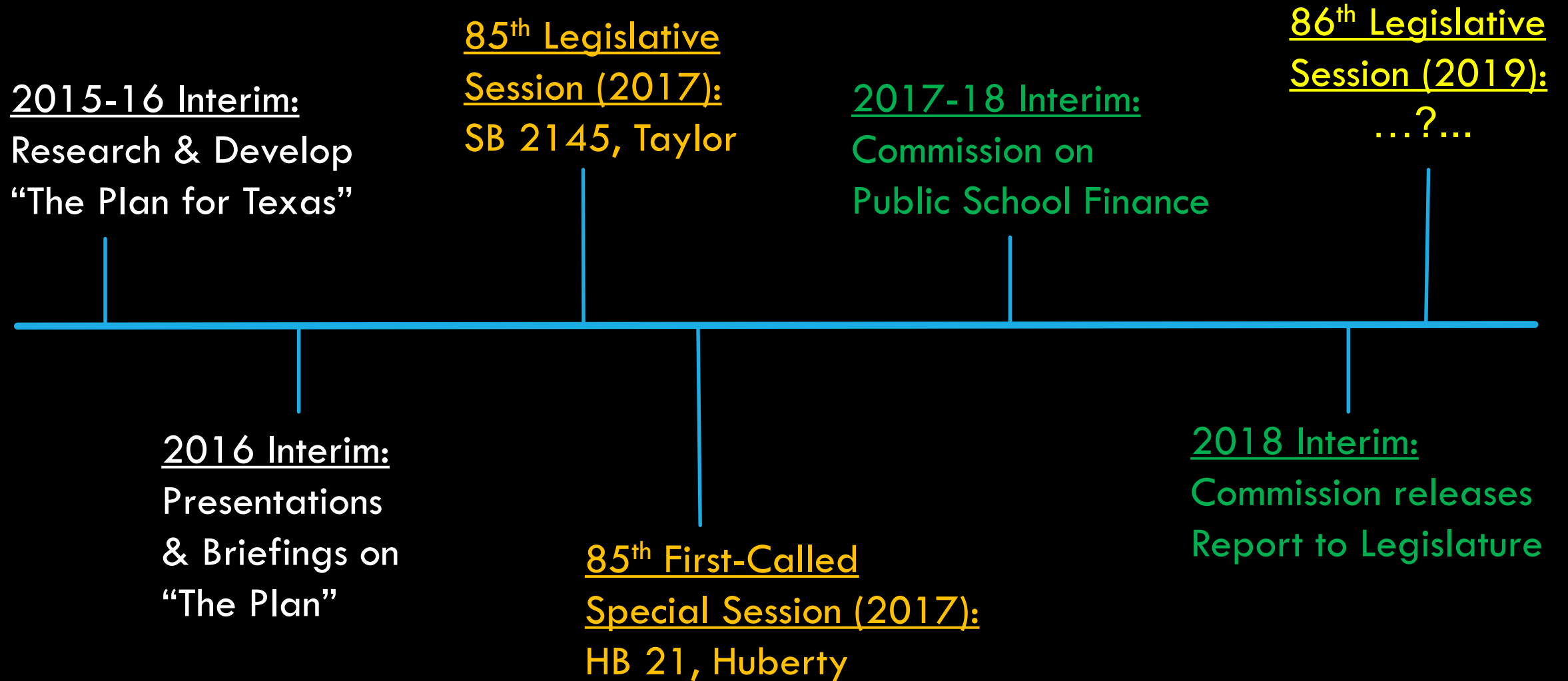
- ▶ Texas Constitution, Article 7, Section 1:

Support and Maintenance of System of Public Free Schools. A general diffusion of knowledge being essential to the preservation of the liberties and rights of the people, it shall be the duty of the Legislature of the State to **establish and make suitable provision for the support and maintenance of an efficient system of public free schools.**

- ▶ Texas Education Code, Section 42.001 (b)

The public school finance system of this state shall adhere to a standard of neutrality that provides for **substantially equal access to similar revenue per student at similar tax effort, considering all state and local tax revenues of districts after acknowledging all legitimate student and district cost differences.**

Timeline



Building on the Progress

- 86th Legislature:
Leadership Announces School Finance
as Top Priority

- Comptroller estimates \$119 billion General Revenue
- Commission releases final report to legislature: \$3.5 billion reallocation of funds, \$1.8 billion in additional revenue
- Priorities include teacher pay raises, school safety, reducing recapture and maintaining equity

A Little Context

- Raising the basic allotment (BA) by \$100 requires \$710 million... per year

- \$4 billion on Compensatory Education and \$500 million on Bilingual Allotment



Highlights — the Governor's Plan



- ▶ Property Tax Relief: 2.5% collections cap on existing property
- ▶ Reduces the growth of recapture but does not eliminate it
- ▶ Even under this collection cap recapture would grow from \$2.1 billion in 2018 to \$2.8 billion in 2023.

Highlights — the Commission's Report



- ▶ Property Tax Relief...
- ▶ CEI, SDA, and other changes
- ▶ Eliminates inefficiencies
- ▶ Current year estimates (...not collections)
- ▶ Recognizes the need for increased overall funding

Highlights — the House & Senate



House

- ▶ \$9 billion above current law obligations
 - ▶ \$2.4 for enrollment growth
 - ▶ \$2.2 for increase in Golden Penny Guaranteed Yield
- ▶ Property tax relief

Senate

- ▶ \$2.3 billion Property Tax Relief
- ▶ \$3.7 billion for \$5,000 Teacher pay raises

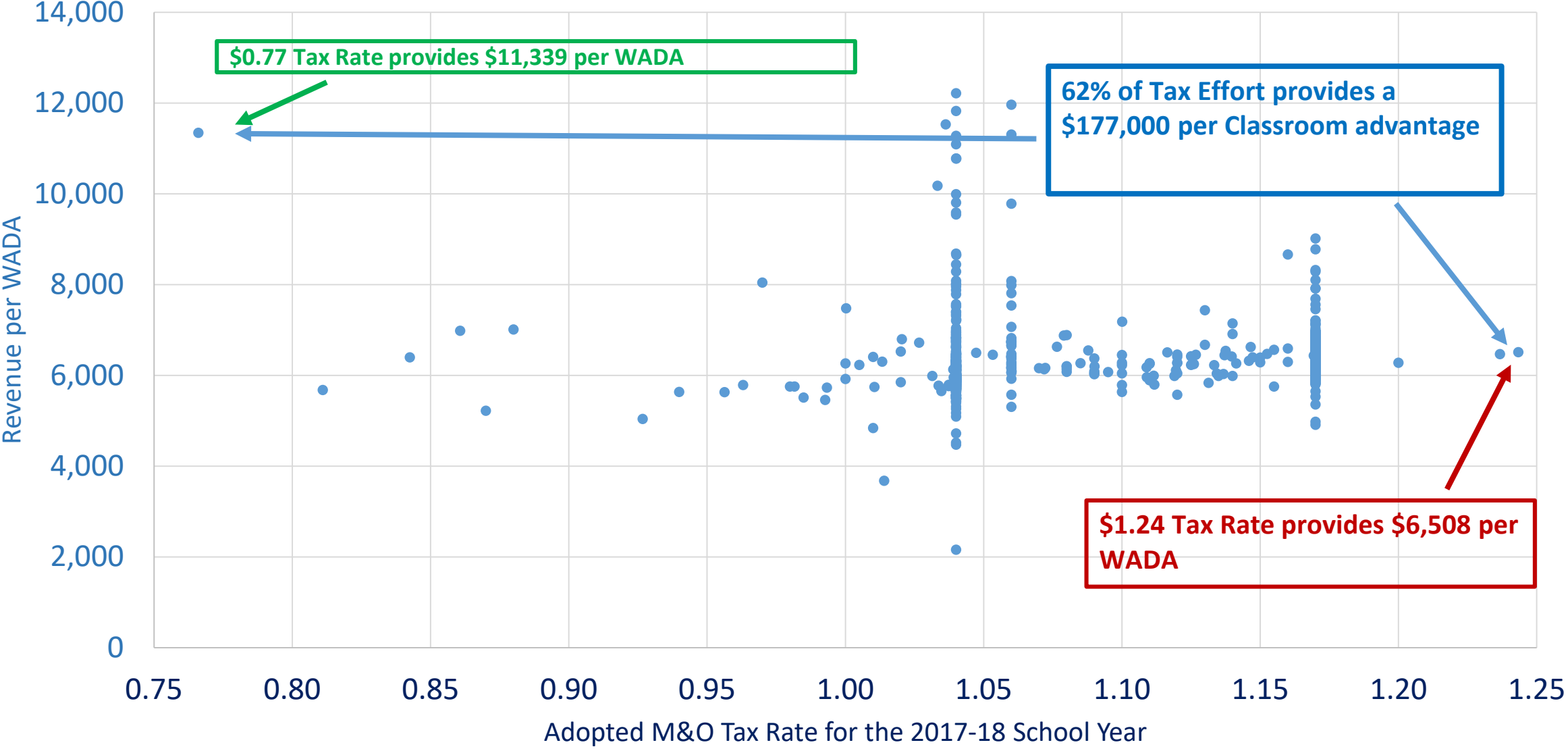
Examining our Current System

- ▶ Similar revenue for similar tax effort?
- ▶ Similar funding for similar students/districts?
- ▶ Funding based on known costs?
- ▶ Prioritized funding to bring up the lowest funded first?



FY18 Revenue per WADA at M&O Tax Rate

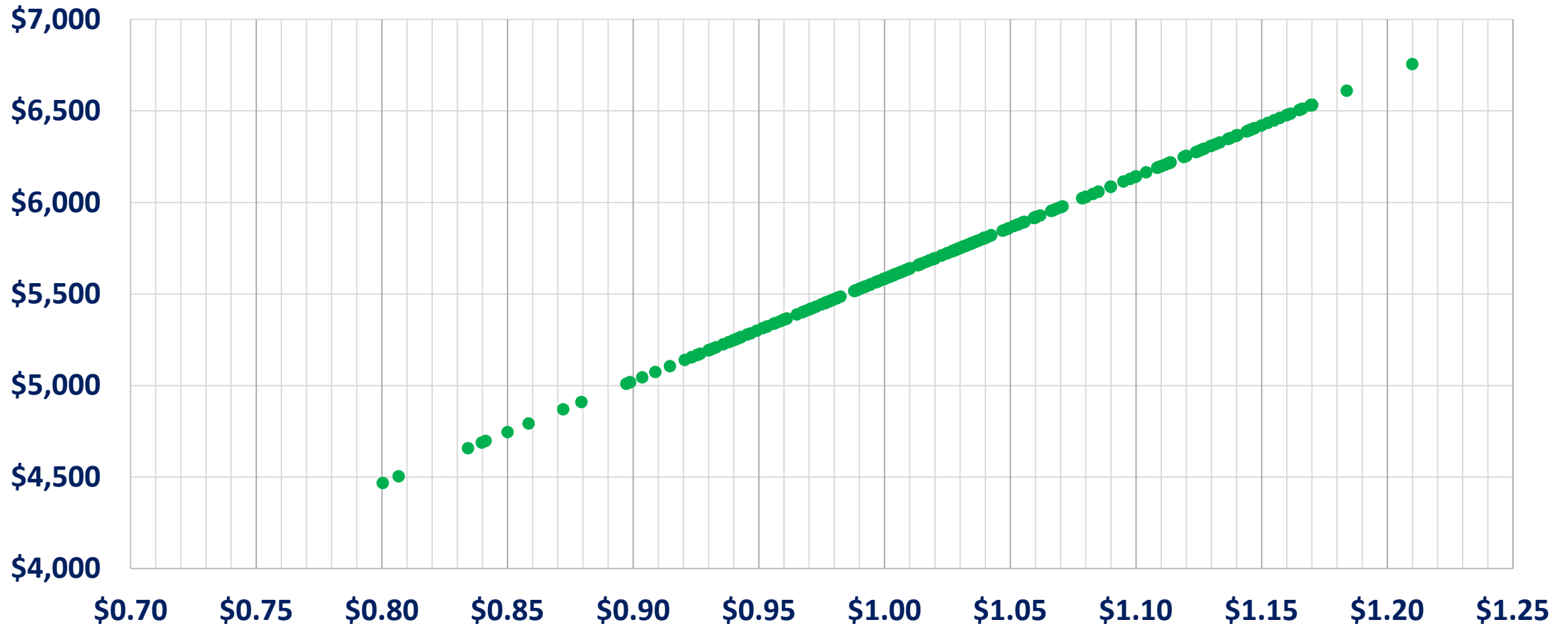
(with Hardship Grant) - Updated 8.24.18 from TEA's March Update



Texas School Finance--FY 18 on this Cost Based Formula Plan

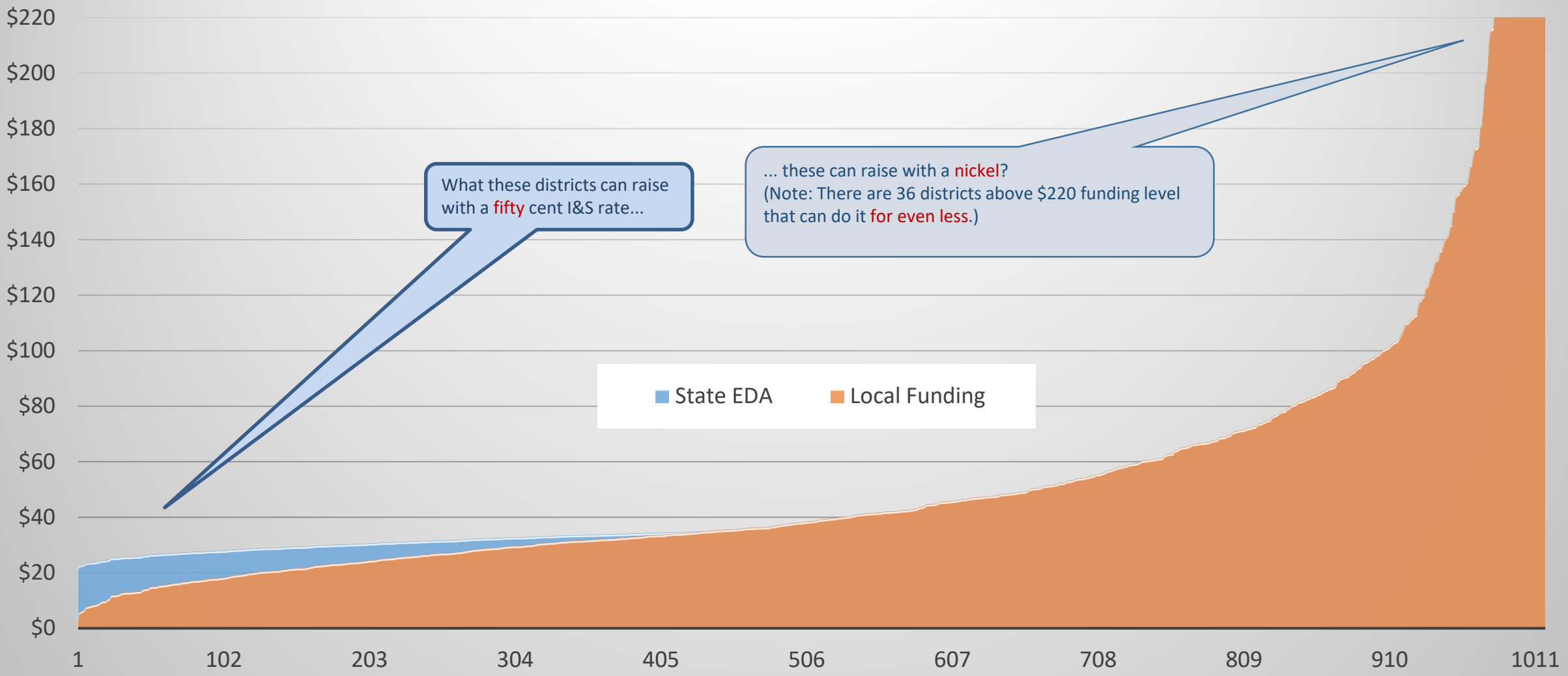
BA \$5,583

Revenue per WADA Without Transportation

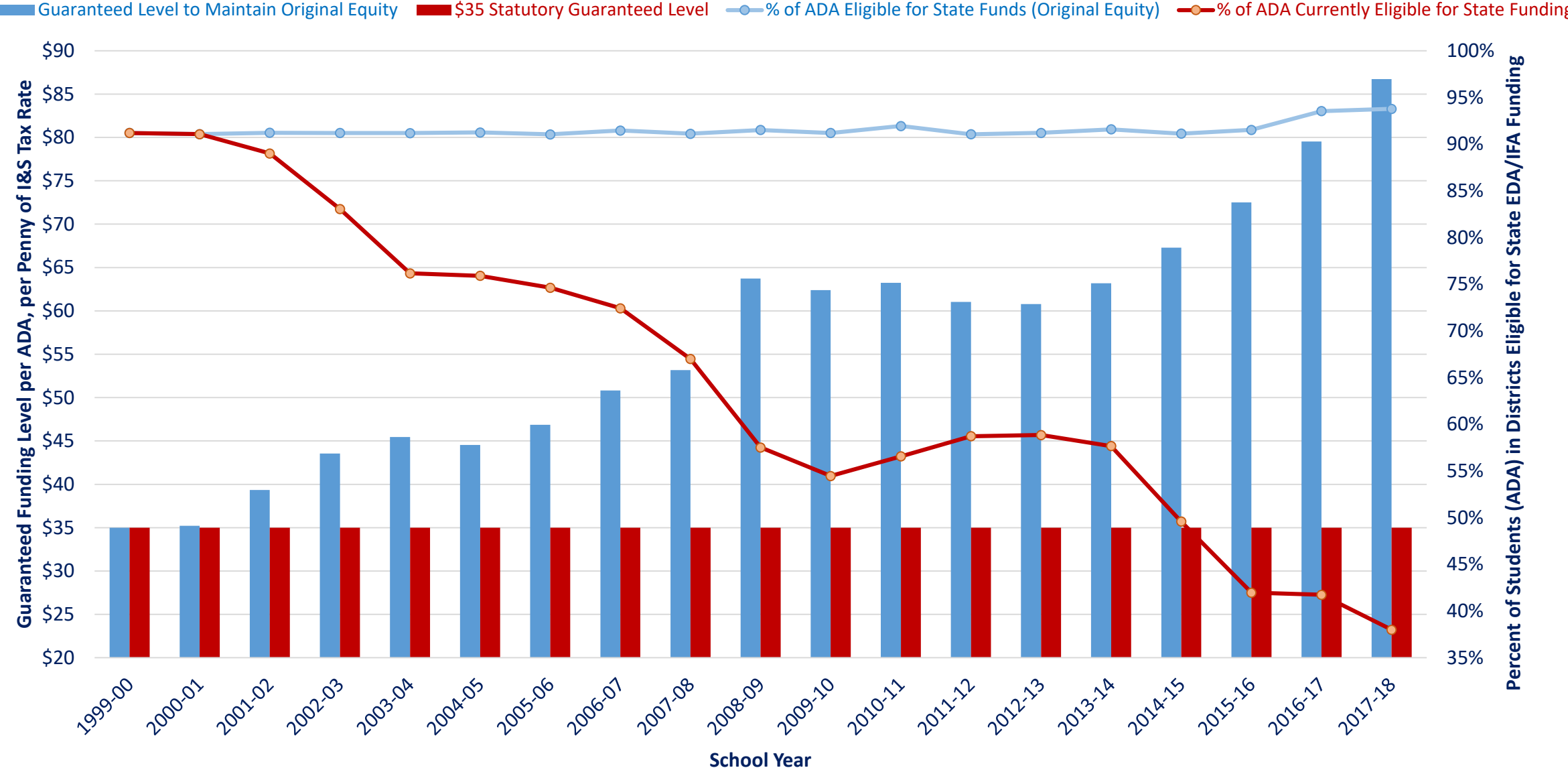


District M&O Tax Rates for FY 17

A Very **Unequalized** Equalization System for Facilities
The Average Existing Debt Allotment Funding Level
2017-18 (Limited to \$0.50)



Comparison of EDA/IFA Funding Levels and Percent of ADA in Eligible Districts
Statutorily Frozen at a \$35 Guaranteed Level vs. Original Equity Level Maintained



An Efficient System Puts ALL Districts in the Same Boat



- ▶ Cost-based funding.
- ▶ Formula-funding for all schools so needs are addressed efficiently.
- ▶ Updated weights & allotments.
- ▶ Temporary transitions when needed with a clear path to formula funding.
- ▶ All students and taxpayers treated the same.

The Measure of the Right Plan...Starts Here:



Simplify!!!

Remove Current
Non-cost Based
Inefficiencies



Use Savings to
Raise the Basic Allotment
and Address Real Costs

5 Instructional Allotments + Transportation



Regular Program

Special Education

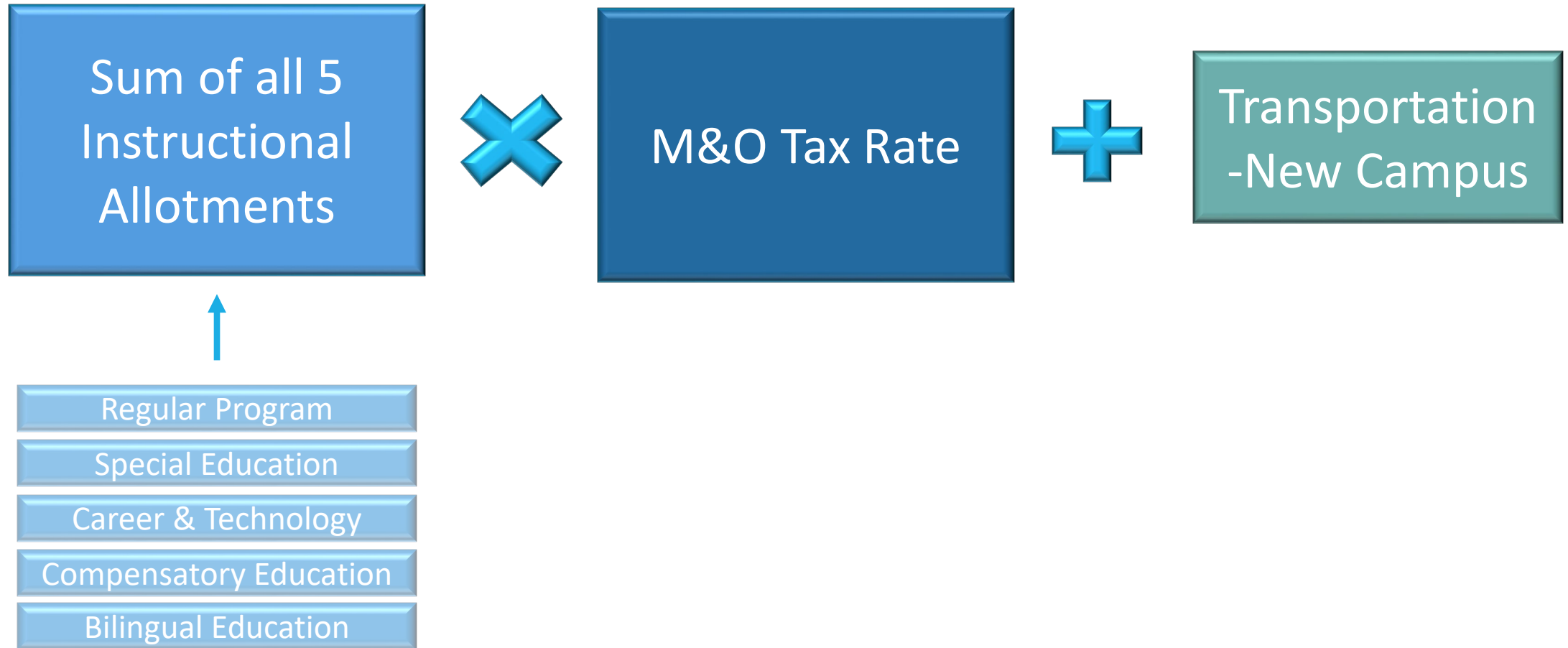
Career & Technology

Compensatory Education

Bilingual Education

Transportation
-New Campus

Guaranteed Access to Full Sum of Allotments + Transportation



Determining Funding Levels (examples)



- ▶ Assume, for ease of following the calculations, the sum the five instructional allotments is \$1,000,000 and the Transportation/New Campus Allotments are \$100,000 and the M&O tax rate is \$1.00.

(Sum of 5 Allotments x Tax Rate)

(\$1,000,000 x 1.00)

= \$1,000,000

Transportation/New Campus (\$100,000)

= **\$1,100,000**

Determining Funding Levels (more examples)



$$(\text{Sum of 5 Allotments} \times \text{Tax Effort}) + \text{Transportation/New Campus} = \underline{\text{Funding Level}}$$

$$(\$1,000,000 \times 1.00) = \$1,000,000 + \$100,000 = \underline{\$1,100,000}$$

$$(\$1,000,000 \times 1.04) = \$1,040,000 + \$100,000 = \underline{\$1,140,000}$$

$$(\$1,000,000 \times 0.96) = \$960,000 + \$100,000 = \underline{\$1,060,000}$$

$$(\$1,000,000 \times 1.17) = \$1,170,000 + \$100,000 = \underline{\$1,270,000}$$

*For every 1 cent increase (or decrease) in tax effort,
funding increases (or decreases) by 1%*

Determining State/Local Funding M&O



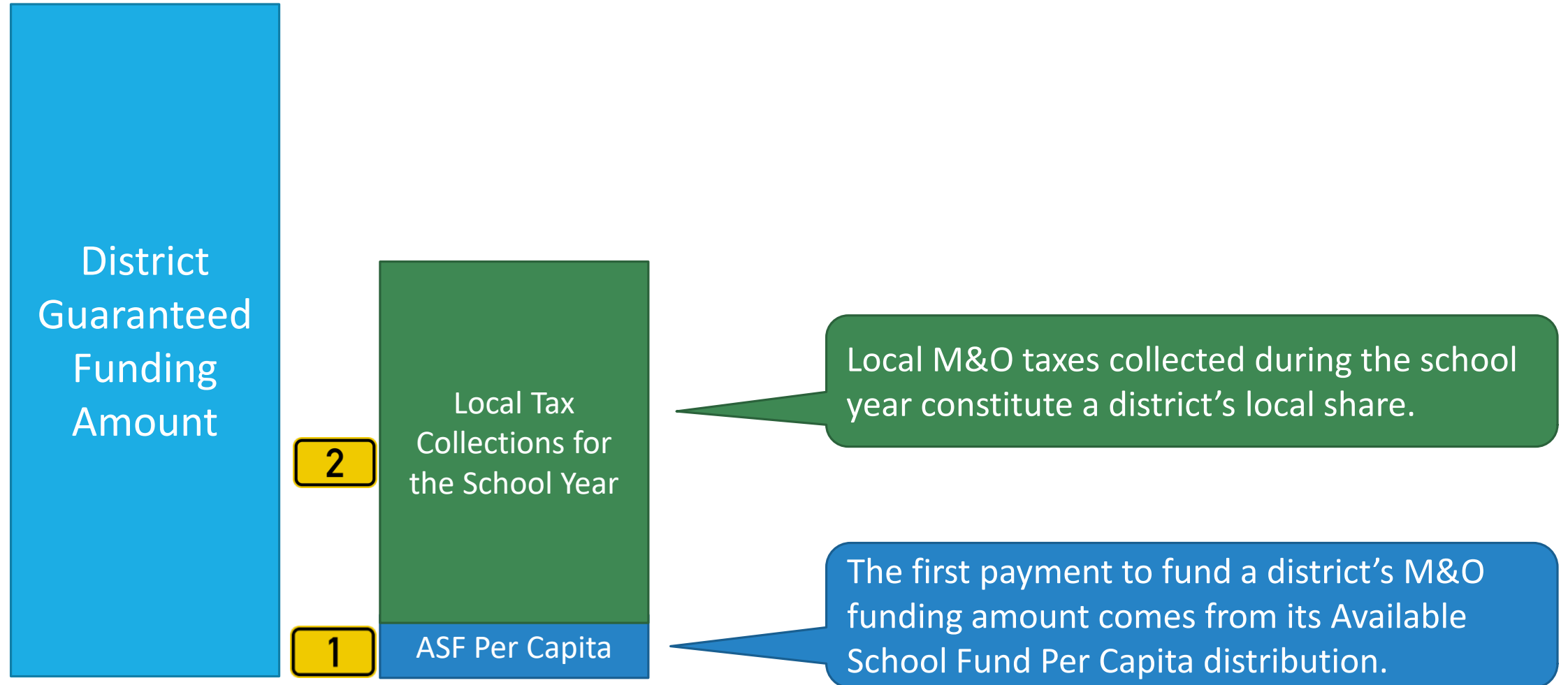
District
Guaranteed
Funding
Amount

1

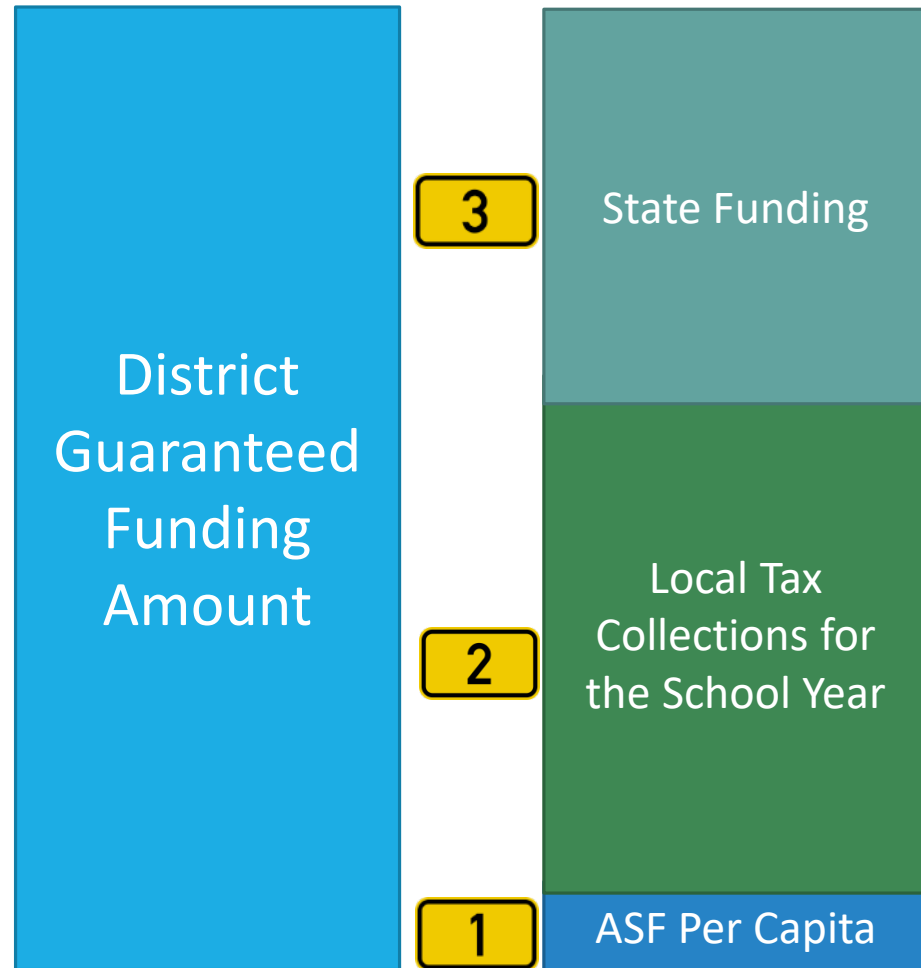
ASF Per Capita

The first payment to fund a district's M&O funding amount comes from its Available School Fund Per Capita distribution.

Determining State/Local Funding M&O



Determining State/Local Funding M&O

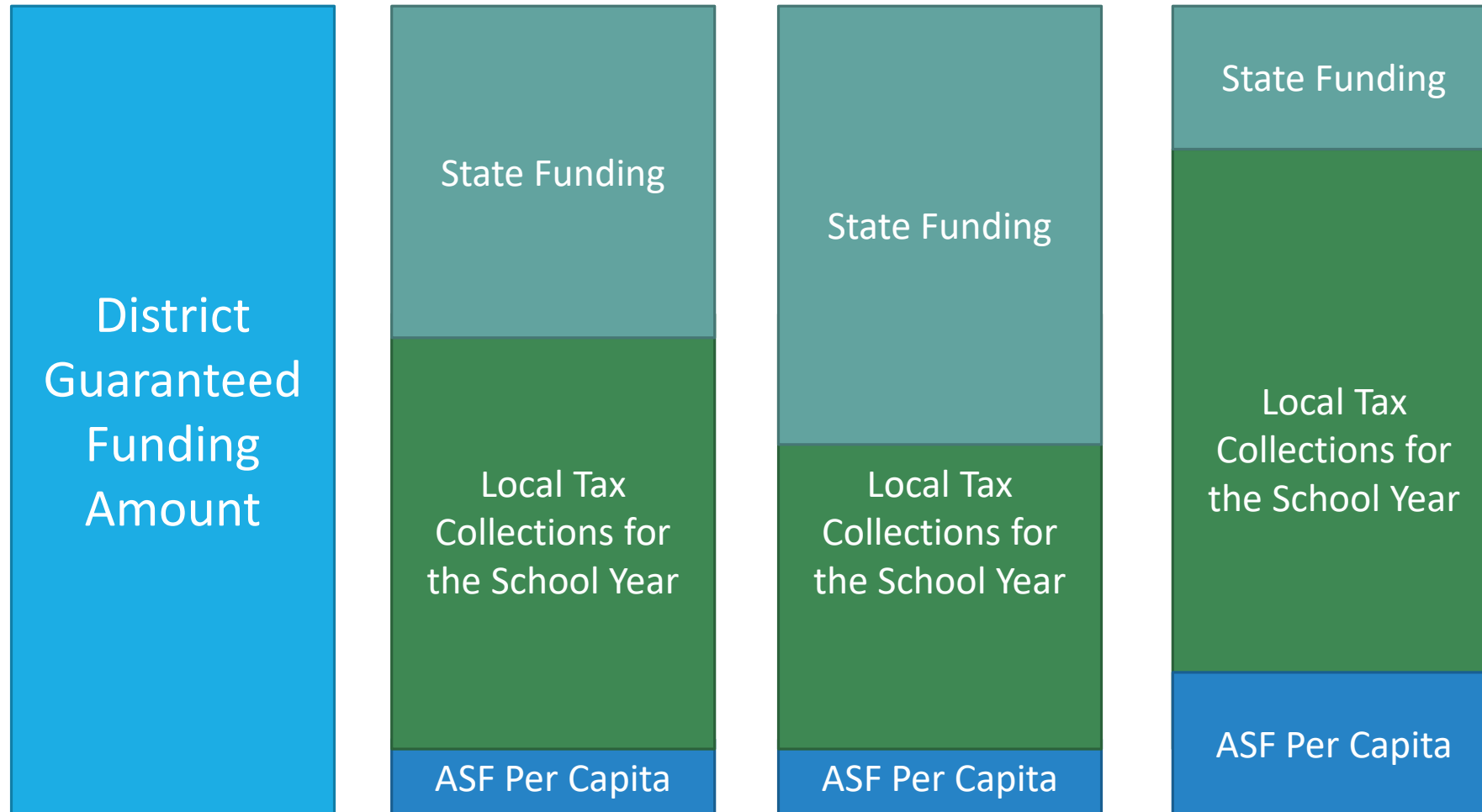


The State provides whatever is lacking after applying the Available School Fund Per Capita payment and the M&O tax collections (both current and delinquent) for the school year.

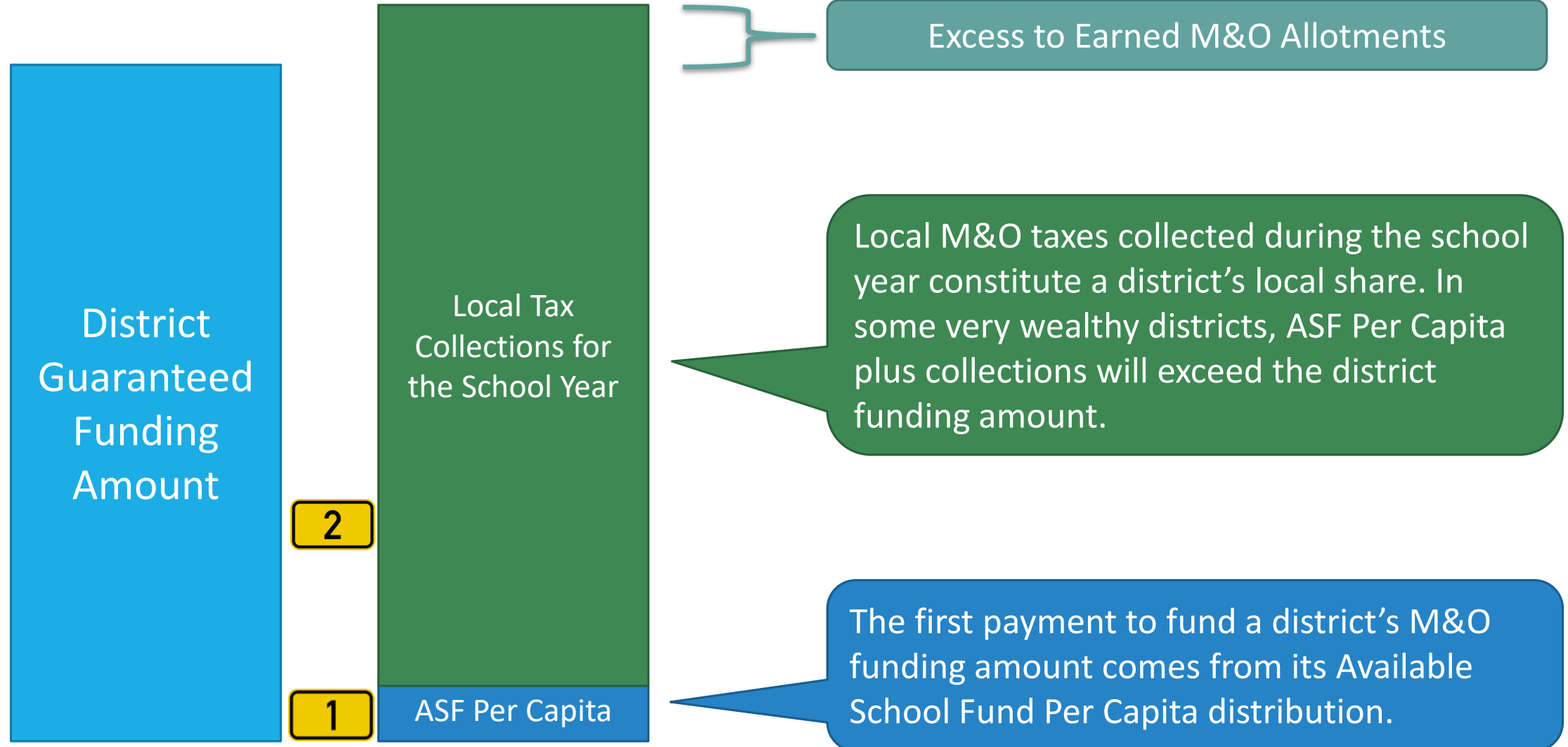
Local M&O taxes collected during the school year constitute a district's local share.

The first payment to fund a district's M&O funding amount comes from its Available School Fund Per Capita distribution.

Determining State/Local Funding M&O



Determining M&O in Excess to Formula Funding



Principles of an Efficient System

- ▶ Funding for Texas students needs to make sense for everyone. **Cannot be based on a set of computer runs.**
- ▶ Funding decisions must be based on actual costs to educate students; **holding to the TEC § 42.001 promise to provide substantially equal access to a similar education at a similar tax rate.**
- ▶ Funding Texas schools should be fair to Texas taxpayers. **Your tax dollar should generate the same level of funding for your children as my dollar does for mine.**



School Finance Shouldn't Look Like This...



...and that's why equity matters.

Questions?

(512) 478-7313

www.equitycenter.org

** Be sure to check out the redesigned web site and member portal for your district's data, legislative alerts and more!*

**“One
Texas,
Ya’ll”**



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