

Super-Sized Solutions

Finding school finance
solutions for all Texans.



For every problem... there is a solution.



To find the right solution, you have to ask the right questions.

Question 1: What are the statutory requirements of our public school system?

Question 2: How well is our system working to address these requirements? (does it measure up?)

...What is your tax rate? (local tax effort)

...What is your funding level? (what you keep)



Do you agree?

Texas Constitution, Article 7. Education

Sec. 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.**



Equal Revenue for Equal Tax Effort

Texas Education Code, Section 42.001 (B)

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**.

So How Are We (Texas) Doing?



- Stagnate facilities funding.
- Outdated student & district weights.
- Growing needs and enrollment.
- Rising property taxes.

Our Super-Sized Solutions...

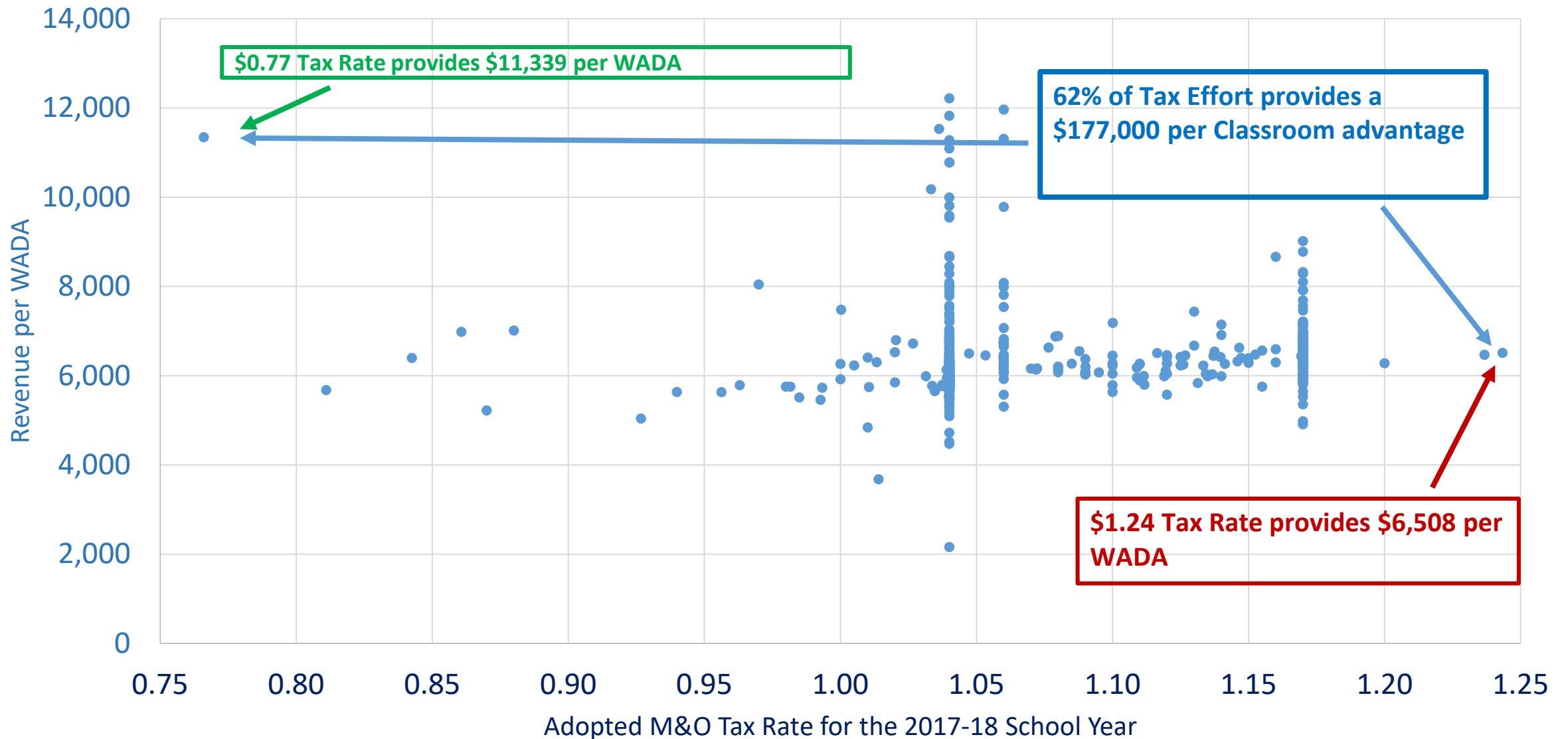
An Efficient & Equitable System Provides:

- ▶ 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

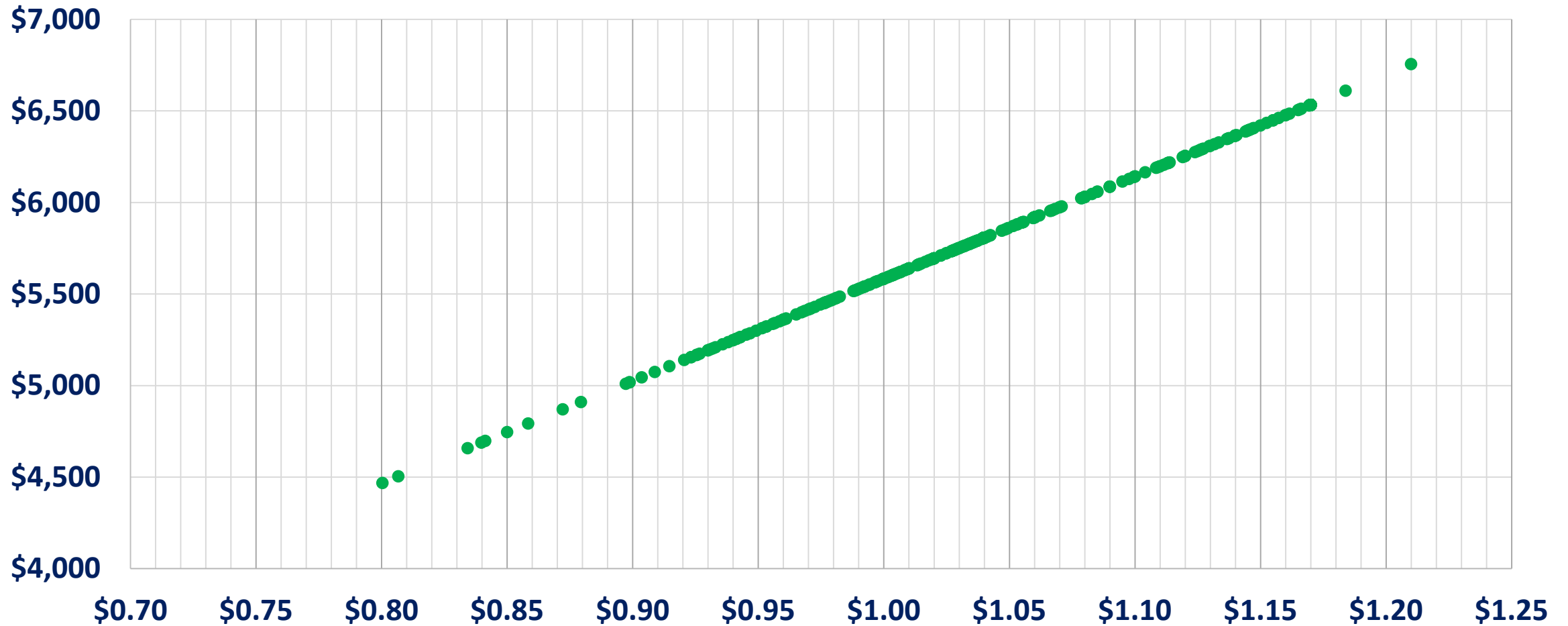
(with Hardship Grant) - Updated 8.24.18 from TEA's March Update



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

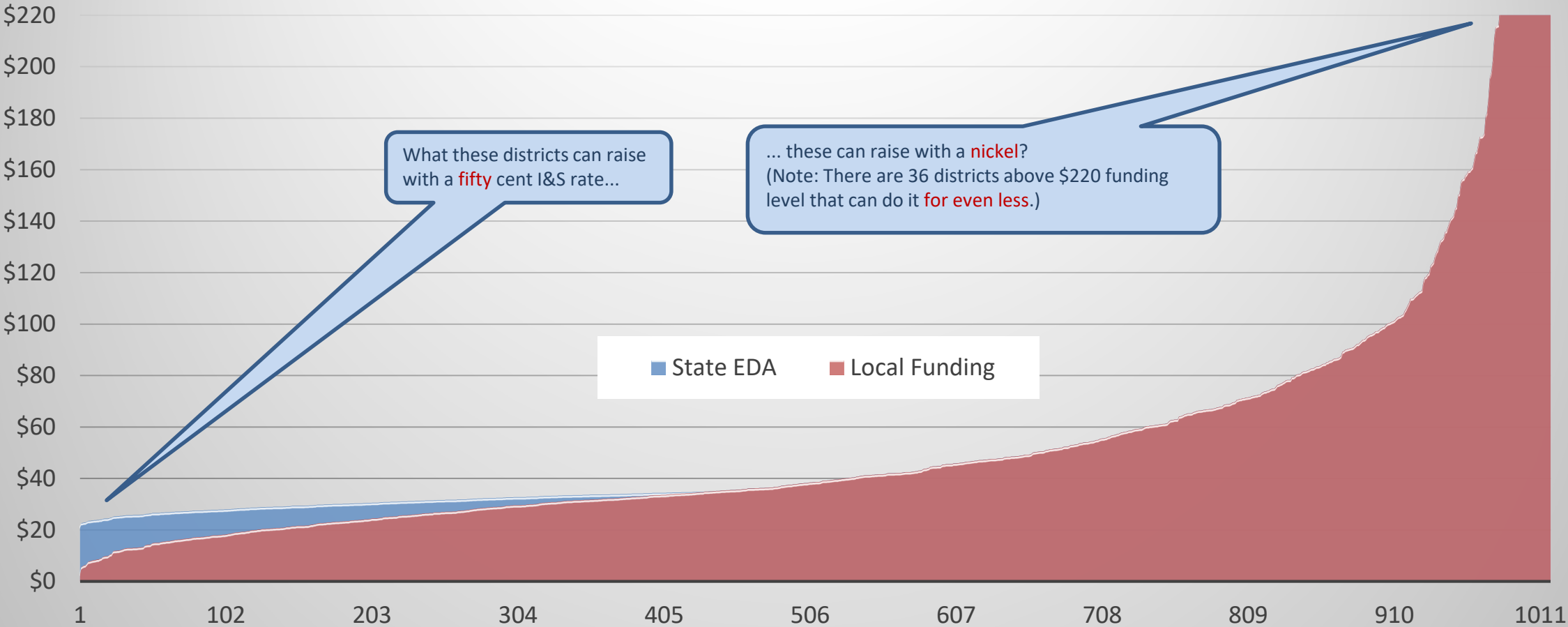
BA \$5,583

Revenue per WADA Without Transportation

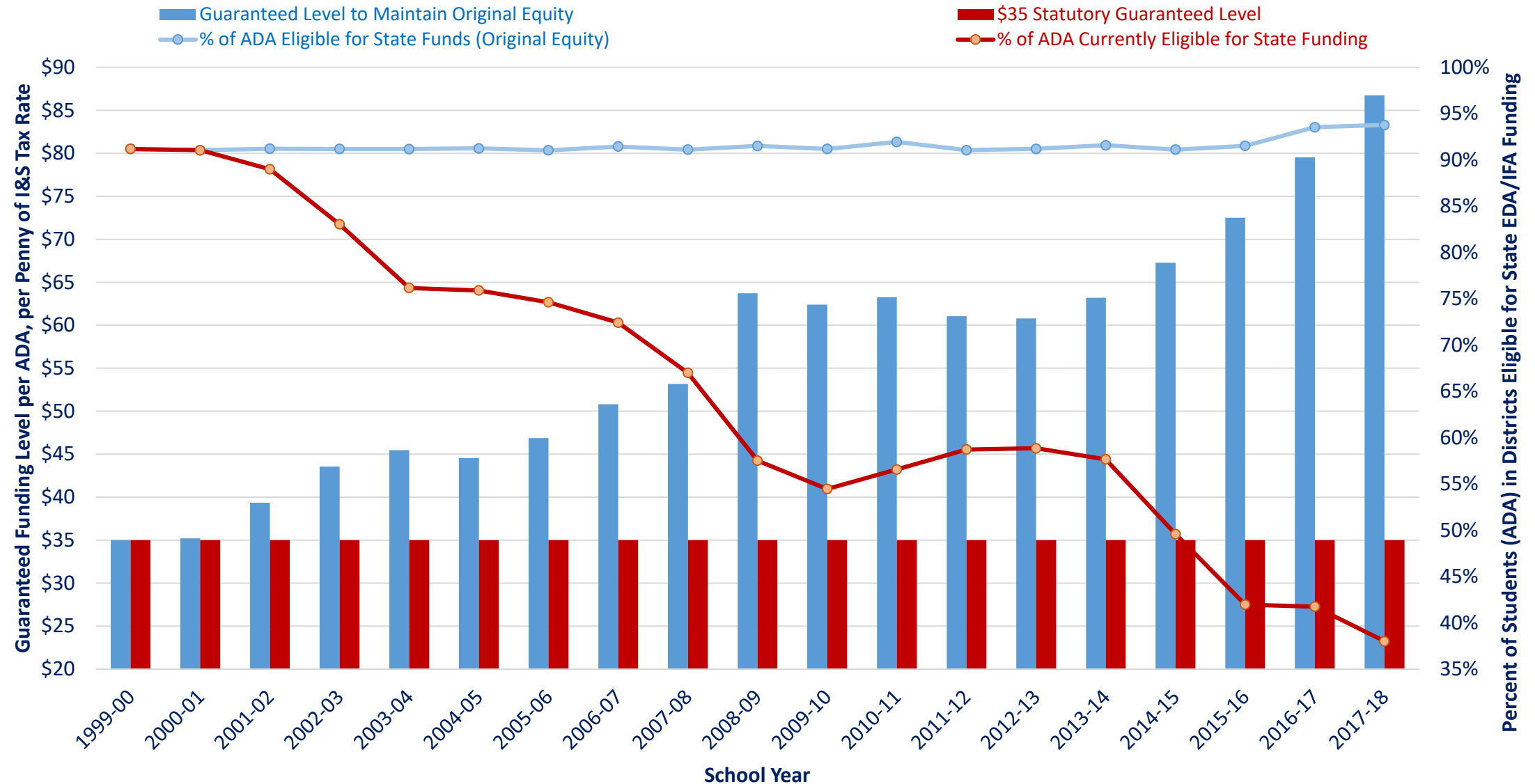


District M&O Tax Rates for FY 17

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



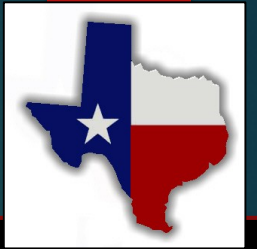
Our Super-Sized Solutions...

An Efficient System Puts ALL Schools in the Same Boat



- ▶ Cost-based funding.
- ▶ Formula-funded for all schools so needs are addressed efficiently.
- ▶ Updated weights and allotments.
- ▶ Temporary transitions when needed with a clear path to formula funding.
- ▶ No outliers in an efficient system, all students and taxpayers are treated the same.

Start here... the Basis of a Plan



Simplify!!!!

**Remove Current
Non-cost Based
Inefficiencies**



**Use Savings to
Raise the Basic Allotment
and Address Real Costs**



Determining a district's funding level doesn't have to be complicated!



5 Instructional Allotments + Transportation

Regular Program

Special Education

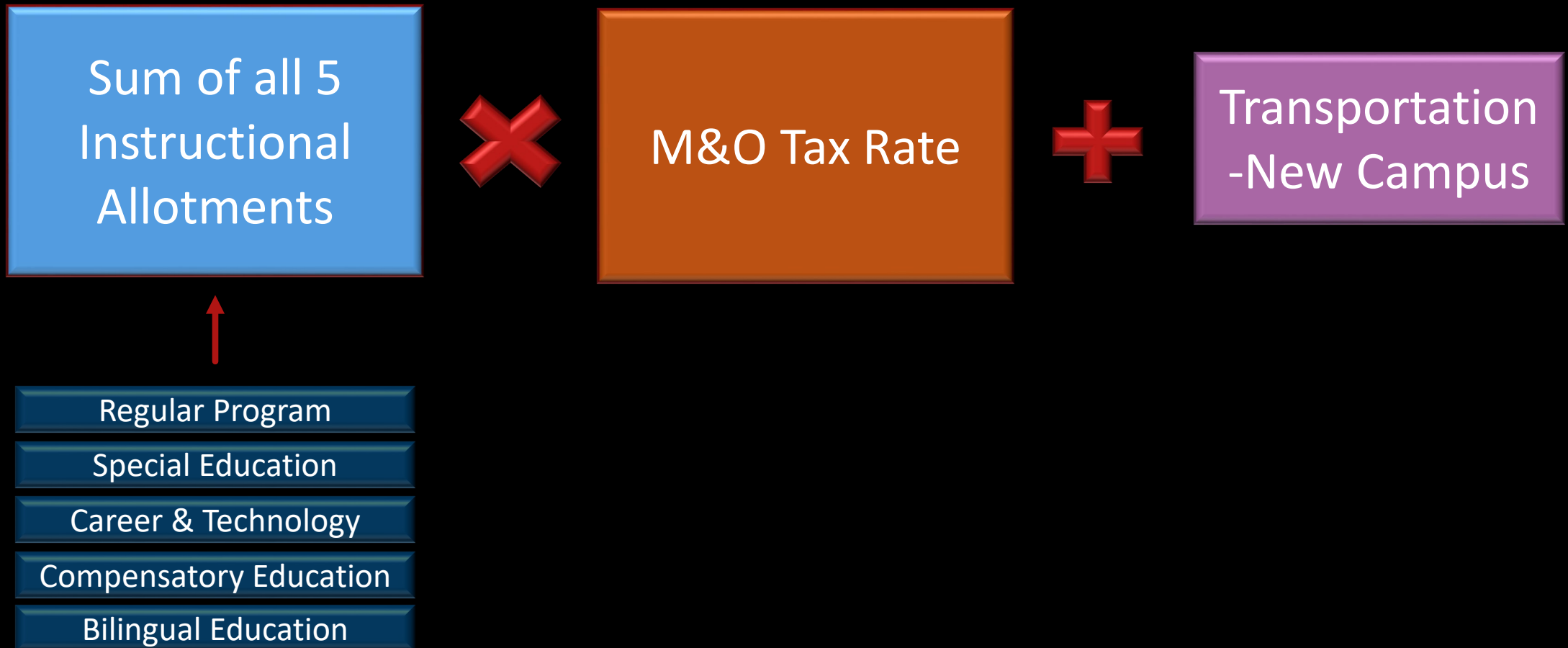
Career & Technology

Compensatory Education

Bilingual Education

Transportation
-New Campus

Guaranteed Access to Full Sum of Allotments + Transportation



Determine Funding Levels (Examples)



- ▶ Assume, for ease of following the calculations, the sum of 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.

$$\begin{aligned} & \text{(Sum of 5 Allotments x Tax Rate)} \\ & \quad \rightarrow (\$1,000,000 \times 1.00) \leftarrow \\ & \quad = \$1,000,000 \\ & + \text{Transportation/New Campus } (\$100,000) \\ & \quad = \underline{\underline{\$1,100,000}} \end{aligned}$$

Determine Funding Levels (Examples)



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



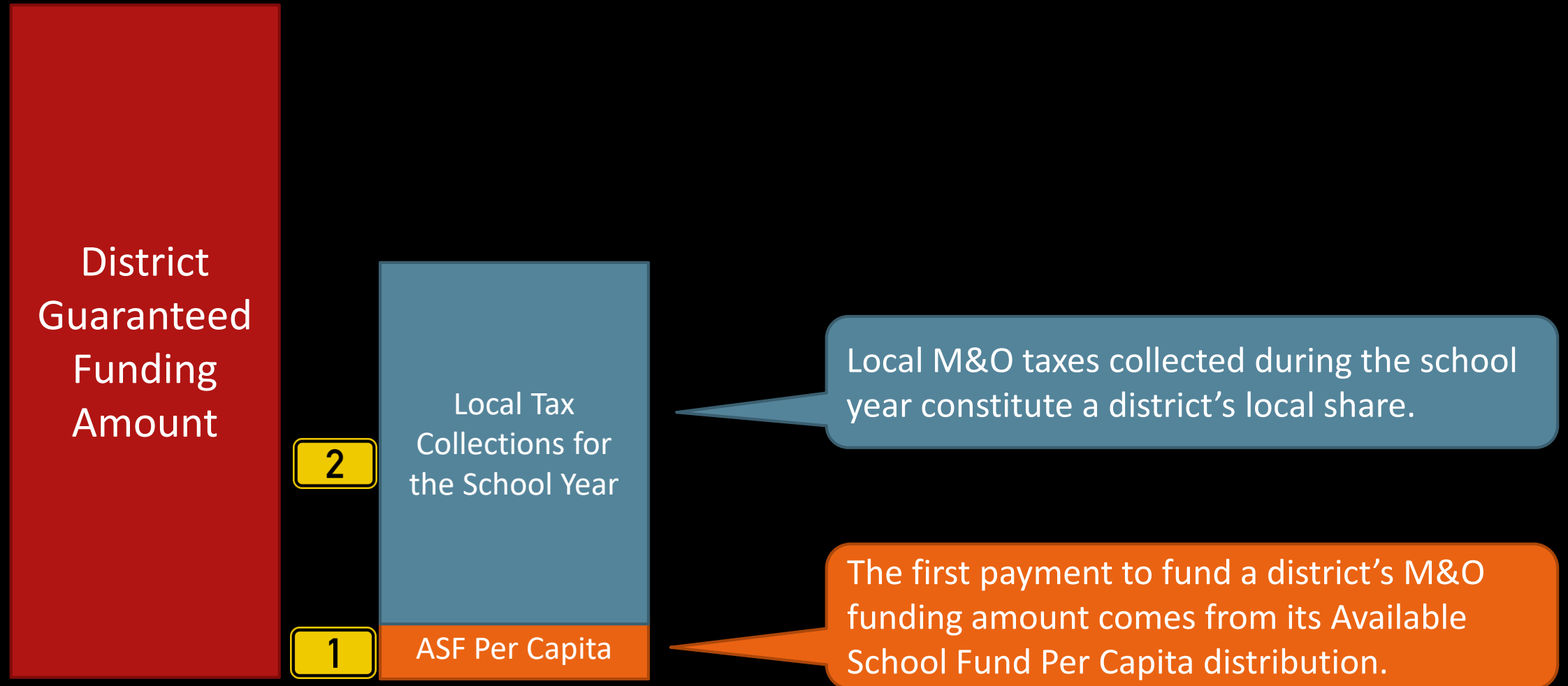
District
Guaranteed
Funding
Amount

1

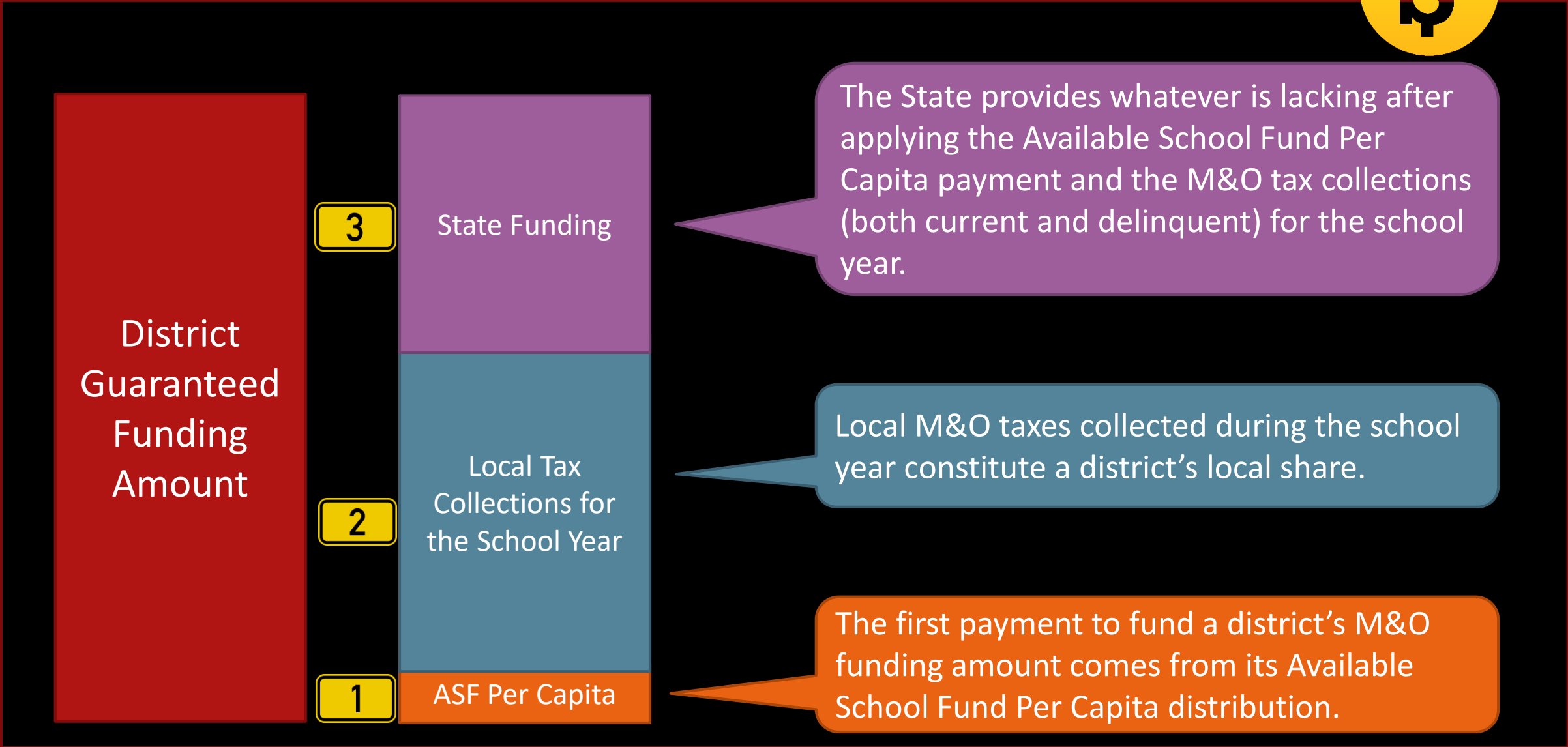
ASF Per Capita

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)



Determining State/Local Funding M&O)



District
Guaranteed
Funding
Amount

State Funding

Local Tax
Collections for
the School Year

ASF Per Capita

State Funding

Local Tax
Collections for
the School Year

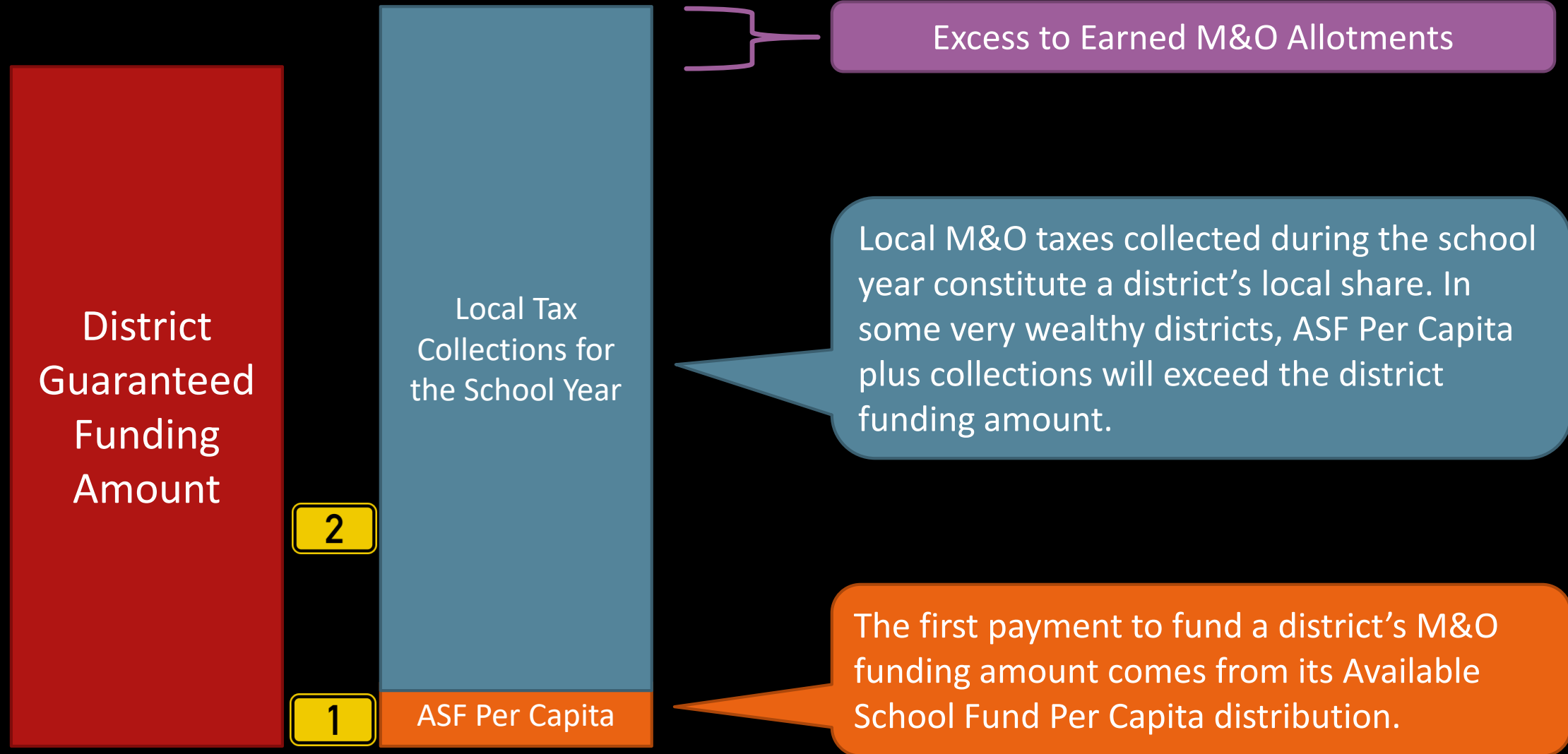
ASF Per Capita

State Funding

Local Tax
Collections for
the School Year

ASF Per Capita

Determining M&O in Excess to Formula Funding for Property Wealthy Districts



Principles of an Efficient System

- Funding for Texas' students needs to make sense for everyone. It cannot be based on one district's crisis, and certainly not on a set of state 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.



If you can't replace the current system...

Then here are a few steps you can take
that move in the right direction...

Our Super-Sized Solutions...

...Adding it all up



- ▶ Increase the copper penny yield (make all pennies at same yield except golden pennies) to minimize inequity in the system.
- ▶ Increase the Basic Allotment.

Our Super-Sized Solutions...

...Adding it all up

- ▶ **UPDATE:** student and district **weights** (don't create a hole to fill by removing mechanisms that fund known costs).
- ▶ **FUND:** enrollment growth every **year** with new money.
- ▶ **INCREASE:** Facilities funding (stagnate for 19 years).



Our Super-Sized Solutions...

...Adding it all up



Solutions



LOADING...

- ▶ Keep property tax growth in public education – to fund the needs of all students.
- ▶ Restoring balance between state and local share.
- ▶ Prioritize new money toward bringing up the lowest funded.

School Finance Lottery

...how lucky are you?



School Finance Shouldn't
Look Like This...

Summary – Ask These Questions:



Does this change accomplish statutory/Constitutional goals?



- ▶ Similar revenue for similar tax effort.
- ▶ Similar funding for similar students/districts.

Does this change improve efficiency and equity in the system?

- ▶ Prioritized funding to bring up the lowest funded first.
- ▶ Funding based on known costs.

Which System is Required?



Does this change accomplish statutory/Constitutional goals?

School Finance Based on Known Costs and Weights

- ▶ Regular Program Allotment
- ▶ Special Education Allotment
- ▶ Career & Tech Allotment
- ▶ Compensatory Ed. Allotment
- ▶ Bilingual Ed. Allotment
- ▶ CEI Adjustment
- ▶ Small & Midsize Adjustment

Which System is Required?



Does this change improve efficiency and equity in the system?

All Students & Taxpayers Currently Not in the Same Boat – Extra Funding for Some

- ▶ ASF Per Capita Distribution
- ▶ Prior Year Values
- ▶ 1993 Wealth Hold Harmless
- ▶ Early Agreement Credit
- ▶ High School Allotment
- ▶ Staff Allotment
- ▶ 50% LOHE only for property wealthy
- ▶ Disaster Relief from Recapture only for property wealthy districts

Now What?

...stay tuned for our Super-Sized Series



- ▶ Super-Sized Problems & Solutions
Coming again in January/February 2019
- ▶ Check your e-mail to RSVP or visit the newly-launched Equity Center site.
- ▶ www.equitycenter.org/events
- ▶ Have questions? Need a school finance walk-through? Call us – we're here to help!

