



# Equity Center

Students Matter. Taxpayers Matter. Equity Matters.

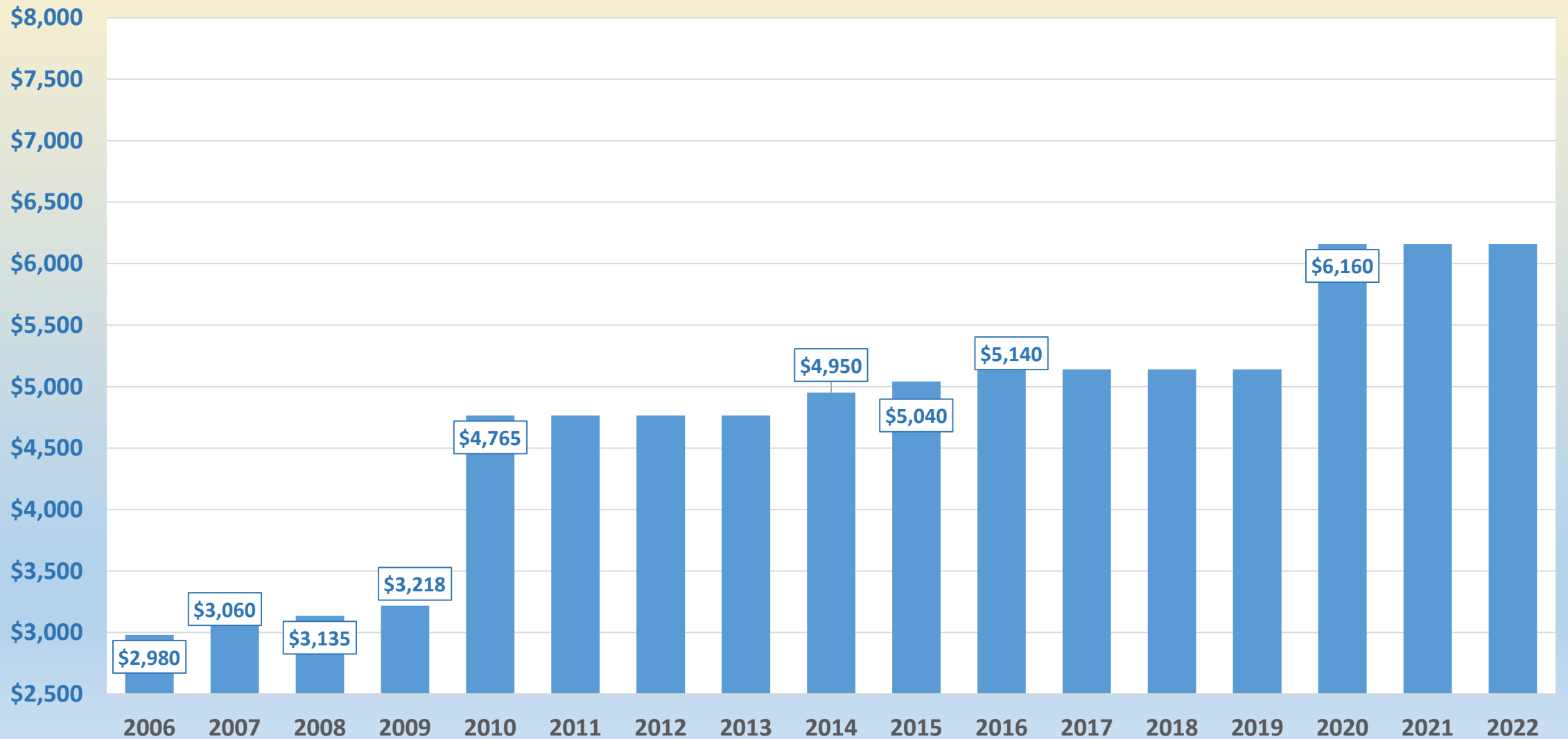


## Equity Center Membership Slides Supporting Priorities for the 88<sup>th</sup> Legislature 9/15/22

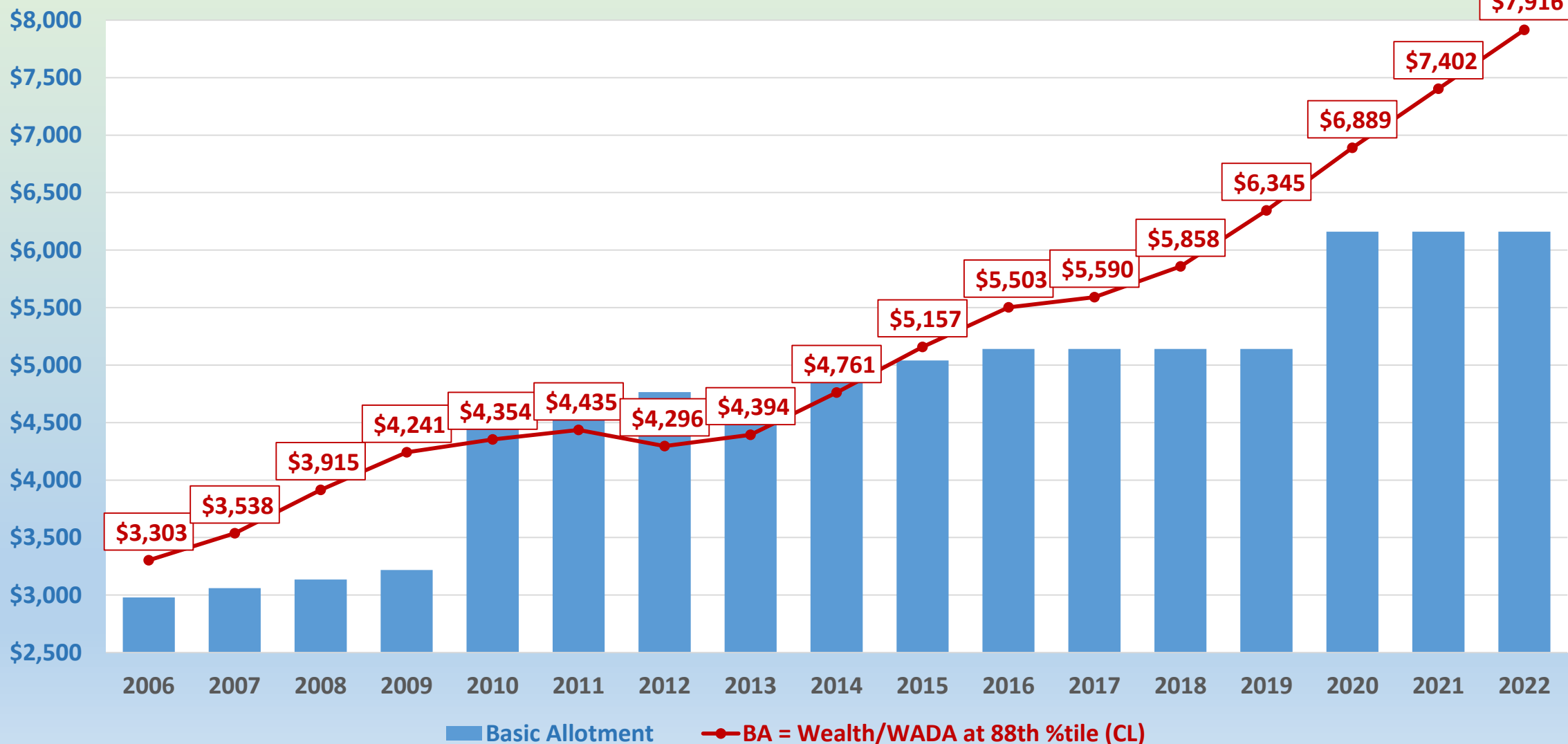
# Legislative Priorities for the 88<sup>th</sup> Legislature

- **Substantially Increase the BA (Basic Allotment) and provide for annual adjustments for inflation using the Texas CPI (Consumer Price Index).**
  - Because the BA has remained stagnate at \$6,160 for the last four years, school districts are now experiencing financial difficulties. Sadly, this is a reoccurring problem.
  - The answer to this problem is to substantially increase the BA and provide for annual inflationary adjustments by creating an inflation adjustment factor for the BA based on a sliding 10-year average of the Texas CPI.

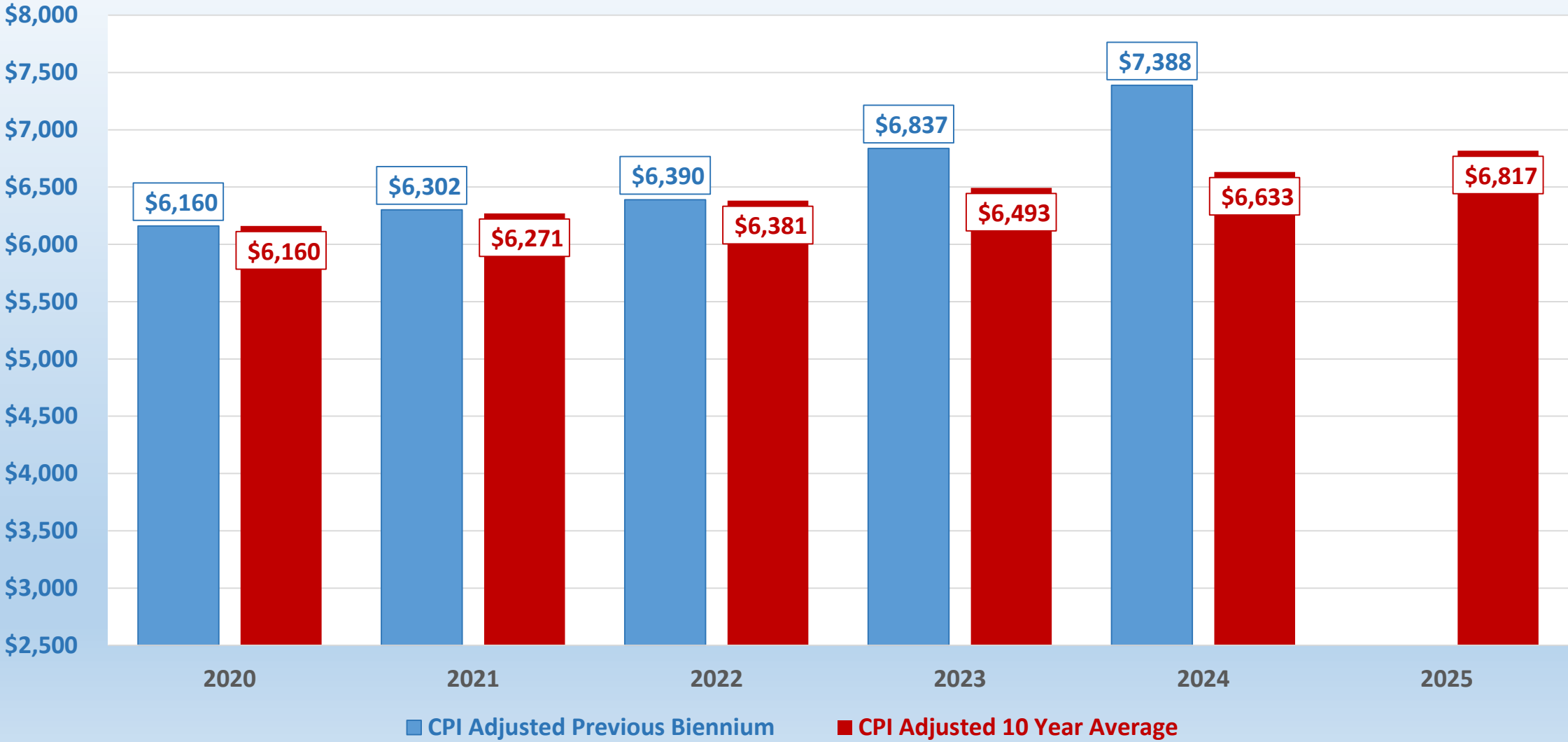
## Basic Allotments--2006 through 2022



## Basic Allotments--Actual & 88th Percentile Adjustment (Current Year Values)



# Basic Allotment with Adjustment Factor--Consumer Price Index (CPI)



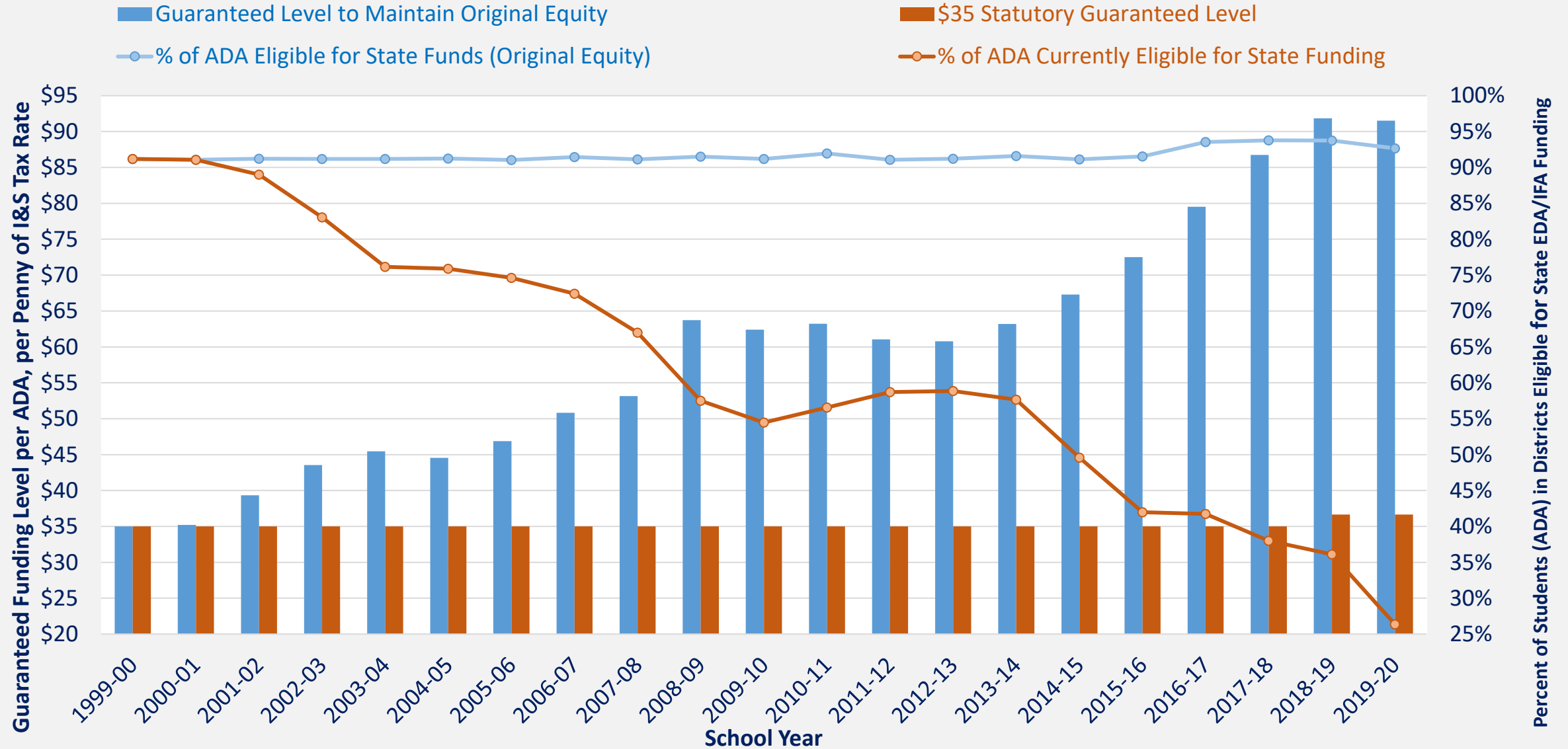
# Legislative Priorities for the 88<sup>th</sup> Legislature

- **Substantially Increase the state share of funding for I&S (Interest and Sinking or Bonded Debt Payments).**

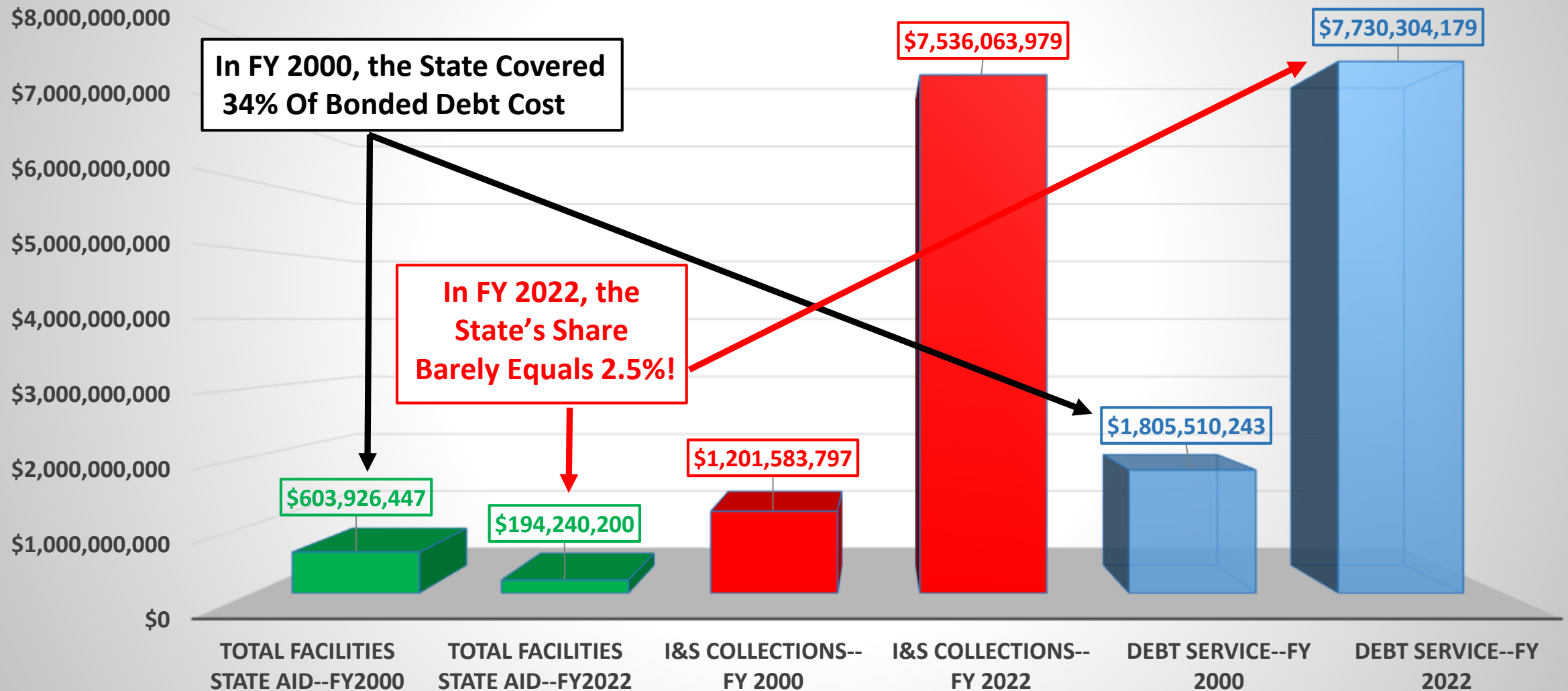
- In the 2000 school year the state spent over \$600 million through the IFA (Instructional Facilities Allotment) and EDA (Existing Debt Allotment). That state revenue covered 34% of school district bond payments for that year. 91% of students were in school districts eligible for state assistance to help pay off bonded debt and lower local taxes.
- In the 2022 school year, the state's investment to help school districts pay bonded debt will be less than \$200 million cover only 2.5% of school district bonded debt payments statewide.
- Every penny the state spends to help school districts pay off bonded debt is tax rate reduction.
- The remedy for this problem is to dramatically increase the yield per ADA (student in average daily attendance) for IFA and EDA funding. Much as the state tied Tier 2 Golden Penny yields to 160% of the BA in HB 3, it should do the same for IFA and EDA.

# Comparison of EDA/IFA Funding Levels and Percent of ADA in Eligible Districts

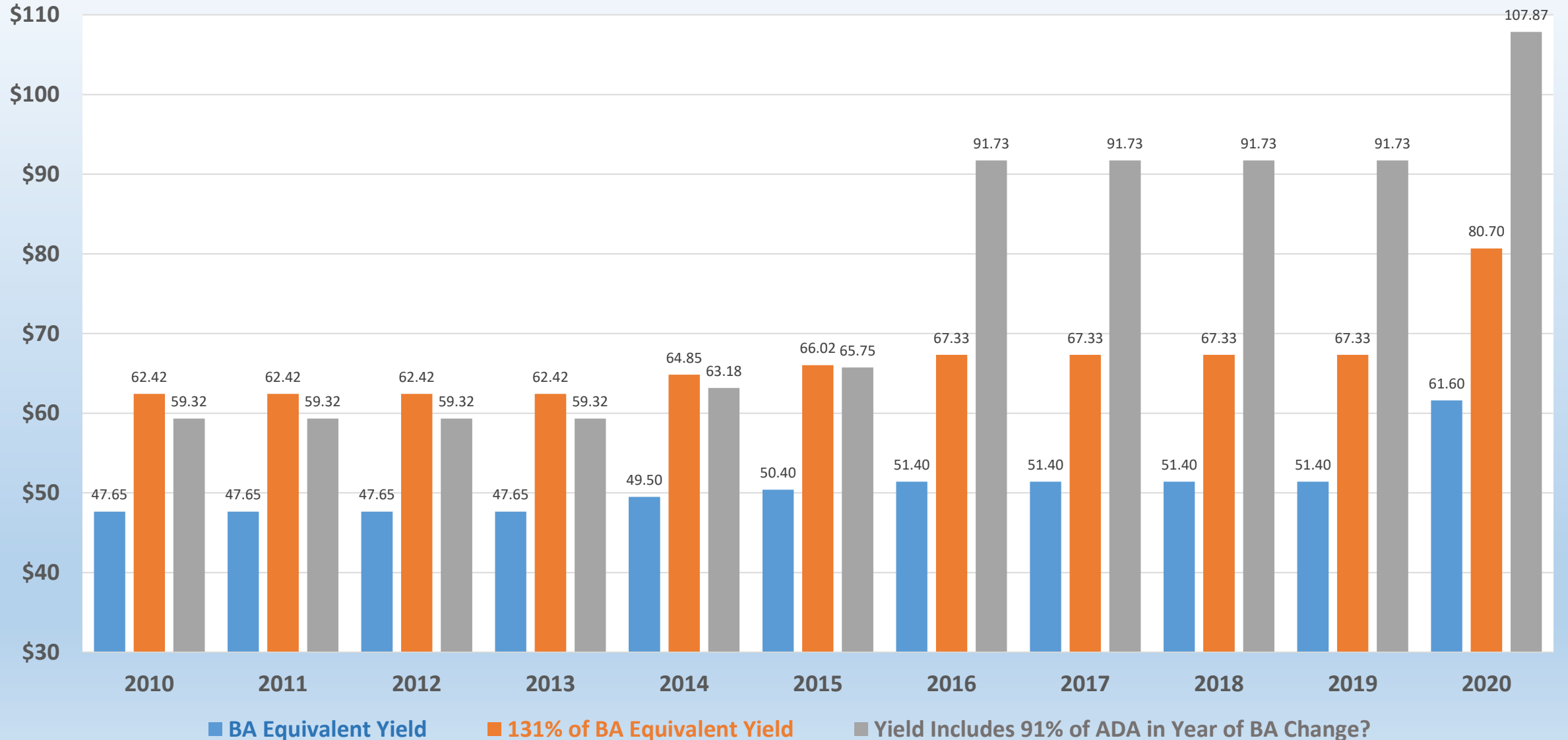
## Statutorily Frozen at a \$35 Guaranteed Level vs. Original Equity Level Maintained



## State & Local I&S Comparative Expenditures FY2000 & FY2022



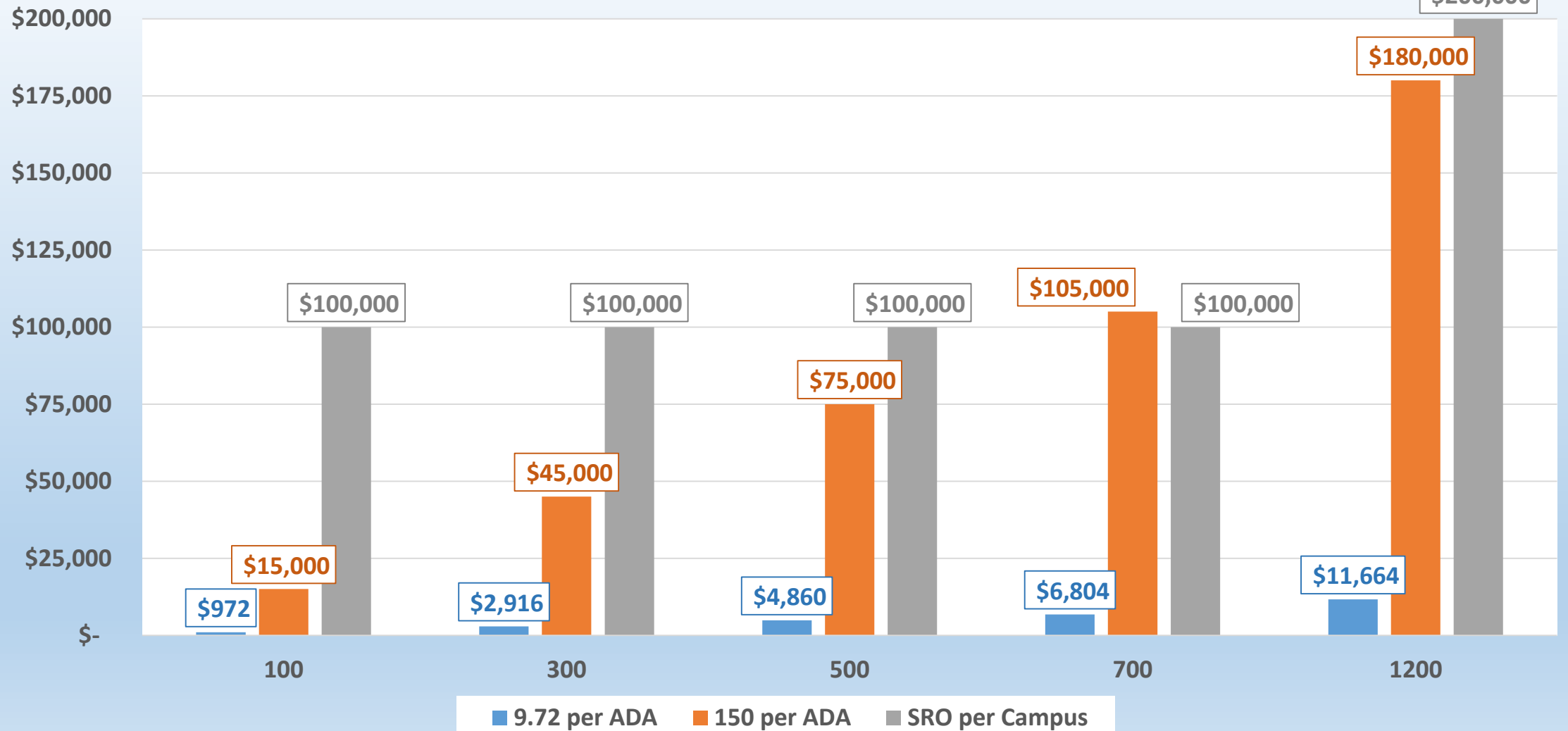
## Comparative IFA/EDA Yields per Penny of Tax Effort



# Legislative Priorities for the 88<sup>th</sup> Legislature

- **Provide new and adequate funding and resources to address the challenges of ensuring safe schools for all children, regardless of their zip code.**
  - How can you teach children if you cannot keep them safe? Adequate funding for student safety for all children is a must and should be completely funded by the state.
  - Because safety is a campus issue, it should be funded on a per campus level and should guarantee every campus in the state, regardless of size, adequate state funding to provide appropriate school safety personnel on every campus.
  - Because it is a statewide security issue, much like DPS, it should be funded outside the school finance formulae with its own funding stream from state revenues, so it is not dependent on a local district's property to wealth.

## School Safety Funding--Per Student or Per Campus?



## School Campuses in Texas—FY 22

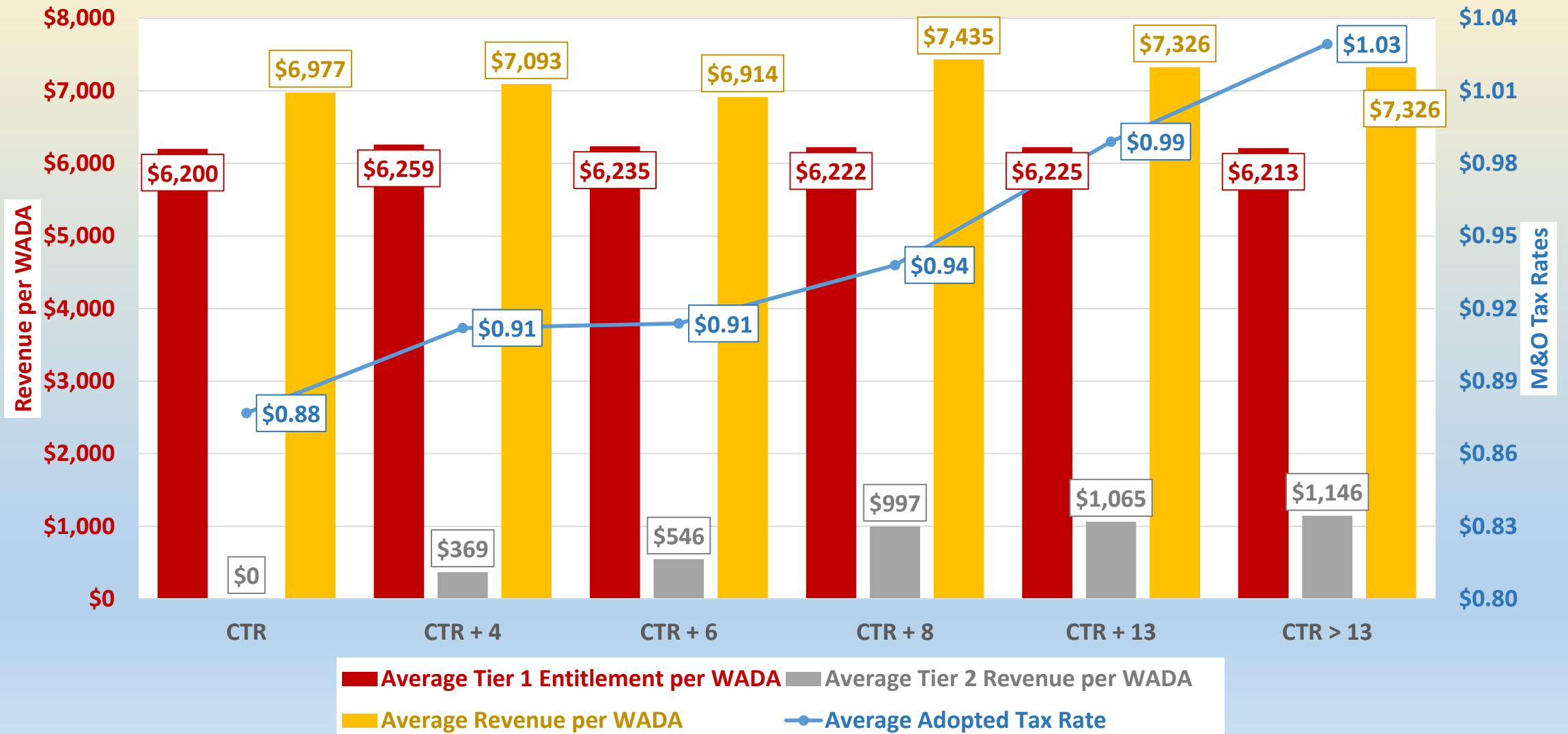
Campus Enrollment Range	Number of Campuses	% of Campuses Statewide	Base Cost	Additional Cost for Over 1,200 Students
1 - 699	6,078	72.80%	\$ 607,800,000	N/A
700 - 1199	1,586	19.00%	\$ 158,600,000	N/A
1200 - 2399	484	5.80%	\$ 48,400,000	\$ 48,400,000
2400 - 3599	176	2.11%	\$ 17,600,000	\$ 35,200,000
3600 - 4799	22	0.26%	\$ 2,200,000	\$ 6,600,000
4800 - 5999	1	0.01%	\$ 100,000	\$ 400,000
6000 - 7199	0	0.00%	\$ -	\$ -
7200 - 8399	1	0.01%	\$ 100,000	\$ 600,000
8400 - 9599	0	0.00%	\$ -	\$ -
9600 - 10199	1	0.01%	\$ 100,000	\$ 900,000
Total	8,349	100.00%	\$ 834,900,000	\$ 92,100,000

# Legislative Priorities for the 88<sup>th</sup> Legislature

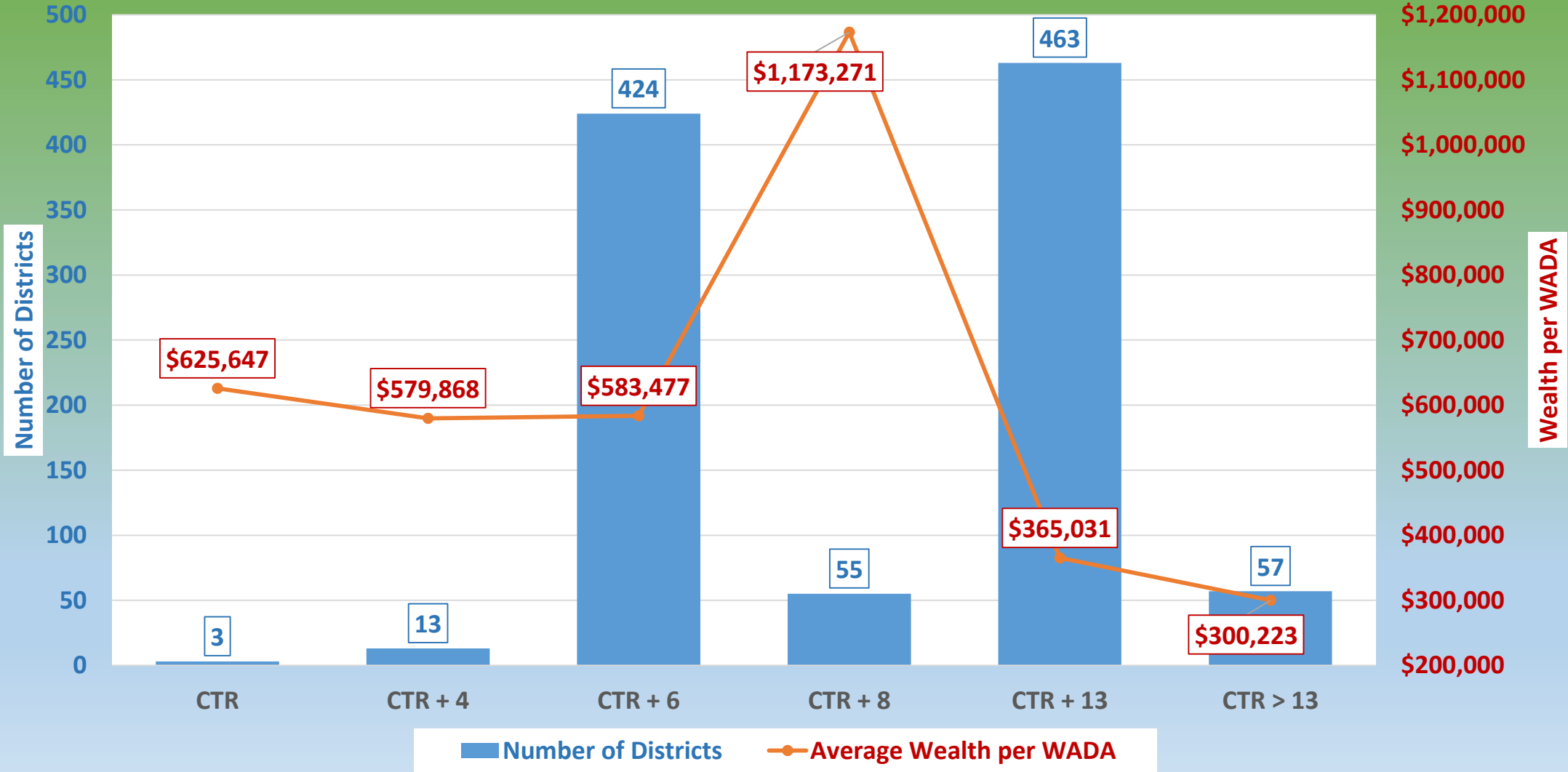
- **Move to the use of current year tax collections as the school district share of formula funding.**

- The state's current methodology for determining the local share of formula funding is a hold-over from pre-HB 3 school finance legislation. As result, it calculates a local share that is in excess of what most school districts can collect in any given year. This results in most school districts not being able to access the full Tier 1 and Tier 2 entitlements they qualify for under the current formula.
- Given reasonable constraints to encourage districts to continually work towards collecting all due taxes, a school district's actual collections for the year should be used as the local share and state aid should be used to provide what is necessary to fully fund the district's entitlements.

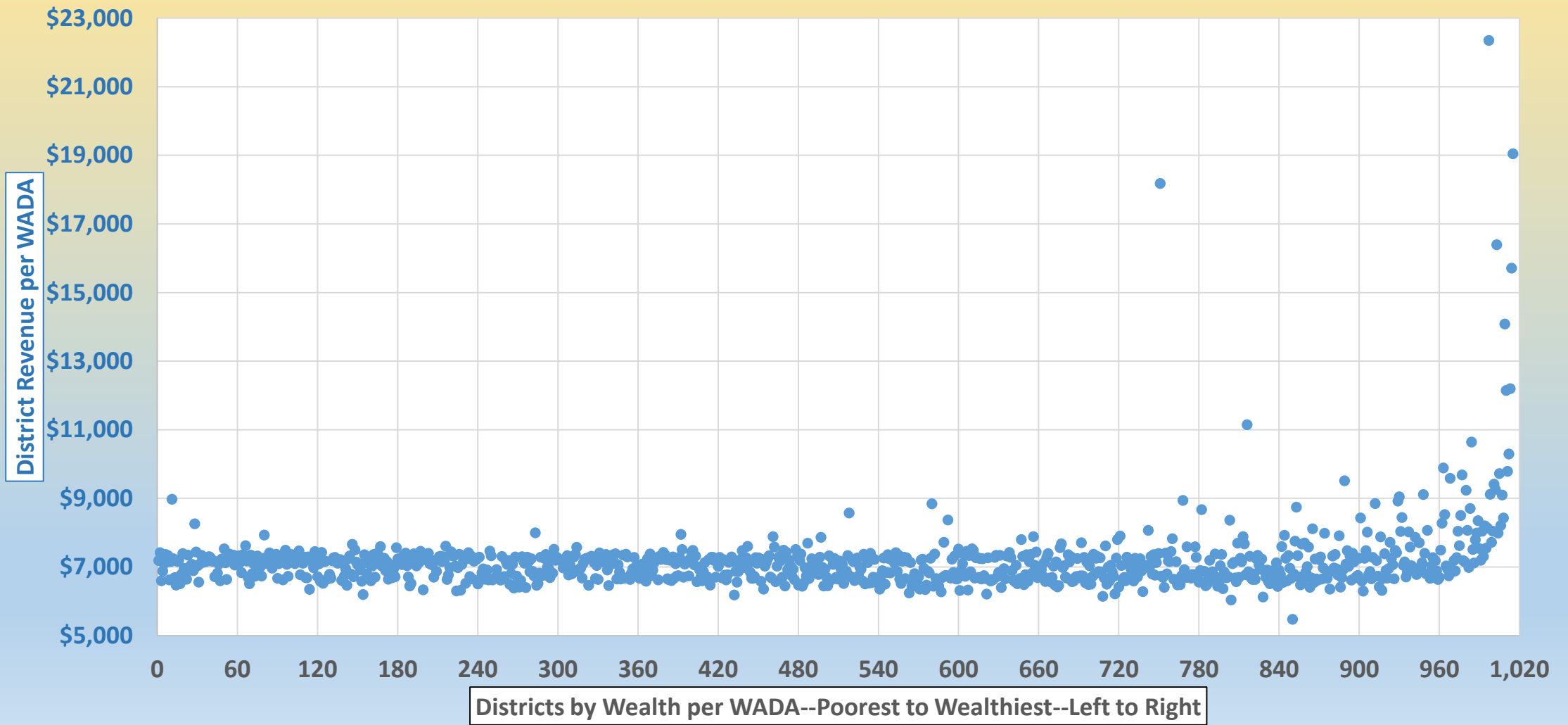
## FY 22 School Districts Revenues per WADA by M&O Tax Rate



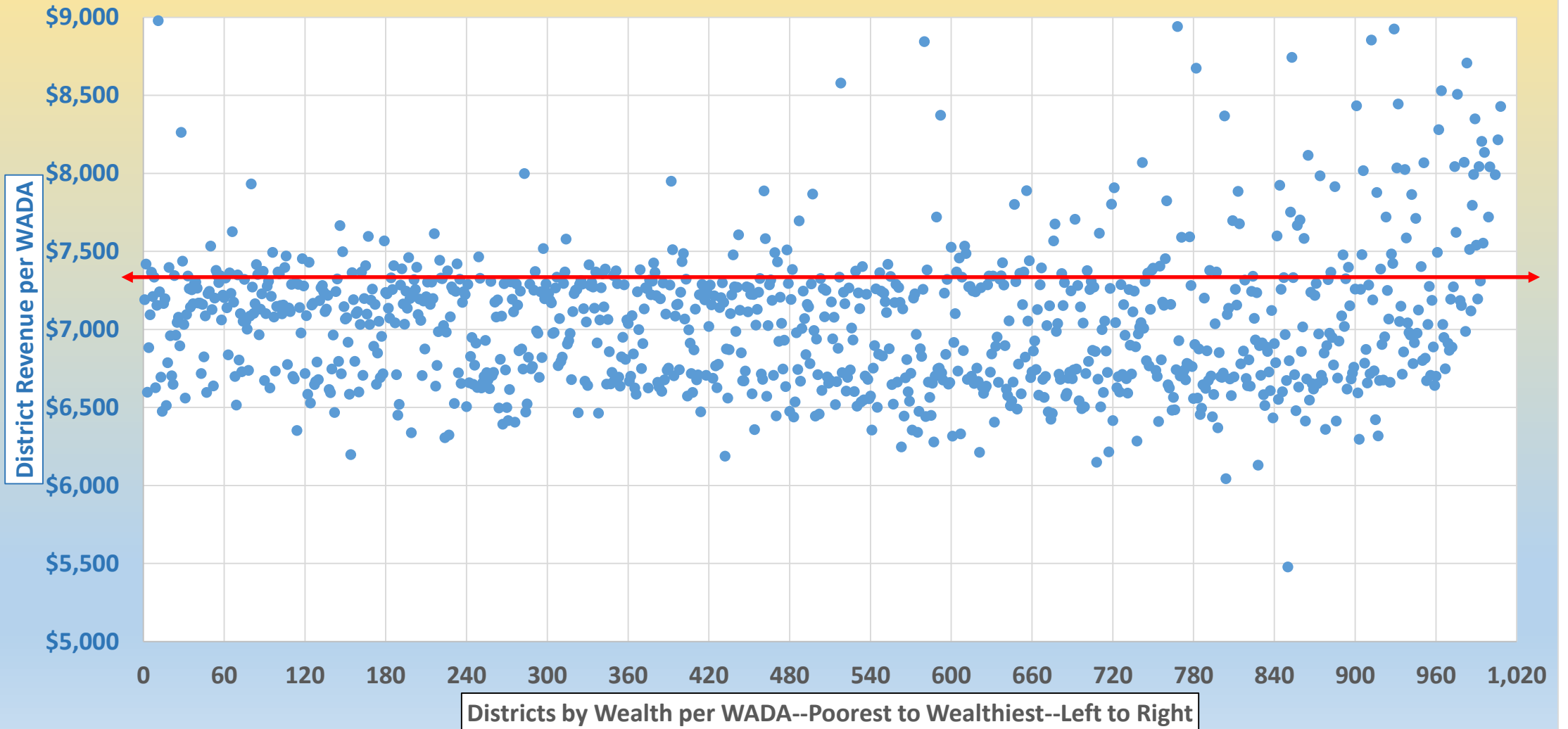
# FY 22 School Districts by Tax Rates & Wealth per WADA



## FY 22 Revenue per WADA--Sorted by Wealth per WADA



## FY 22 Revenue per WADA--Sorted by Wealth per WADA



# Using Current Law ADA vs Enrollment

- Any move to funding by Enrollment vs ADA must be **FULLY FUNDED**
- To whatever extent such a move is less than **FULLY FUNDED**, you create **“Winners & Losers”**

## FY 22 School District Current Law ADA to Enrollment Comparisons

	Total Revenue	Revenue Increase/Decrease	Districts Gaining	Districts Losing	Districts No Change	% Increase/Decrease from Current Law Revenue
BA 6,160—Current Law	\$45.64 Billion					
BA 6,160—Enrollment*	\$48.39 Billion	\$2.75 Billion	916	60	39	6.02%
BA 5,710—Enrollment**	\$45.48 Billion	-\$156 Million	340	568	107	-0.34%
BA 6,567—Current Law***	\$48.53 Billion	\$2.89 Billion	980	1	34	6.33%
BA 6,567—BA 6,160 Enrollment****		\$142 Million	593	390	32	0.31%

\*Maintain BA of 6,160 as in Current Law and fund on Enrollment.

\*\*Fund on Enrollment without any new funding which reduces the BA to 5,710.

\*\*\*Using the same amount of new funding required for model\*, Raise the BA to 6,567 and fund on ADA as per Current Law.

\*\*\*\*Compares District level funding in model\*\*\* with district level funding in model\*.

## FY 22 Change from ADA to Enrollment—School District to Charter School Comparisons

	Total Revenue— School Districts	Total Revenue— Charter Schools	School District's Revenue Gain/Loss	Charter School's Revenue Gain/Loss	School District's % of Change	Charter School's % of Change
BA 6,160—Current Law	\$45.64 Billion	\$3.78 Billion				
BA 6,160—Enrollment*	\$48.39 Billion	\$4.09 Billion	\$2.75 Billion	\$318 Million	6.02%	8.42%
BA 5,710—Enrollment**	<b>\$45.48 Billion</b>	\$3.94 Billion	<b>-\$156 Million</b>	\$163 Million	<b>-0.34%</b>	4.33%
BA 6,567—Current Law***	\$48.53 Billion	\$3.98 Billion	\$2.89 Billion	\$202 Million	6.33%	5.34%
BA 6,567—BA 6,160 Enrollment****			\$142 Million	<b>-\$116 Million</b>	0.31%	<b>-0.31%</b>

\*Maintain BA of 6,160 as in Current Law and fund on Enrollment.

\*\*Fund on Enrollment without any new funding which reduces the BA to 5,710.

\*\*\*Using the same amount of new funding required for model\*, Raise the BA to 6,567 and fund on ADA as per Current Law.

\*\*\*\*Compares District level funding in model\*\*\* with district level funding in model\*.

FY 22 Funding Changes Comparing Enrollment to ADA			
	Increased/ <b>Decreased</b> Funding		
	Funding by Enrollment--BA \$6,160	Funding by Enrollment--BA \$5,710	Funding by Current Law ADA--BA \$6,618
Houston ISD	140,620,739	9,195,476	126,858,886
Dallas ISD	114,145,774	12,589,302	98,477,789
Austin ISD	64,519,845	18,755,107	42,444,801
Fort Worth ISD	58,156,463	6,070,731	50,607,681
El Paso ISD	38,589,779	5,403,275	32,046,912
Northside ISD	60,520,556	<b>(816,156)</b>	59,116,244
North East ISD	33,507,617	<b>(3,545,281)</b>	36,024,027
College Station ISD	5,769,434	<b>(1,742,355)</b>	7,314,744
Frisco ISD	21,787,499	<b>(12,848,122)</b>	34,066,531
Mesquite ISD	19,202,206	<b>(6,214,362)</b>	25,091,104
Humble ISD	24,832,386	<b>(3,010,876)</b>	27,139,339
Katy ISD	35,930,110	<b>(17,529,056)</b>	52,724,754
Ysleta ISD	21,278,112	<b>(4,258,192)</b>	25,170,654