



Equity Center

Students Matter. Taxpayers Matter. Equity Matters.

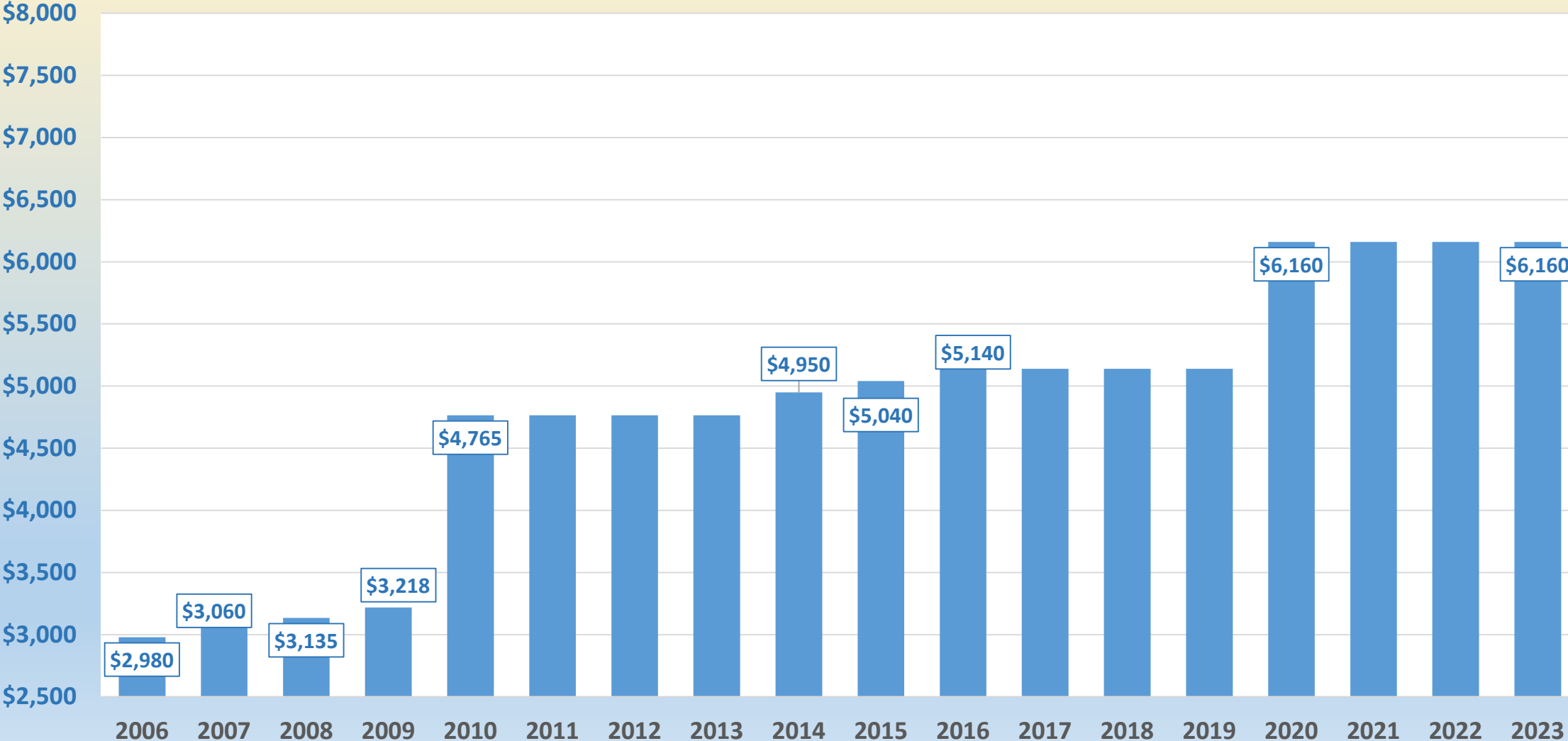


**Putting Our
Abundant State
Resources To
Work Correctly!**

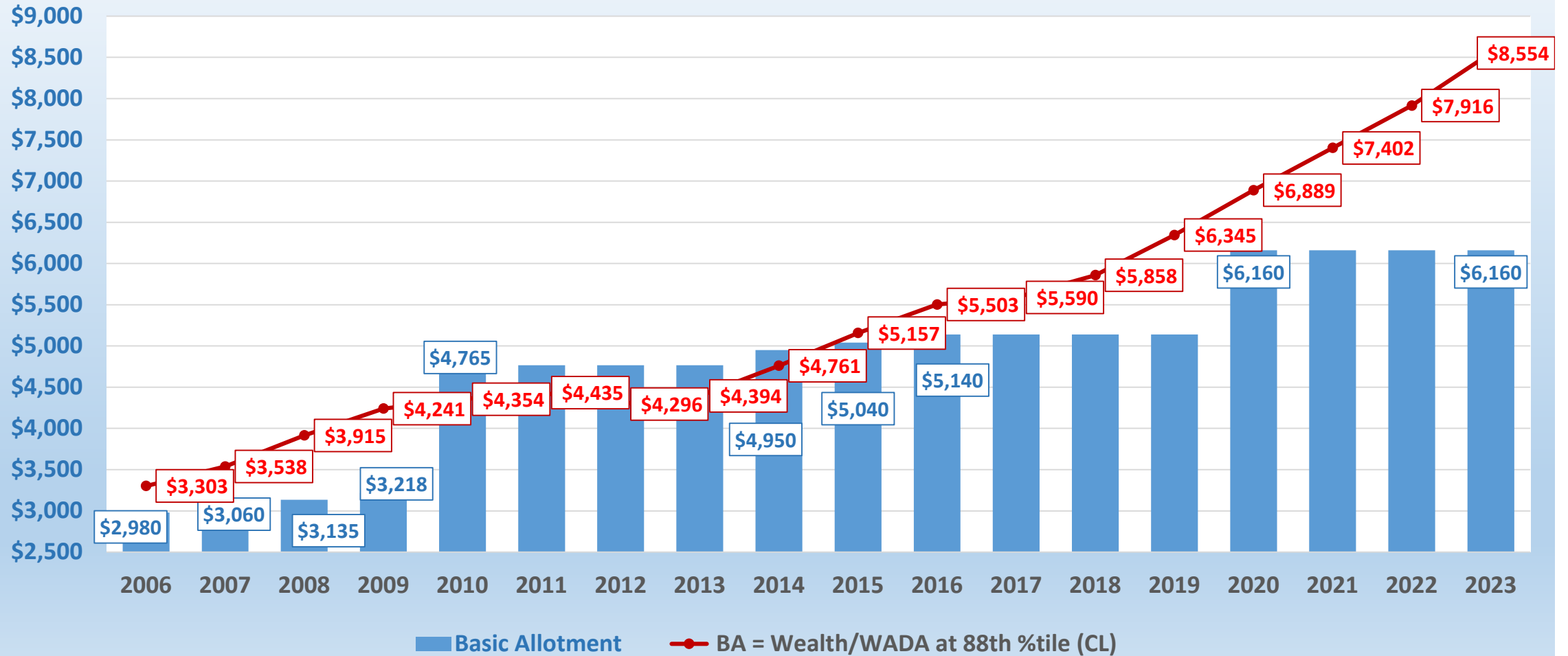
Legislative Priorities for the 88th Legislature

- **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.

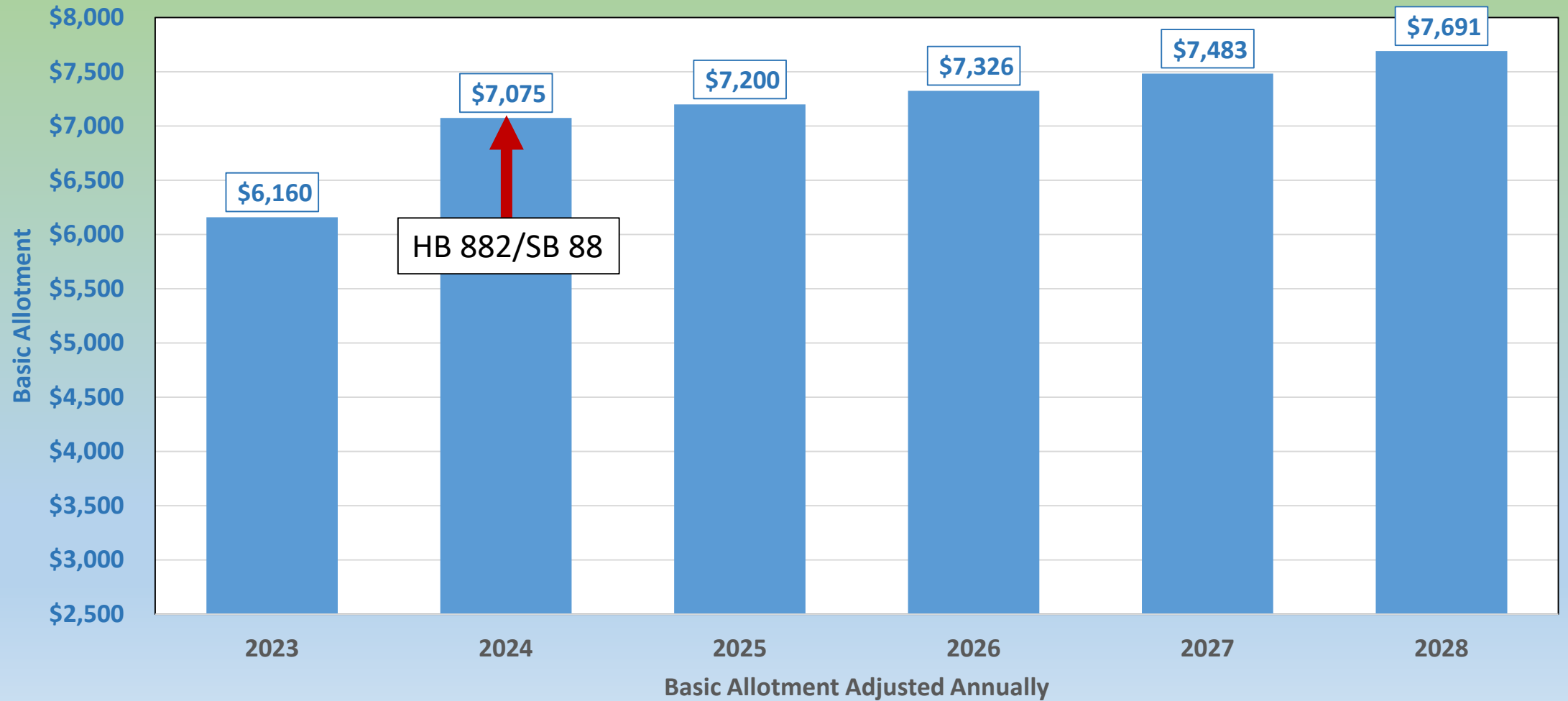
Basic Allotments--2006 through 2023



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



Basic Allotment with Adjustment Factor-- Consumer Price Index (CPI) 10 Year Averaging



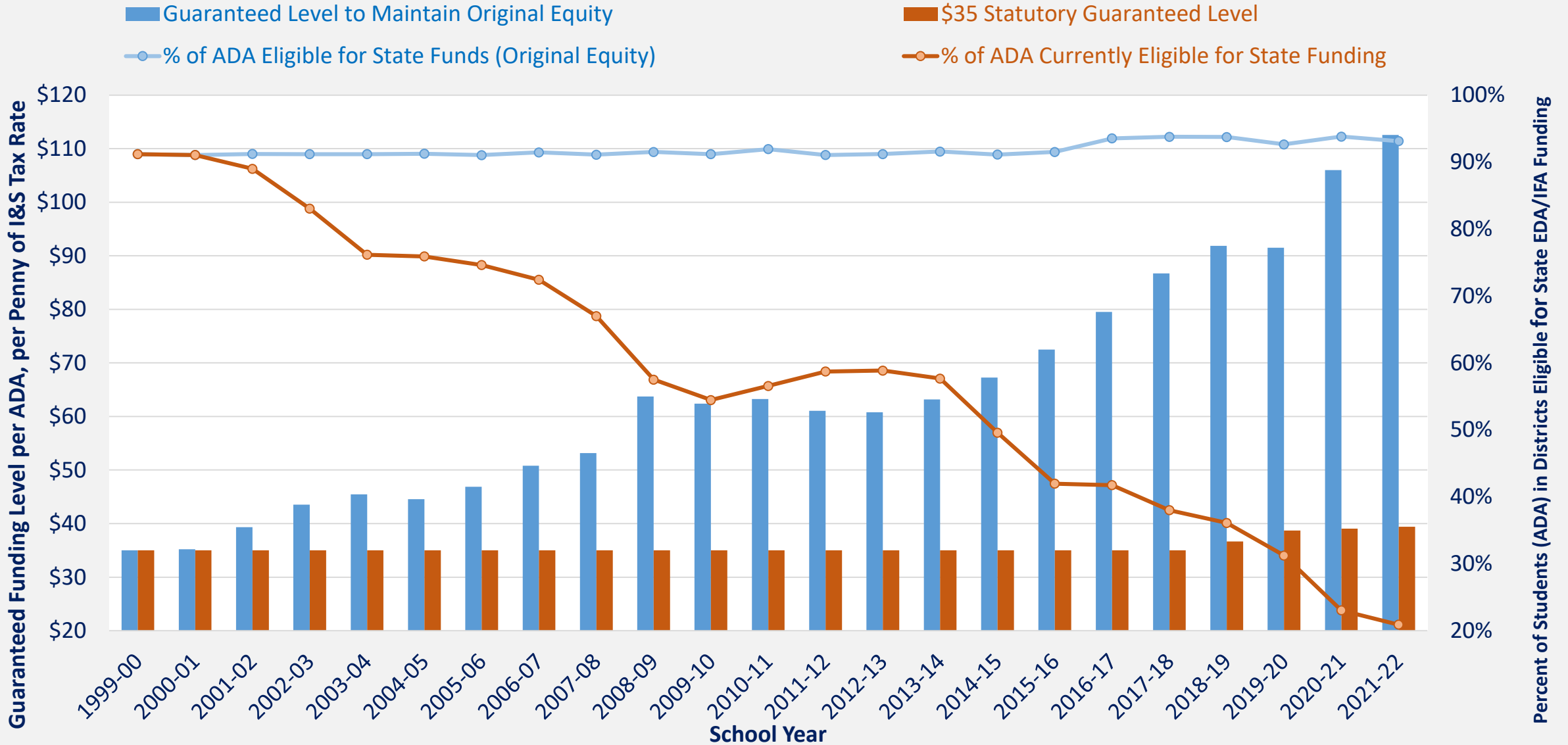
Legislative Priorities for the 88th Legislature

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

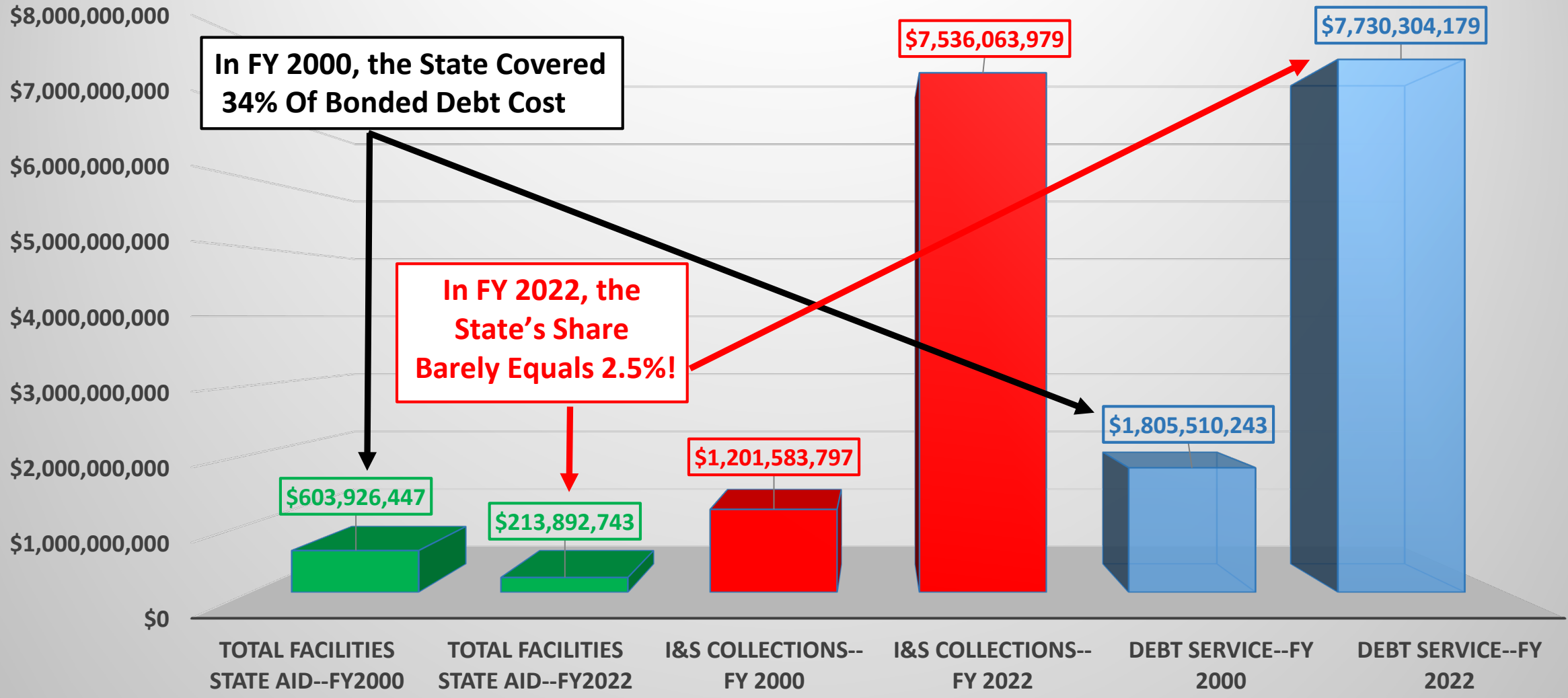
- In the 2000 school year the state spent over \$600 million through the IFA (Instructional Facilities Allotment) and EDA (Existing Debt Allotment). That state revenue covered 34% of school district bond payments for that year. 91% of students were in school districts eligible for state assistance to 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



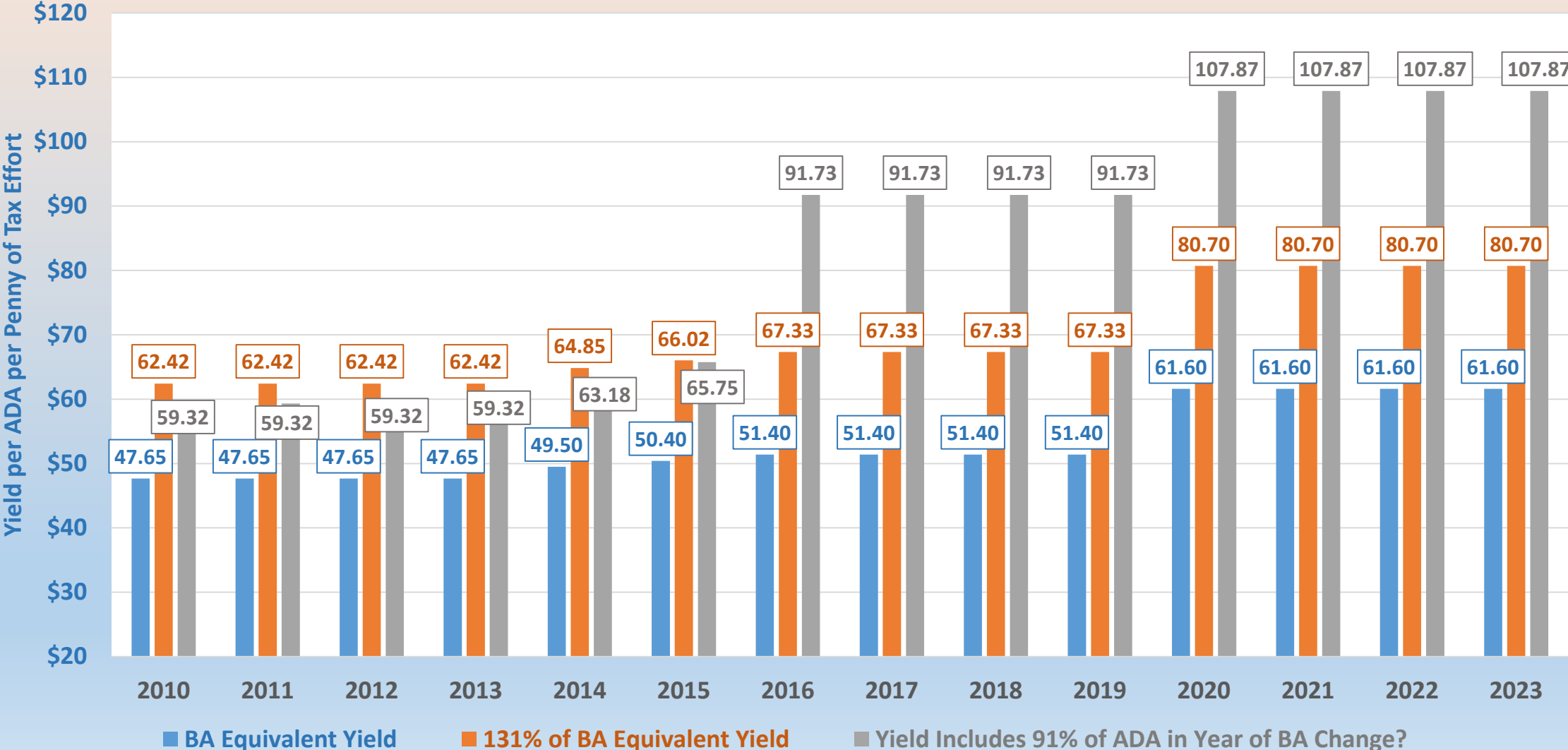
Local District Cost to Pass Comparable Bond Issue to Austin ISD's Proposed \$2.4 Billion Bond

| District | Comparable Bond | Required Annual Payment | Pennies of Tax Effort Required |
|----------------------|-----------------|-------------------------|--------------------------------|
| Austin ISD | 2,400,000,000 | 121,000,000 | 8.11 |
| Wink-Loving ISD | 17,767,240 | 895,765 | 0.92 |
| Glen Rose ISD | 67,990,511 | 3,427,855 | 13.59 |
| Aldine ISD | 2,131,806,178 | 107,478,561 | 48.07 |
| Pasadena ISD | 1,694,189,185 | 85,415,371 | 52.42 |
| Boles ISD | 26,422,839 | 1,332,151 | 479.01 |
| Brownsville ISD | 1,404,698,857 | 70,820,234 | 109.21 |
| Cleveland ISD | 439,677,226 | 22,167,060 | 83.55 |
| Detroit ISD | 25,145,906 | 1,267,773 | 143.17 |
| Donna ISD | 468,767,767 | 23,633,708 | 128.97 |
| Eagle Mt-Saginaw ISD | 724,440,099 | 36,523,855 | 29.83 |
| Everman ISD | 201,387,006 | 10,153,262 | 56.95 |
| La Joya ISD | 867,044,181 | 43,713,477 | 144.14 |
| Lubbock ISD | 870,447,221 | 43,885,047 | 36.52 |
| Edgewood ISD | 280,135,657 | 14,123,506 | 75.73 |

Statewide District Numbers—Bond Issue Comparable to Austin ISD's Proposed \$2.4 Billion Bond

| | |
|---|-----|
| Districts Requiring Less Tax Effort than Austin ISD | 32 |
| Districts Requiring More tax Effort than Austin ISD | 983 |
| Districts Requiring More than \$0.50 Tax Effort | 369 |
| Districts Requiring More Tax Effort than M&O Max | 71 |

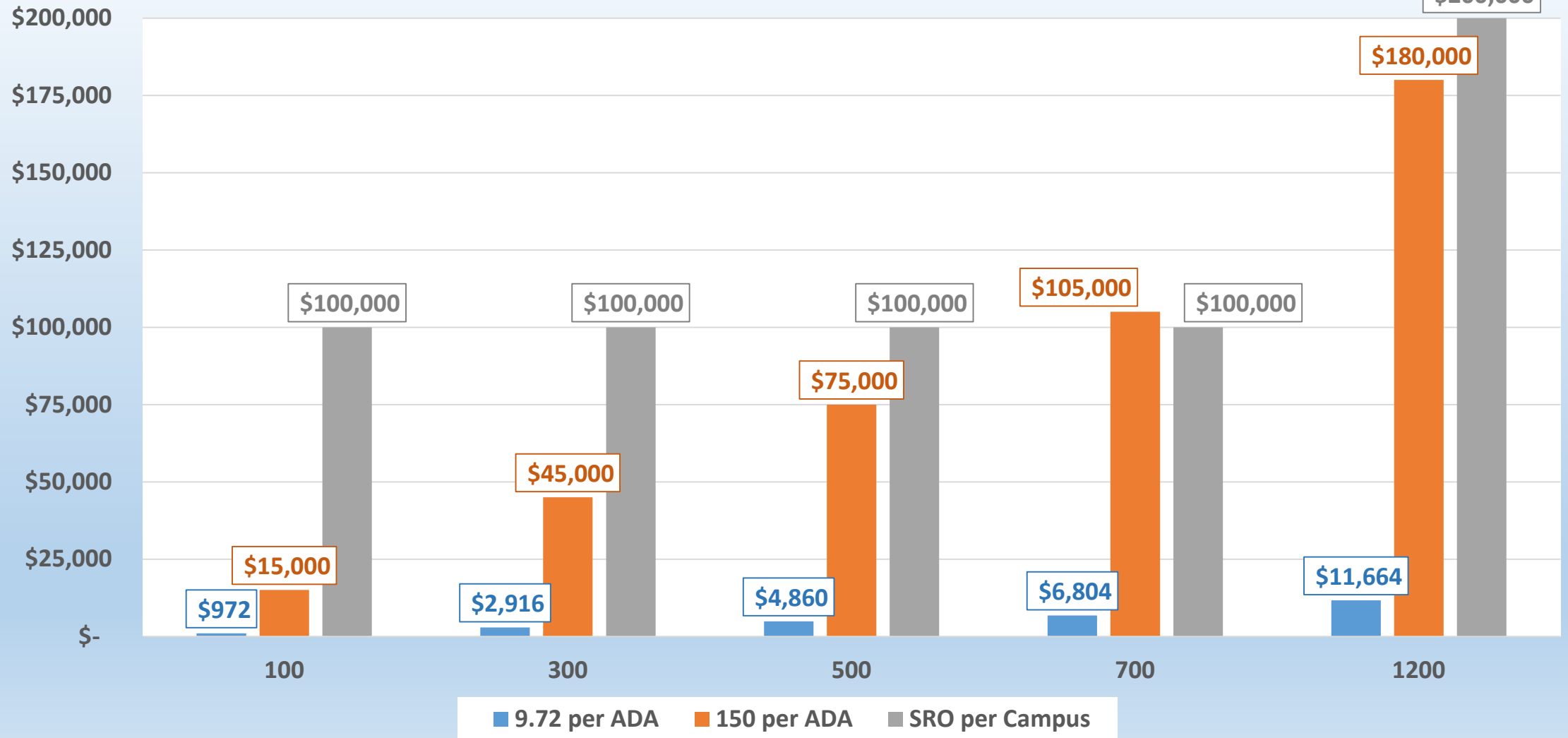
Comparative IFA/EDA Yields per ADA per Penny of Tax Effort



Legislative Priorities for the 88th 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

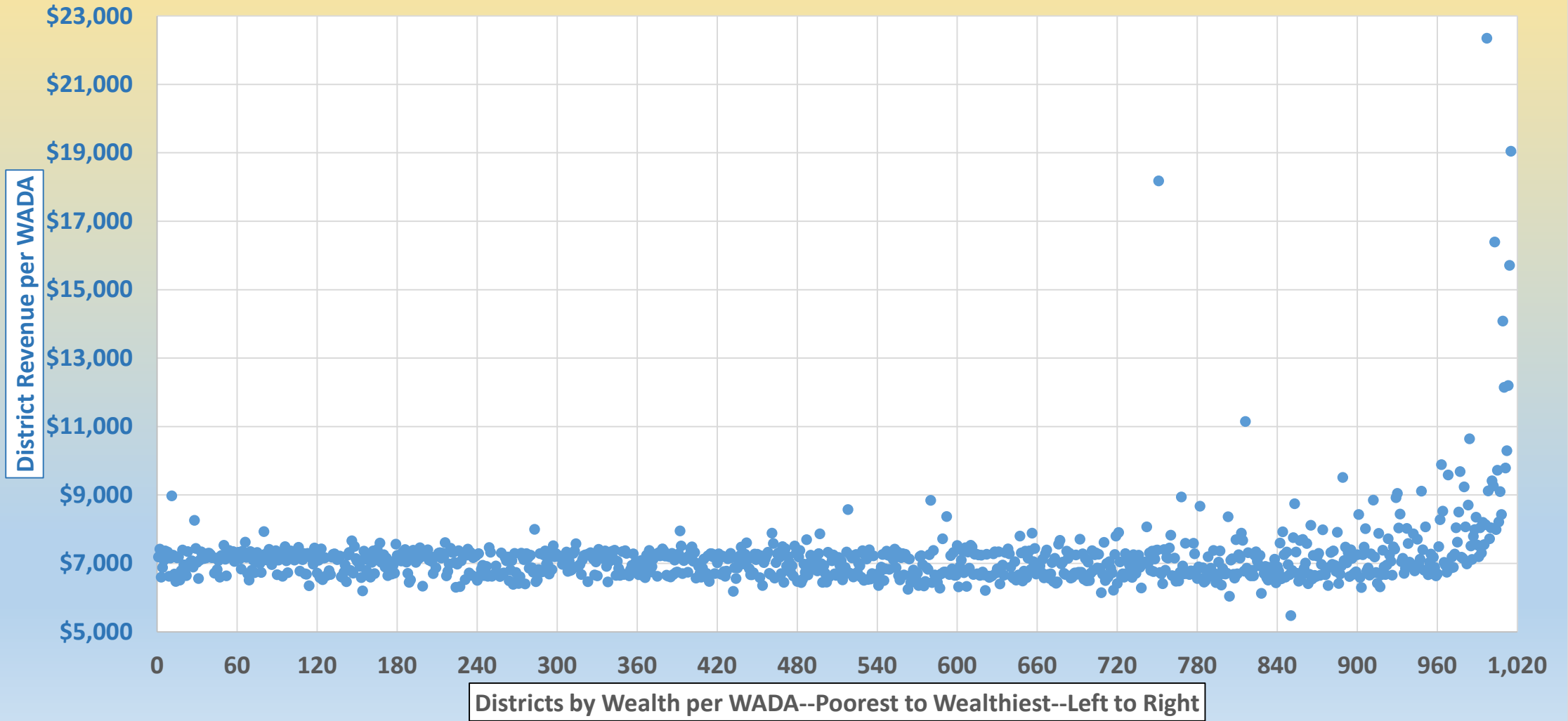
| Campus Enrollment Range | Number of Campuses | % of Campuses Statewide | Base Cost | Additional Cost for Over 1,200 Students |
|-------------------------|--------------------|-------------------------|-----------------------|---|
| 1 - 699 | 6,078 | 72.80% | \$ 607,800,000 | N/A |
| 700 - 1199 | 1,586 | 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 88th Legislature

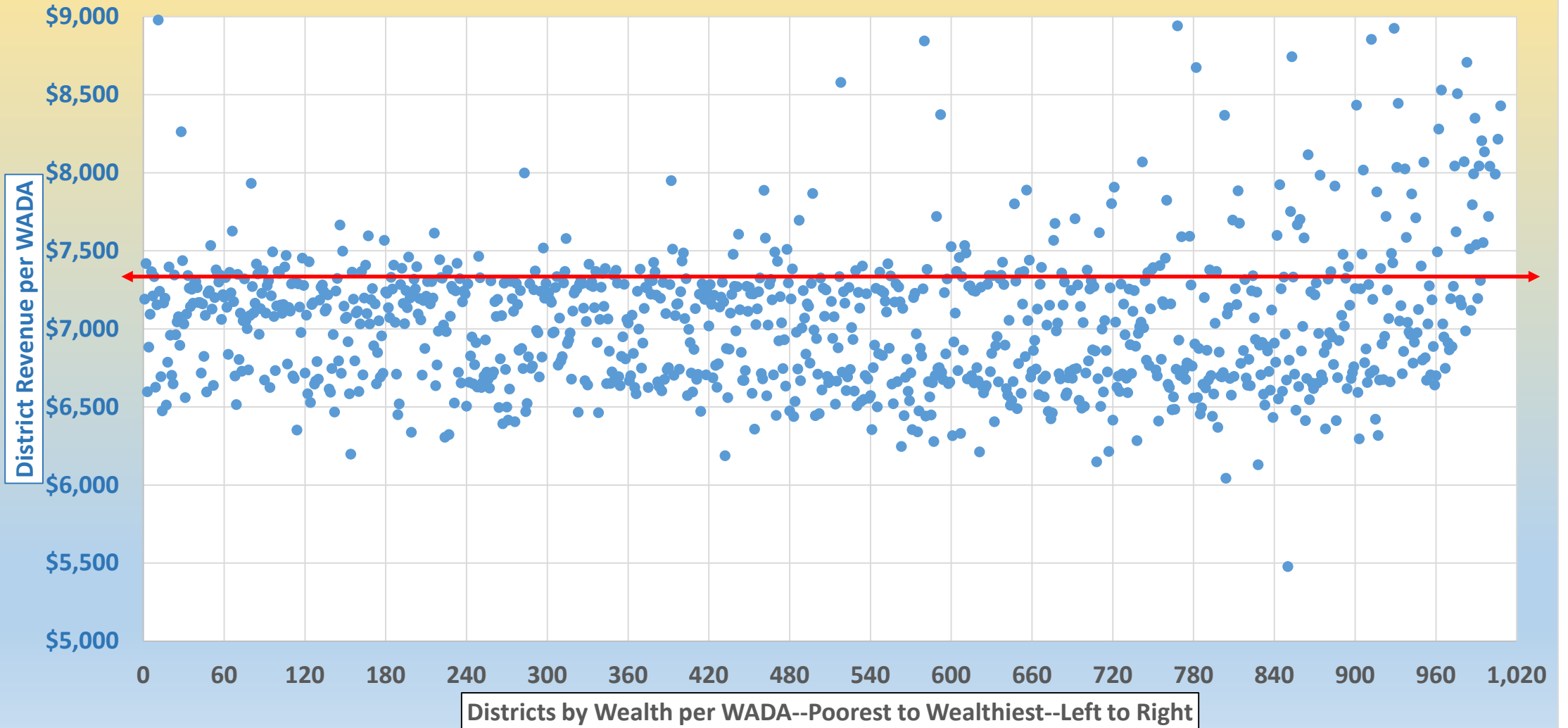
- **Move to the use of current year tax collections as the school district share of formula funding.**

- 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 Revenue per WADA--Sorted by Wealth per WADA



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



Additional Funding Wants?

- **# 1—Must be *COST BASED***—Actual Student Expense that exist regardless of where the student may reside
- **# 2—Must be *FULLY FUNDED***—Without full funding such action will wind up giving to some and taking from others...creating *Winners & Losers*
 - Examples
 - Enrollment vs ADA
 - Funding weight changes—Special Ed, Bilingual, Comp Ed, Fast Growth, ...

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 Funding Changes Comparing Enrollment to ADA

| | Increased/ Decreased 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 | (816,156) | 59,116,244 |
| North East ISD | 33,507,617 | (3,545,281) | 36,024,027 |
| College Station ISD | 5,769,434 | (1,742,355) | 7,314,744 |
| Frisco ISD | 21,787,499 | (12,848,122) | 34,066,531 |
| Mesquite ISD | 19,202,206 | (6,214,362) | 25,091,104 |
| Humble ISD | 24,832,386 | (3,010,876) | 27,139,339 |
| Katy ISD | 35,930,110 | (17,529,056) | 52,724,754 |
| Ysleta ISD | 21,278,112 | (4,258,192) | 25,170,654 |