



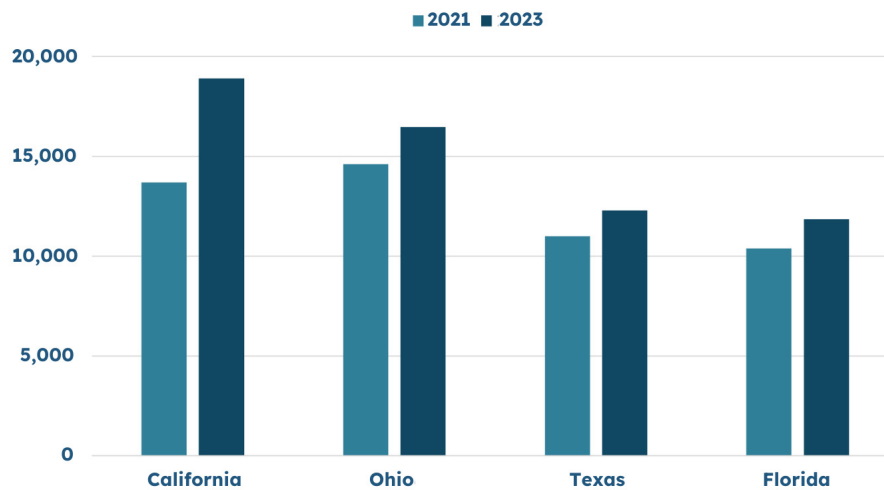
School Finance: Good & Plenty!

- Texas public schools have been operating on a basic per-pupil funding allotment that hasn't been raised since 2019. Since then, inflation and attendance have increased, and the spending power of the basic allotment has weakened.
- Faith communities in Texas agree that legislators should prioritize support for public schools and increase public education funding.
- While “adequacy” involves a complex set of factors, it's clear that Texas—as the 8th largest economy in the world—should not be in the bottom quartile of states for per-pupil spending.
- The increased basic allotment should not be contingent on any other policy or budget condition.

The Texas public education system serves more than 5.5 million students enrolled in 8,094 campuses across 1,022 districts and 872 charter school campuses. Texans trust their legislators to uphold a **good** education system with **plenty** of funding for each school district. However, school districts are scrambling to cut programs and discontinue important job functions to save money. The best and most effective solution is to increase state funding for public school systems.

The first section of the Texas Constitution under Article VIII enshrines the Texas Legislature's responsibility to establish and maintain an equitable and adequate public education system. It reads:

Public Education Spending Per Pupil for Selected States, 2021 and 2023



Source: US Census Bureau, *How Did Covid-19 Affect School Finances*



“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. (Feb. 15, 1876.)”

The Texas Legislature has a duty to uphold and enforce an “efficient system” of public schools. What does it mean for a school system to be adequate, equitable, and efficient? These are the three key principles legislators focus on when deliberating school funding formulas. According to the Texas Association of School Business Officials:

- “**Adequacy** is the principle of enough resources to provide for students’ educational needs.”
- “**Equity** is the principle of ensuring similar access to resources at similar levels of tax effort given similar costs, regardless of districts’ relative levels of property wealth per student.”
- “**Efficiency** is the principle that seeks to ensure that resources are productive of educational outcomes, with little waste.”

Texas public schools are funded through a system called the Foundation School Program (FSP). The FSP is a combination of both state funding and local property taxes. However, the per pupil basic allotment (\$6,160) provided by the state has not increased since 2019. The increase in 2019 was not even to protect schools until another session occurred. House Bill 3 in 2019 raised the basic allotment by \$1,020, which was just enough to cover **one year** of inflation.

The legislature’s choices to shortchange public education in the state budget results in property taxes increases for Texas homeowners. Axios reported that the average Texas property tax bill in 2019 was \$3,900, rising to \$4,916 in 2023. The state’s equalized funding system, known as “Robin Hood,” is necessary to ensure relative equity in per pupil funding across economically diverse local school districts, but the system—which “recaptures” property taxes from some property wealthy districts and reallocates them to property poor districts—means that even when local communities vote to raise their local taxes to increase resources for schools, only a portion of the increase benefits the voters’ own schools.

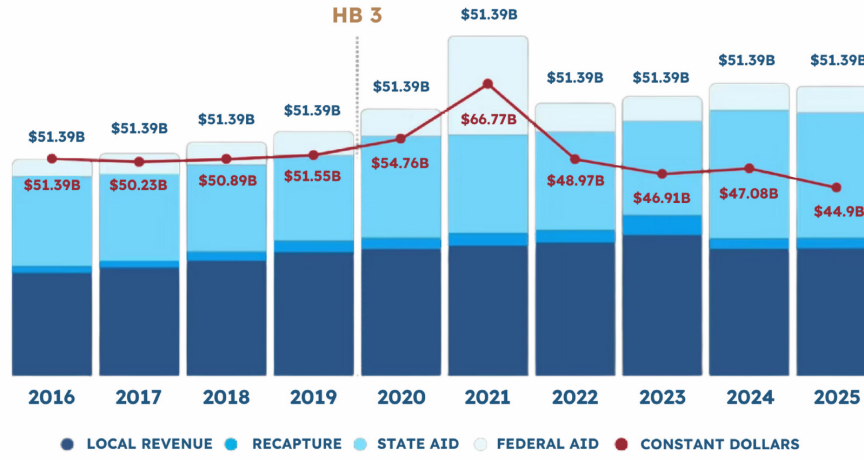
As inflation rises, about half of all school districts across Texas have adopted deficit budgets. School districts must make hard decisions on what programs or employees to cut in order to make ends meet. A school finance survey conducted by the [Texas Association of School Business Officials](#) found that 43% of the 300+ surveyed school districts will have to make **additional** budget cuts in the 2025 academic year. 56.5% of the surveyed districts said they will need to dip into their reserve funds in addition to making budget cuts. Only **9%** of surveyed districts will not have to do either.

Inflation’s toll on Texas school districts is illustrated in the sources of revenue graph on page 3: \$1 million in 2016 had the same buying power as \$1.8 million in 2023. While state funds for public education have increased nominally in the past decade, the increase from around \$20 million to almost \$30 million is diminished by the impact of inflation. Raise Your Hand Texas reported that inflation has increased by 22% since the last increase in public school funding, which means in order to have the same purchasing power school districts had in 2020, the state would need to increase school funding by \$9.8 billion per year.





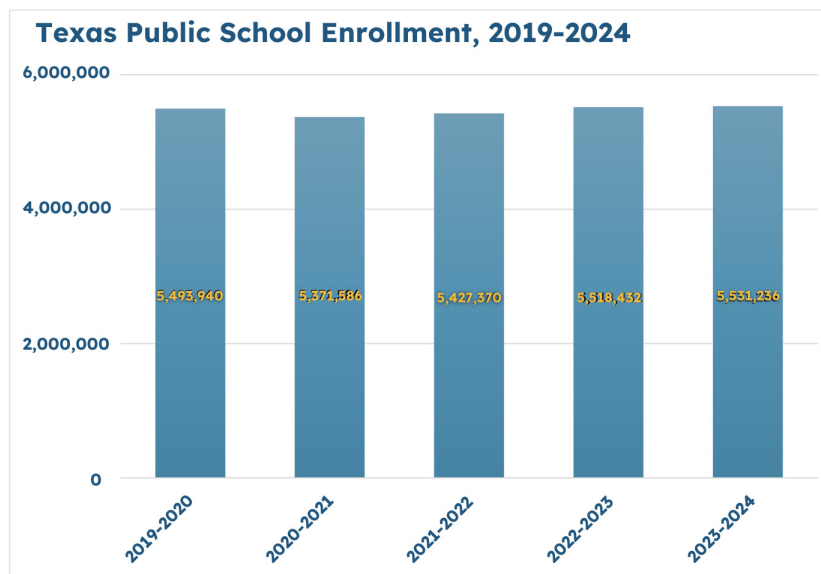
Sources of Texas Public School Funding, 2016-2025



Source: Texas Legislative Budget Board Fiscal Size-Up 2024-25 Biennium

According to the Legislative Budget Board, state aid in 2016 was \$20.762 billion, and will be \$29.024 billion in 2025. Adjusting for inflation and an increase in students, however, school districts are working with less money for more students.

In addition to inflation, real increases in enrollment are putting additional demands on school districts, in particular because so many students face extraordinary challenges that require supplemental services. Fund Schools First reported that since 2020, over 130,000 economically disadvantaged students have enrolled in Texas public schools, along with 232,000 emergent bilingual students and 188,000 special education students. The basic allotment has not increased to represent these rising student needs.



Source: Texas Taxpayers and Research Association (TTARA), Intro To School Finance, 5th Edition





According to information from the [United States Census Bureau](#), Texas is in the bottom quarter of per pupil spending in the nation. Texas' average per pupil spending is currently \$12,304 according to the 2023 fiscal year, meaning Texas is \$3,329 below the national average of \$15,633. The Texas legislature needs to close that gap and increase the basic allotment to generate more revenue, so eventually Texas' per pupil spending matches the national average.

Experts and leaders in public education agree with Texas Impact: the legislature needs to increase funding. Education-focused organizations in Texas such as Raise Your Hand Texas, Texas Association of School Boards (TASB), Texas Association of School Administrators (TASA), Texas American Federation of Teachers (AFT), and the Texas School Coalition support raising the basic allotment to address the financial challenges school districts face.

Texas has the capacity to increase public education funding. The legislature appropriated but did not spend \$5 billion public education in the 2024-2025 state budget, and will end the 2024-2025 biennium with an ending balance of \$23.76 billion according to the Comptroller's biennial revenue estimate.

Texas Impact Recommendations

- **Increase the basic allotment by at least \$1,340 to account for the rise of inflation since 2020**
- Increase the basic allotment so that Texas per-pupil funding is equal to the national per-pupil average
- Index the basic allotment to inflation

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