



School Finance

The Texas School Alliance comprises 37 of Texas' largest school districts, serving 40 percent of the state's total pupil enrollment (or nearly 2.2 million children). Our students represent 44 percent of the state's economically disadvantaged student population, 52 percent of its English Language Learners, and 45 percent of all at-risk students in the state. The organization works on issues that will improve educational quality for Texas students, particularly those in large and urban districts. TSA has adopted the following positions for the 86th Texas Legislature.

The system of public school finance needs reform. TSA proposes three primary principles that guide our recommendations pertaining to quality finance reform.

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1. Local funding, especially revenue from the growth in the property tax base of school districts should supplement, not supplant State funding.

- TSA supports the creation of a mechanism that would establish a minimum level of state support, which would increase (not decrease) as local property values increase.
- TSA supports changes to school finance formulas that update, increase funding, and index yield levels to the Basic Allotment. Existing elements that enable districts to plan ahead and support financial predictability, such as the use of prior year property values to calculate wealth per student, should remain. The current system's property value lag helps school districts, especially those that begin their fiscal year on July 1, budget efficiently and effectively each year.
- The current level of the Austin Yield and the Tier 2 "golden pennies" linked to the Austin Yield should remain as they currently operate in statute. These elements support local tax payers by increasing revenue for their school districts as their local tax effort increases.
- Local school districts should be entitled to the same capacity that other taxing entities have in setting their tax rates.

2. The current funding levels are inadequate and should be increased.

- TSA supports increasing current funding levels. For example, the Legislature should increase the Basic Allotment according to a cost escalator tied to a state Consumer Price Index. Additionally, the legislature should expand the number of cents of tax rate in Tier 2 to which the Austin Yield applies to eight cents and allow districts to reach those pennies without a tax ratification election. Other examples of increased funding levels include increasing the Transportation Allotment to reflect current transportation costs, indexing Tier 2 \$31.95 Guaranteed Yield to the Basic Allotment, increasing the equalized wealth level to \$545,500, increasing the Tier 2 Level 2 Yield to at least the 88th percentile of property wealth per weighted student.



- TSA supports property tax relief when it encourages investment into public education, ensures funding adequacy and bolsters equity in the school finance system.

3. The Legislature should update funding elements to improve how funding addresses district needs.

- TSA supports increasing funding to districts to pay for full day Pre-K if district chooses to implement full day Pre-K.
- TSA supports updating the Cost of Education Index (CEI). This multiplier was intended to help account for how school district costs vary throughout Texas, but it is outdated. TSA would welcome the opportunity to provide input into the development and adoption of a new or updated element.
- TSA supports extending certain funding elements so that districts can draw additional benefits from them and spend any additional dollars flexibly. Specifically, TSA asserts that Chapter 41 districts should receive the Transportation Allotment, the NIFA Appropriation should increase and CTE funding should expand to include 6th-8th grade programs. In addition, TSA supports an updated compensatory education weight that includes a measure of the concentration of economically disadvantaged students in a district.
- TSA supports the creation of new weights that increase funding for schools. The creation of these weights should add to current levels of education funding and deliver funding that can be spent flexibly. For example, TSA supports the addition of weights or allotments like a dyslexia allotment, dual language allotment, primary early support allotment, Grade 3 reading achievement bonus or a College, Career and Military Readiness Bonus which flow additional dollars to districts to help them address student needs.
- TSA supports amendments to the school finance system that remove requirements and restrictions on the use of appropriated funds. Additional spending flexibility would allow school districts to allocate funds towards teacher salaries or other uses the district deems necessary to meet the needs and goals of its students.
- TSA supports amendments to the school finance system that require the State to provide adequate funding for school districts' costs associated with complying with laws enacted by the Legislature.