

It's Time to Renovate Our School Finance System

Chandra Villanueva, villanueva@CPPP.org

Education is the bedrock of an informed democracy and the bridge to lifelong opportunities. As a state, we rely on our public education system to develop a talented workforce and promote shared prosperity. But in order to fulfill our promise to the next generation of young Texans, we must first ensure that there is sufficient financial support for all kids to get a quality education, no matter where they live or what their background.

The Texas school finance system is like an old house that has fallen into disrepair and is in need of some serious renovations. To keep a home running efficiently and to maintain its value requires periodic updates and repairs. Unfortunately, thirty years of incremental changes and tweaks around the edges have left us with an outdated school finance system bogged down in inefficiency and funding levels not aligned with current costs.

Better funded schools have tangible, measurable effects on the lives of their students, including:

- smaller classrooms with more support from teachers;
- greater access to science labs and updated technology;
- professional development for educators

The Texas school finance system needs a remodel – not a teardown – because there are elements of that need to be preserved and expanded. Today's school finance system takes into account that different students – whether they live in rural or urban settings, are gifted, English language learners (ELL) or have special needs – require different supports and levels of resources to reach their full potential. This weighted student funding is a fantastic step towards an equitable education, if done properly. Lawmakers originally set these weights below recommended levels, however, and have not updated them in 30 years.

Recapture

Texas children deserve a quality education regardless of whether they live in a rich or poor school district. Our current finance system reduces inequities created by local property tax disparities through a combination of shared state support and the use of recapture. The state Supreme Court credited recapture with improving equity between districts. Yet, underfunding of the system as a whole has led some property-wealthy school districts to oppose recapture because even they lack sufficient funds to meet the growing needs of their students.

Pre-K

Texas invests in a half-day Pre-K program through the school finance formulas for economically disadvantaged and ELL students. This targeted Pre-K program has been shown to increase school readiness and produce savings for the state in the short and long-term through grade level retention, reduced reliance on government assistance and decreased involvement with the criminal justice system. Most districts have moved to a full-day program, yet the state only provides funding for a half-day.

CPPP Recommendations:

- **Increase the "Basic Allotment."** Lawmakers should address adequacy in overall funding. Over the last 15 years spending per student has been relatively flat while state standards and student needs continue to grow. Increasing the "Basic Allotment" by the state brings up funding levels for all districts while reducing recapture, so that every district can provide a quality education.
- **Study the appropriate levels of school funding.** We need to prevent the education system from falling back into disrepair. To do so, the state must research the appropriate levels of funding to meet the educational standards in place and ensure that the levels adjust regularly for inflation.
- **Increase investments in early education.** Texas has seen positive gains from its modest half-day Pre-K program. However, to build on and maintain these gains, Texas must establish a full-day Pre-K program, improve quality standards and establish an office of early learning to encourage and oversee collaborations between Pre-K, Head Start, child care providers, and state agencies.

Overhauling the school finance system is going to take leadership from the Senate, House, and the Governor's Office. The process also needs to include the business community, the philanthropic community, and the education leaders working on the ground. Right now, all of these entities have been discussing school finance separately and are ready to come together, build consensus, and make the hard decisions needed to ensure that all Texas students receive a top-notch public education.

Renovations are hard, dusty, and the longer we put them off the more expensive they become – but in the end, the effort is always worth it. The 5.2 million children in Texas public schools today cannot wait any longer.

For more information or to request an interview, please contact Oliver Bernstein at bernstein@cphp.org or 512.823.2875.

About CPPP

The Center for Public Policy Priorities is an independent public policy organization that uses research, analysis and advocacy to promote solutions that enable Texans of all backgrounds to reach their full potential. Learn more at CPPP.org.

Twitter: [@CPPP_TX](https://twitter.com/CPPP_TX)

Facebook: Facebook.com/bettertexas