

The Ups and Downs of School Finance: Protecting the Floor while Raising the Ceiling

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CPPP Recommendation: Increase the basic allotment floor to \$5,200 to absorb funding elements eliminated in HB 21.

The House Public Education Committee recently passed HB 21, which takes the first step in making needed improvement to the school finance system. The bill removes some outdated and inefficient elements in the system while also adding additional funding for students with dyslexia and providing slightly increased funding for English language learners.

While HB 21 contains many positive aspects, the devil is always in the details. The legislature should address a technical aspect concerning per-student funding known as the "basic allotment."

HB 21 removes three funding elements from the formula: the High School Allotment, the Transportation Allotment, and additional state aid for non-professional staff salary increases. The intent is to "roll" these elements into the basic allotment, which is the per-student funding amount that works as the primary building block for the school finance formulas. However, the bill does not increase the basic allotment in statute and instead relies on the appropriations process to increase the basic allotment in the budget.

This issue comes down to ceilings and floors. The floor, or minimum level, of the basic allotment is set in statute. In the state budget, the legislature can set a higher ceiling for the basic allotment than required by statute but cannot go below the floor.

The basic allotment floor is currently set at \$4,765 in statute. The legislature has increased the basic allotment's ceiling in the budget over the last two sessions to its current level of \$5,140; these increases came without any statutory changes to the school finance formulas.

While the basic allotment floor is out of date, it has increased importance this session because HB 21 proposes to remove elements of the formula from statute without a corresponding statutory change to increase the basic allotment in kind. **This could allow for an unintended cut to public education if the legislature sets the basic allotment at the floor level.**

According to our analysis, raising the floor to \$5,200 from \$5,140 would ensure that the eliminated funding elements are truly reflected in the basic allotment.

Raising the floor does not hamper the budget writers from setting a higher ceiling in the final budget and creates a more accurate starting point for future renovations of the school finance system.

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

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