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To Improve Efficiency and Fairness in School Funding, Let ASATR Expire

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In order to have a fair and efficient system of school finance, all school districts must receive funding through the same system and under the same rules. The Legislature should allow Additional State Aid for Tax Reduction (ASATR) to expire as scheduled and instead focus on updating the outdated and underfunded school finance system.

Background:

ASATR is a funding mechanism for school districts, created by the Legislature in 2006, to ensure that no district would lose funding as a result of school finance reforms that compressed the Maintenance and Operation (M&O) tax rates by one-third. To implement this “hold harmless” provision, TEA set a “target revenue” level for each district based on funding levels before the tax rate compression.

Districts that receive ASATR are considered “off-formula” meaning that funding levels are not determined by the various funding adjustments in the Foundation School Program formulas. In essence, these districts are being funded by a separate set of school finance rules based on a historical point in time instead of current circumstances.

School districts move off ASATR when formula funding is equal to or greater than its target revenue. Since 2006, most districts left ASATR funding due to increases in the basic allotment.

In 2011, the Legislature took actions to get all school districts off ASATR funding by 2018 through the introduction of the “target reduction factor,” increasing the basic allotment in 2013 and 2015, and by setting an expiration date for ASATR funding. Over 87 percent of school districts are currently off ASATR funding.

ASATR provides an unfair funding advantaged for a handful of districts.

An analysis by the Legislative Budget Board found that only 161 districts would have received ASATR funding in 2018 if the funding did not expire. Those districts on average would receive \$415 more per weighted student than a non-ASATR district, creating an unfair funding advantage.

The Legislature should let ASATR expire at the end of 2017 for the following reasons:

- School funding should be based on current measurable costs and not on past circumstances. Because ASATR is tied to funding levels at an historic point in time, there is no current justification for why those few districts continue to receive additional funding.
- Continuing ASATR funding adds another band-aide to a system in need of a real remodel.
- ASATR adds another level of complication and inefficiency to an already complex system of school finance.

Any changes to the school finance system should increase equity and efficiency within the system as a whole. Unfortunately, extending ASATR will continue to protect the historic interests of a select few while shifting those costs to the rest of the system.