



School Finance Trends

Texas Commission on Public School Finance

TEXAS EDUCATION AGENCY

FEBRUARY 8, 2018

Current formula inputs and how they influence the amount of revenue available to public schools

TEXAS COMMISSION ON PUBLIC SCHOOL FINANCE

Summary of key formula inputs

Basic Allotment (Tier I)	Local taxable property values (before and after certain exemptions)	<p>Beginning in fiscal year 2019, to be eligible for facilities funding, charter schools will be required to obtain a minimum rating of “acceptable performance” in the academic accountability rating system (House Bill 21, 85th Legislature, 1st Called Session).</p>
Equalized Wealth Levels	Local maintenance & operations (M&O) property tax rates	
Guaranteed Yields (Tier II, IFA, EDA)	Local interest & sinking (I&S) property tax rates	
NIFA Appropriation	Local tax “effort” (i.e. percentage of taxes collected vs. levied)	
Transportation factors (miles driven, student riders)	Cost of Education Index (CEI)	
Per Capita Rate (available school fund (ASF) distributions)	District adjustments based on student size (sparsity, small and midsize)	
Instructional materials allotment (IMA) and interaction with ASF	Square miles in the district (related to SDA)	
Possible funding for declining property values	Average daily attendance (ADA) in the regular and special instructional programs:	
Possible funding for declining average daily attendance	<ul style="list-style-type: none"> ◦ Bilingual/ESL ◦ Career & Technical ◦ Gifted & Talented ◦ Compensatory Education ◦ Pregnancy Related Services ◦ Special Education (various settings) ◦ High School ADA ◦ Pre-Kindergarten (funded at ½ day levels) ◦ Migrant adjustments 	
Possible recognition of 50% of the Local Optional Homestead Exemption		
Possible funding for special education camera grants		
Possible funding for science lab grants		
Possible funding for disasters (average daily attendance and taxable property value declines, and reimbursement for facilities remediation)		
Additional state aid for increased homestead exemption (SB1, 2015)	Minutes of operation	
Hardship grants related to expiration of additional state aid for tax relief, ASATR (HB21, 2017 1 st Called Session)	Charter funding levels based on state averages for Tier I and Tier II	

How is the system financed?

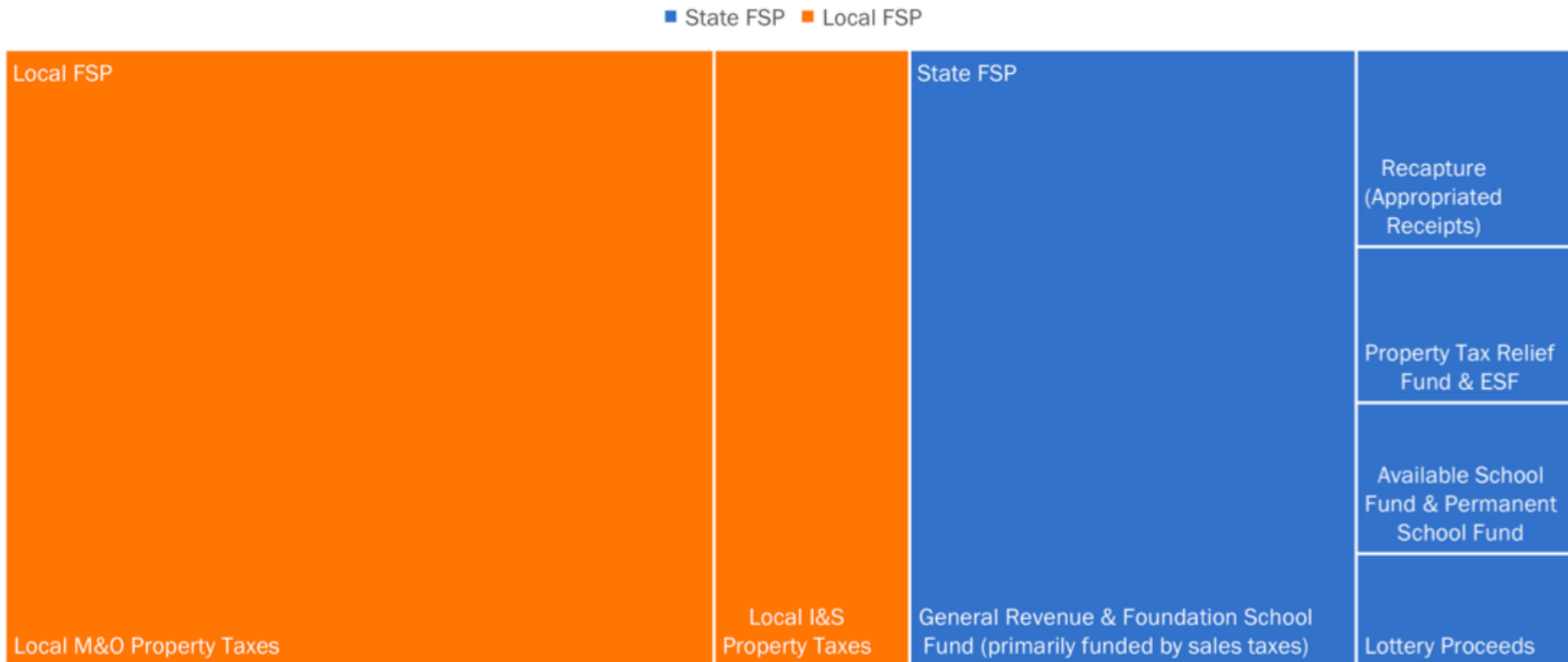
TEXAS COMMISSION ON PUBLIC SCHOOL FINANCE

Texas Public Education Funds, 2016–2017 vs. 2018–2019 Biennium (in billions)

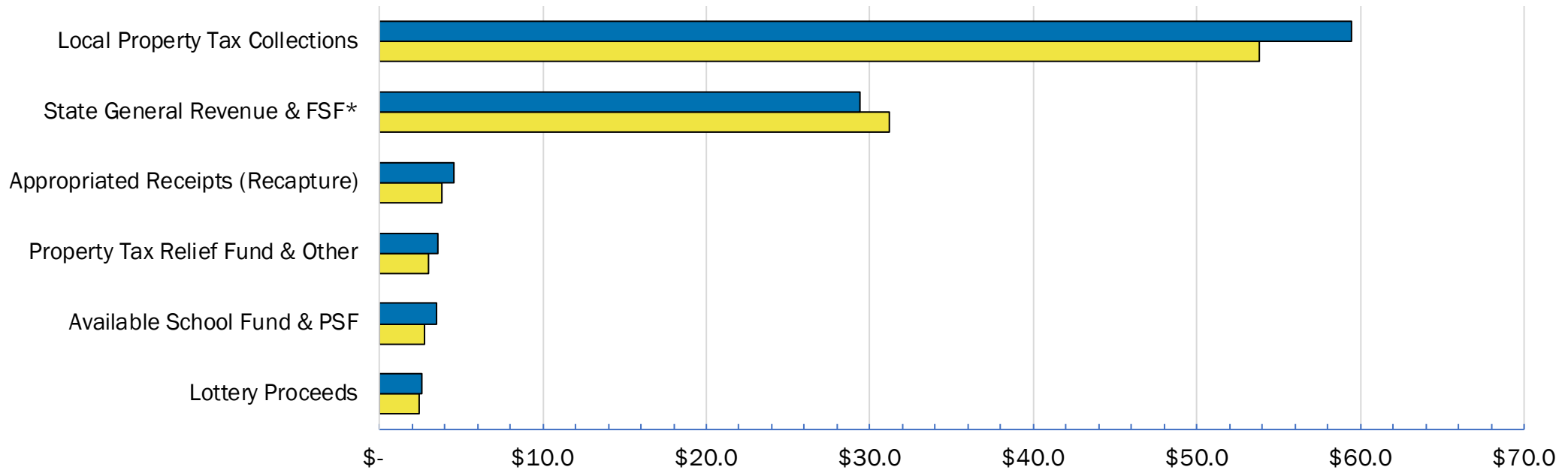
Public Ed Funding	2016–2017 Appropriated Biennium	2018–2019 Appropriated Biennium	Dollar Change 2016–2017 vs. 2018–2019	% Change 2016–2017 vs. 2018–2019
State FSP (from state taxes, primarily sales taxes, other taxes and other revenues)	\$42.33	\$42.97	\$0.64	1.51%
Local FSP* (local revenue from local property taxes)	\$53.81	\$59.49	\$5.68	10.56%
Subtotal Formula Funding	\$96.14	\$102.46	\$6.32	6.57%
State Non-Formula Funding / Interagency Contracts & Other	\$1.94	\$1.69	(\$0.25)	(12.89%)
Federal Program Funds	\$10.11	\$10.38	\$0.27	2.67%
TEA Administration	\$0.28	\$0.29	\$0.01	3.57%
Total Public Education Spending	\$108.47	\$114.82	\$6.35	5.85%

* The local share of FSP (local revenue from local property taxes) are not appropriated.

Methods of Finance for the Foundation School Program (FSP) for the 2018–2019 biennium



Methods of Finance for the Foundation School Program (FSP) for the 2016-2017 and 2018-2019 Biennia



	Lottery Proceeds	Available School Fund & PSF	Property Tax Relief Fund & Other	Appropriated Receipts (Recapture)	State General Revenue & FSF*	Local Property Tax Collections
■ 2018-2019	\$2.6	\$3.5	\$3.6	\$4.6	\$29.4	\$59.5
■ 2016-2017	\$2.4	\$2.8	\$3.0	\$3.8	\$31.2	\$53.8

(figures are in billions)

*State General Revenue primarily funded through sales tax

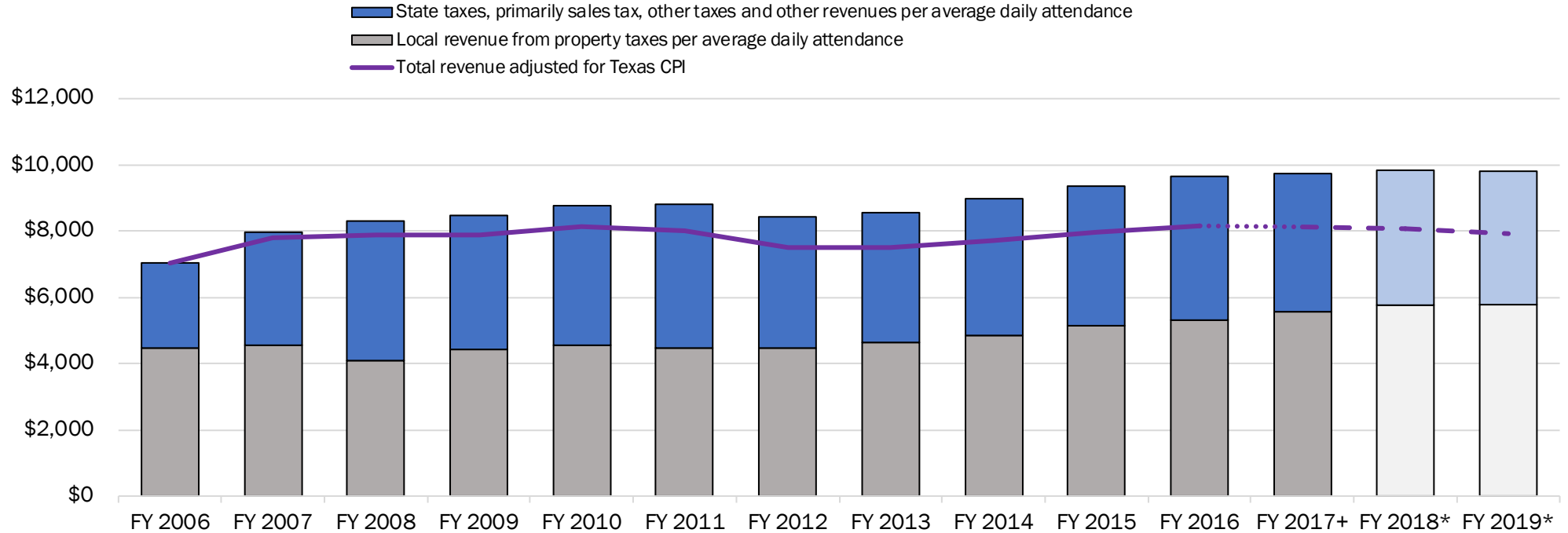
**Data Source: Article III of the General Appropriations Act for the 2016-2017 and 2018-2019 Biennia

How much revenue is flowing to public schools?

TEXAS COMMISSION ON PUBLIC SCHOOL FINANCE

Annual state and local FSP revenue per student in average daily attendance (ADA) Rider 73

Recapture included in state revenue

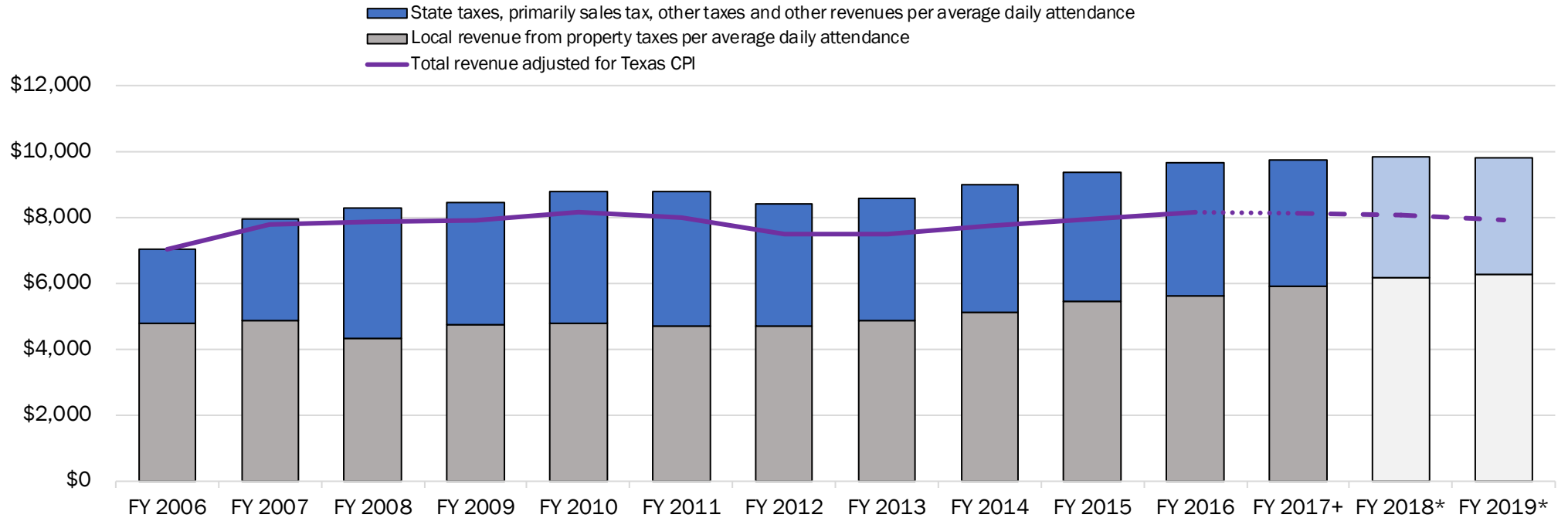


+FY 2017 data is near final.
*FY 2018 and FY 2019 are projected.

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017+	FY 2018*	FY 2019*
Local revenue from property taxes per average daily attendance	\$4,481	\$4,542	\$4,075	\$4,418	\$4,551	\$4,461	\$4,470	\$4,651	\$4,850	\$5,153	\$5,316	\$5,560	\$5,764	\$5,780
State taxes, primarily sales tax, other taxes and other revenues per average daily attendance	\$2,553	\$3,418	\$4,216	\$4,040	\$4,221	\$4,333	\$3,955	\$3,916	\$4,146	\$4,211	\$4,335	\$4,191	\$4,074	\$4,028
Total revenue per average daily attendance	\$7,034	\$7,960	\$8,291	\$8,458	\$8,772	\$8,794	\$8,425	\$8,567	\$8,996	\$9,364	\$9,651	\$9,751	\$9,838	\$9,808
Total revenue adjusted for Texas CPI	\$7,034	\$7,782	\$7,884	\$7,897	\$8,148	\$7,992	\$7,485	\$7,498	\$7,733	\$7,957	\$8,158	\$8,126	\$8,072	\$7,923

Annual state and local FSP revenue per student in average daily attendance (ADA)

Recapture **included in local revenue** from property taxes

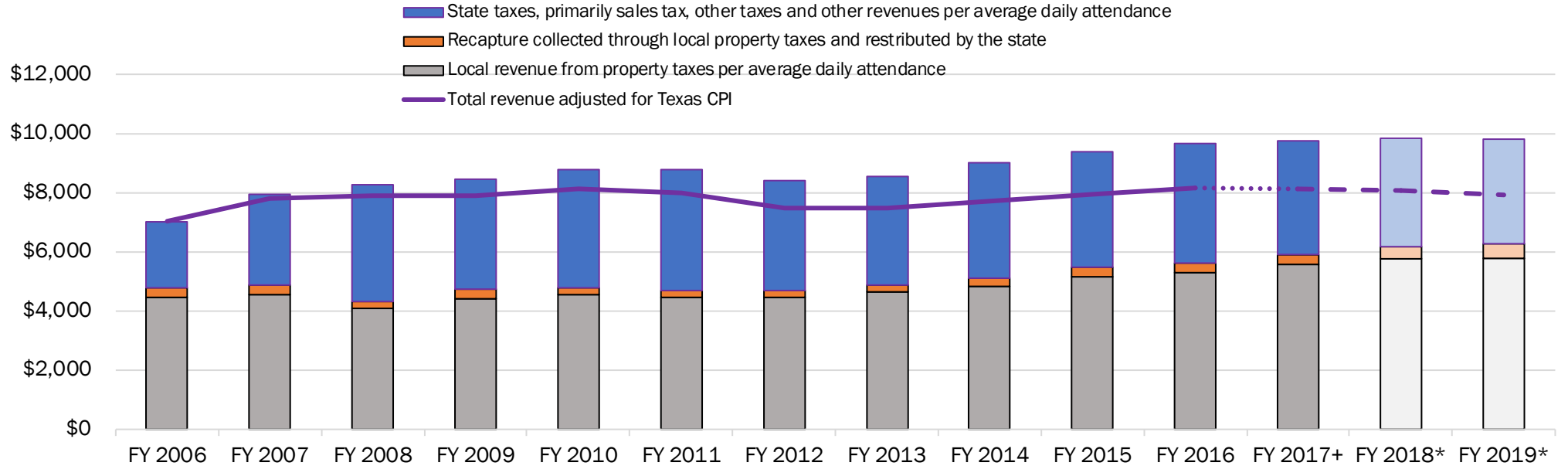


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	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017+	FY 2018*	FY 2019*
Local revenue from property taxes per average daily attendance	\$4,791	\$4,877	\$4,338	\$4,744	\$4,789	\$4,689	\$4,704	\$4,878	\$5,104	\$5,461	\$5,638	\$5,909	\$6,175	\$6,274
State taxes, primarily sales tax, other taxes and other revenues per average daily attendance	\$2,243	\$3,083	\$3,953	\$3,714	\$3,983	\$4,105	\$3,721	\$3,689	\$3,892	\$3,903	\$4,013	\$3,842	\$3,663	\$3,534
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Annual state and local FSP revenue per student in average daily attendance (ADA)

Recapture presented as its own category of revenue



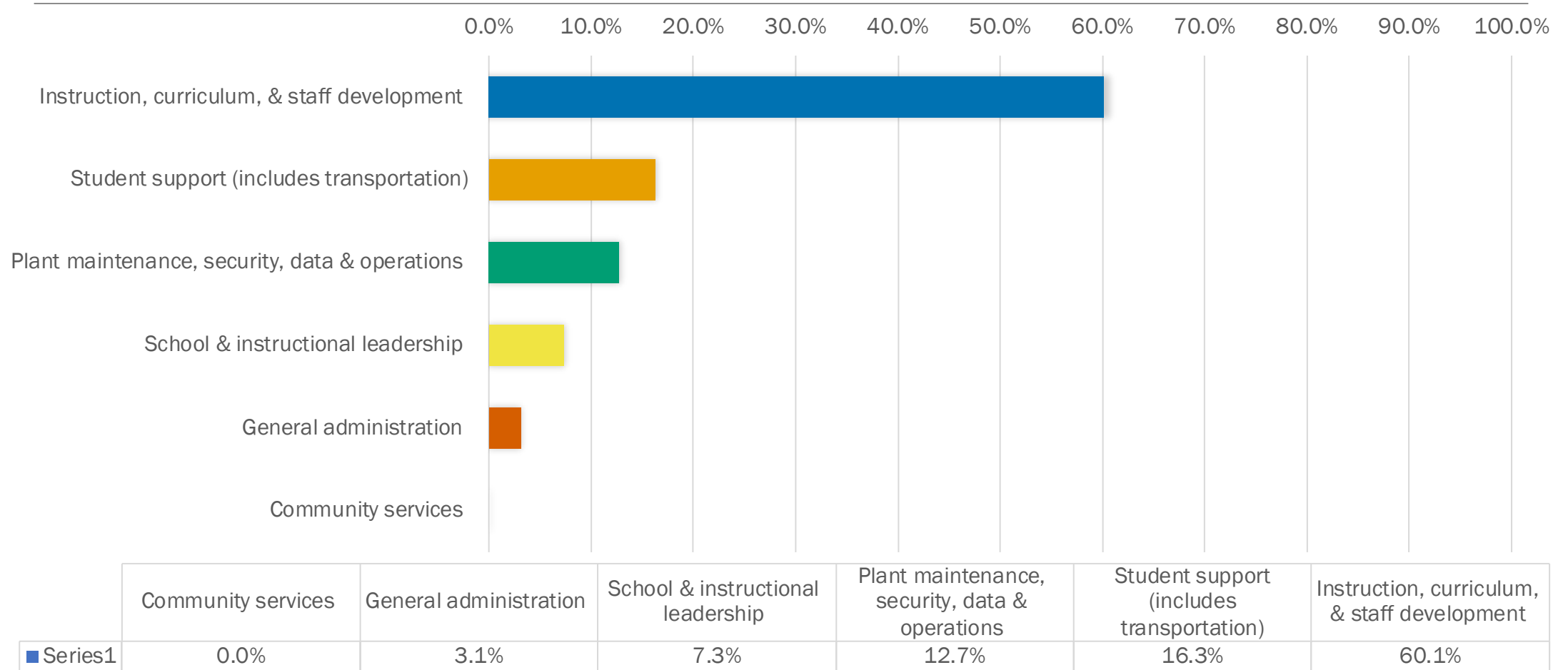
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	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017+	FY 2018*	FY 2019*
Local revenue from property taxes per average daily attendance	\$4,481	\$4,542	\$4,075	\$4,418	\$4,551	\$4,461	\$4,470	\$4,651	\$4,850	\$5,153	\$5,316	\$5,560	\$5,764	\$5,780
Recapture collected through local property taxes and redistributed by the state	\$310	\$335	\$263	\$326	\$238	\$228	\$234	\$227	\$254	\$308	\$322	\$349	\$411	\$494
State taxes, primarily sales tax, other taxes and other revenues per average daily attendance	\$2,243	\$3,083	\$3,953	\$3,714	\$3,983	\$4,105	\$3,721	\$3,689	\$3,892	\$3,903	\$4,013	\$3,842	\$3,663	\$3,534
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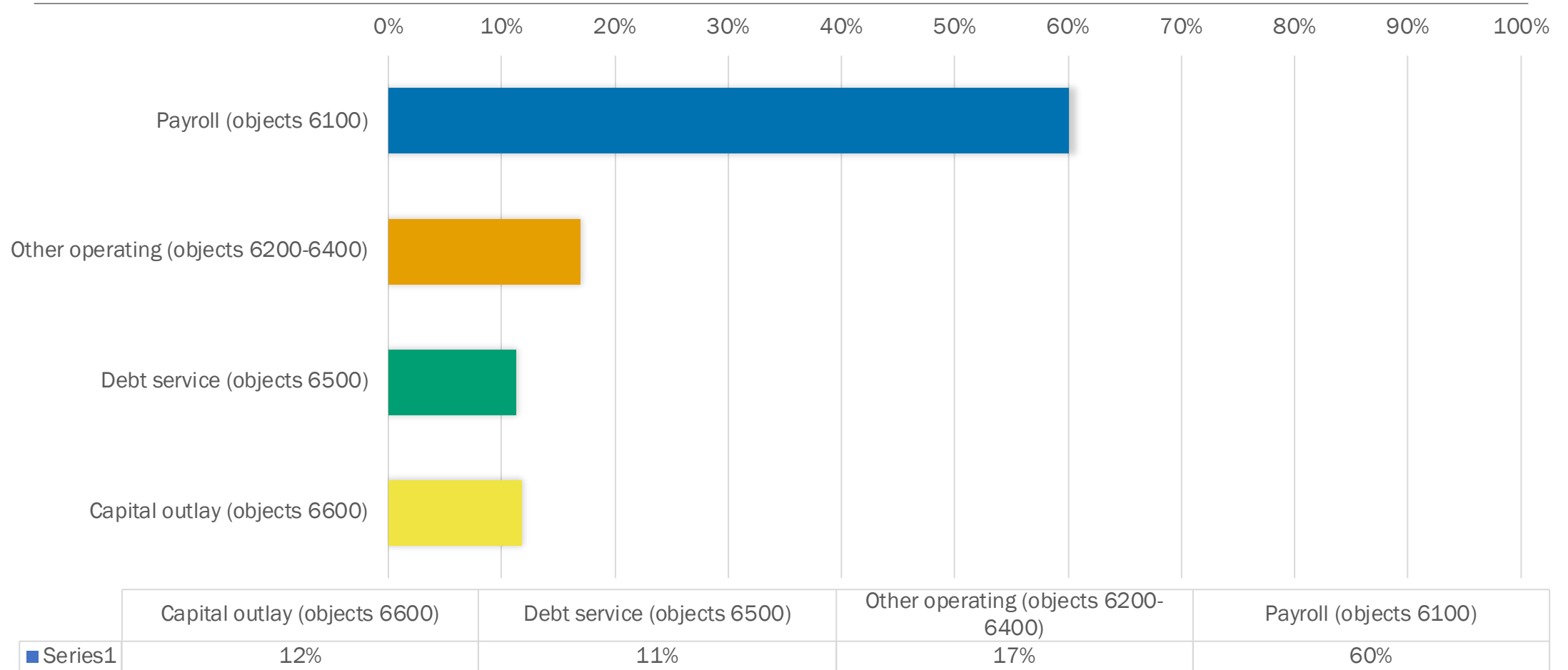
How are public schools spending their funds?

TEXAS COMMISSION ON PUBLIC SCHOOL FINANCE

In 2016, instruction, curriculum, & staff development comprised 60% of all public education expenditures in Texas



In 2016, payroll and benefits comprised 60% of all public education expenditures in Texas

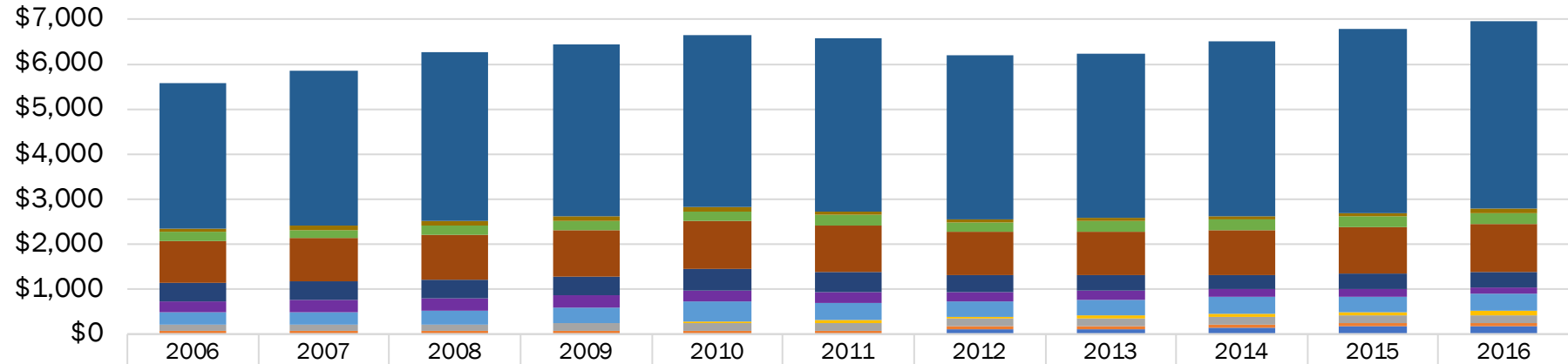


2016 average expenditures per student: broken down by program

Program intent code (PIC) description	Per student all funds*	%
Basic educational services	\$4,185	60.1%
Gifted and talented	\$78	1.1%
Career and technical education (CTE)	\$266	3.8%
Students with disabilities (special education)	\$1,059	15.2%
Accelerated education	\$336	4.8%
Bilingual education & special language programs	\$158	2.3%
State compensatory education	\$369	5.3%
High school allotment	\$85	1.2%
Athletics & related activities	\$184	2.6%
Alternative education programs	\$74	1.1%
Prekindergarten	\$170	2.4%

*Operating expenditures per student vary between program intent codes and function codes.

Average expenditures per student over 10 years: broken down by program



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Basic educational services	\$3,234	\$3,447	\$3,754	\$3,845	\$3,837	\$3,837	\$3,629	\$3,649	\$3,872	\$4,063	\$4,185
Gifted and talented	\$83	\$87	\$90	\$88	\$85	\$83	\$78	\$77	\$77	\$76	\$78
Career and technical education (CTE)	\$192	\$198	\$206	\$213	\$219	\$220	\$212	\$217	\$231	\$248	\$266
Students with disabilities (special education)	\$910	\$946	\$995	\$1,015	\$1,072	\$1,043	\$955	\$967	\$987	\$1,025	\$1,059
Accelerated education	\$439	\$430	\$438	\$441	\$472	\$447	\$372	\$350	\$339	\$343	\$336
Bilingual education & special language programs	\$240	\$251	\$265	\$274	\$254	\$234	\$205	\$198	\$171	\$167	\$158
State compensatory education	\$282	\$295	\$293	\$346	\$420	\$392	\$343	\$353	\$354	\$356	\$369
High school allotment	\$0	\$0	\$0	\$0	\$63	\$66	\$66	\$69	\$74	\$78	\$85
Athletics & related activities	\$135	\$142	\$151	\$157	\$160	\$162	\$156	\$161	\$168	\$176	\$184
Alternative education programs	\$59	\$63	\$70	\$73	\$73	\$72	\$66	\$66	\$69	\$72	\$74
Prekindergarten	\$0	\$0	\$0	\$0	\$0	\$0	\$111	\$123	\$152	\$160	\$170

Operating expenditures per student vary between program intent codes and function codes.