



# Sources of Education Funding

## Texas Commission on Public School Finance

---

TEXAS EDUCATION AGENCY

APRIL 5, 2018

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

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 (formula funding from state taxes, primarily sales taxes, other taxes and other revenues)	\$42,388.6	\$42,972.0	\$583.4	1.4%
Local FSP* (local revenue from local property taxes)	\$53,810.0	\$59,487.6	\$5,677.6	10.6%
Subtotal Formula Funding	\$96,198.6	\$102,459.5	\$6,261.0	6.5%
State Non-Formula Funding / Interagency Contracts & Other	\$1,941.4	\$1,708.9	(\$232.5)	(12.0%)
Federal Program Funds	\$10,114.9	\$10,387.6	\$272.7	2.70%
TEA Administration	\$275.9	\$290.1	\$14.1	5.1%
<b>Total Public Education Spending</b>	<b>\$108,530.8</b>	<b>\$114,846.1</b>	<b>\$6,315.4</b>	<b>5.8%</b>

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

# What are the main sources of local funding for school districts?

---

TEXAS COMMISSION ON PUBLIC SCHOOL FINANCE

# Texas Education Code, Sec. 42.251

---

## Sec. 42.251. FINANCING; GENERAL RULE.

*(a) The sum of the basic allotment under Subchapter B and the special allotments under Subchapter C, computed in accordance with this chapter, constitute the tier one allotments. The sum of the tier one allotments and the guaranteed yield allotments under Subchapter F, computed in accordance with this chapter, constitute the total cost of the Foundation School Program.*

*(b) The program shall be financed by*

*(1) ad valorem tax revenue generated by an equalized uniform school district effort;*

*(2) ad valorem tax revenue generated by local school district effort in excess of the equalized uniform school district effort;*

*(3) state available school funds distributed in accordance with law; and*

**(4) state funds appropriated for the purposes of public school education and allocated to each district in an amount sufficient to finance the cost of each district's Foundation School Program not covered by other funds specified in this subsection.**

*(c) Repealed by Acts 1999, 76th Leg., ch. 396, Sec. 3.01(a), eff. Sept. 1, 1999.*

# Local Property Taxes for the 2018–2019 Biennium (in millions)

Item	Amount	Notes
Estimated Local Maintenance & Operations (M&O) Property Taxes	\$51,204.5	For the 2017 tax year, the average <u>locally adopted</u> district M&O tax rate is \$1.0944 per \$100 of taxable property valuation.
(Less Chapter 41 Recapture)	(\$4,570.9)	These funds are appropriated for re-distribution through the FSP as “Appropriated Receipts”. They are authorized by Chapter 41 of the Texas Education Code.
Estimated Local M&O Property Taxes <i>Net of Chapter 41 Recapture</i>	\$46,633.6	
Estimated Local Interest & Sinking (I&S) Property Taxes	\$12,854.0	For the 2017 tax year, the average <u>locally adopted</u> district I&S tax rate is \$0.2106 per \$100 of taxable property valuation.
<b>Total Estimated Local Property Taxes</b>	<b>\$59,487.6</b>	

\*Charter schools do not levy property taxes so their FSP entitlements are 100% funded by other state taxes.

# What are the major revenue sources for state funding to school districts?

---

TEXAS COMMISSION ON PUBLIC SCHOOL FINANCE

# State FSP Appropriation breakdown for the 2018–2019 Biennium (in millions)

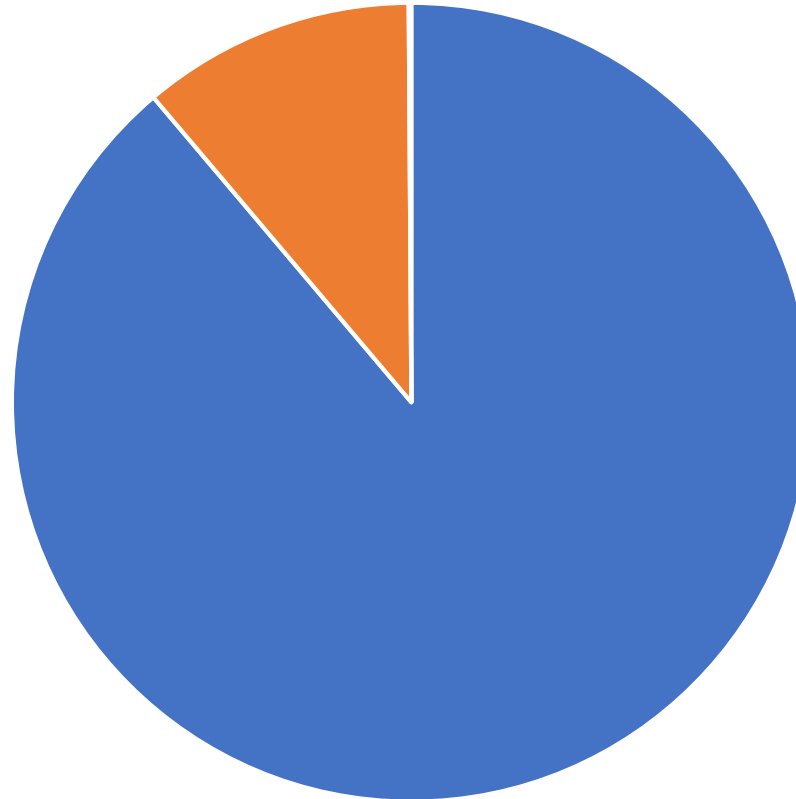
Item	Amount	Notes
Foundation School Fund (Fund 193)	\$28,749.4	The Foundation School Fund is an account within the General Revenue Fund used exclusively for the purpose of funding public education, largely funded by sales taxes, and occupation taxes and revenue.
Appropriated Receipts (Recapture)	\$4,570.9	Appropriated Receipts (Recapture) is authorized by Chapter 41 of the Texas Education Code.
Property Tax Relief Fund	\$3,594.2	Primarily funded through the franchise tax but also includes vehicle and tobacco sales taxes.
Available School Fund	\$3,443.9	Primarily, funded from returns on the Permanent School Fund, 25% of state’s motor fuels tax revenue, and transfers from the General Land Office (GLO).
Lottery Proceeds	\$2,613.5	Approximately 60% of net lottery proceeds from the sale of Texas Lottery games is transferred to the FSP.
<b>Total Appropriated State FSP</b>	<b>\$42,972.0</b>	The FSP is a sum-certain appropriation and the mix of component revenue streams may fluctuate.

# Foundation School Fund (Fund 193) breakdown for the 2018–2019 Biennium

■ Transfer from General Revenue (Primarily Sales Tax)   ■ Occupation Taxes   ■ Opening Balance

General Revenue (primarily through sales taxes) comprises 89% of the Foundation School Fund.

The remaining 11% is funded primarily through occupation taxes





# Available School Fund breakdown for the 2018–2019 Biennium (in millions)

Available School Fund Calculation	FY2018	FY2019	Total for 2018-2019 Biennium
Transfer from Permanent School Fund for Per Capita Apportionment*	\$141.7	\$1,220.5	\$1,362.2
Interest	\$0.8	\$0.9	\$1.7
Motor Fuels Taxes	\$884.6	\$895.5	\$1,780.1
Direct Transfer from the General Land Office (Rider 77)	\$0.0	\$300.0	\$300.0
<b>Total Available School Fund</b>	<b>\$1,027.0</b>	<b>\$2,566.9</b>	<b>\$3,443.9</b>

\*Transfer from PSF to ASF in FY2018 is net of the \$1.09 billion transfer to the Instructional Materials Fund

# State (non-FSP) and other funding breakdown for the 2018–2019 Biennium (in millions)

Item	Amount	Notes
Instructional Materials & Technology	\$1,078.8	Used for the purchase of instructional materials, technological equipment related services. (Rider 8)
Windham School District	\$104.4	Appropriations to Windham School District to assist students whose participation will help achieve goals of reduced recidivism and increased success in obtaining and maintaining employment. (Rider 6)
Assessment	\$91.7	Appropriations in support of the State’s education testing services contract.
Regional Day Schools for the Deaf	\$66.3	Ensures that all eligible students who are deaf or hard of hearing are provided appropriate, ongoing, and fully accessible educational opportunities per Chapter 29 of the TEC, Subchapter I. (Rider 13)
Other, including grants, contracts and programs made by TEA to advance TEA strategic objectives.	\$367.7	TEA grants include grants for Reading and Math Academies, Lesson Study, Reading-to-Learn Academies, Reading Specialists, Communities in Schools. TEA can provide
<b>Total State Funds for non-FSP related educational expenditures</b>	<b>\$1,708.9</b>	

# What are major sources of federal funding to school districts?

---

TEXAS COMMISSION ON PUBLIC SCHOOL FINANCE

# Federal Funding – Major Federal Programs for the 2018–2019 Biennium (in millions)

Federal Funds	Amount	Percent of Total
Child Nutrition (National School Lunch, School Breakfast Programs)	\$4,343.6	41.8%
Title I (Provides supplemental financial assistance for schools with high numbers or percentages of children to help ensure all children meet challenging academic standards).	\$2,938.9	28.3%
IDEA-B (Provides supplemental funding to ensure all children with disabilities have available to them a free and appropriate public education that emphasizes special education and related services designed to meet their unique needs)	\$2,065.6	19.9%
Other (includes Title II, English Language Acquisition, Vocational Education Grants, etc.)	\$1,039.6	10.0%
<b>Total Federal Funds</b>	<b>\$10,387.6</b>	<b>100.0%</b>