

SCHOOL FINANCE IN TEXAS

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EDUCATION COMMISSION
OF THE STATES

Your education policy team.



Presentation Overview

1. How do other states fund schools?
2. How does Texas fund schools?
3. How does Texas fund high-need student populations?

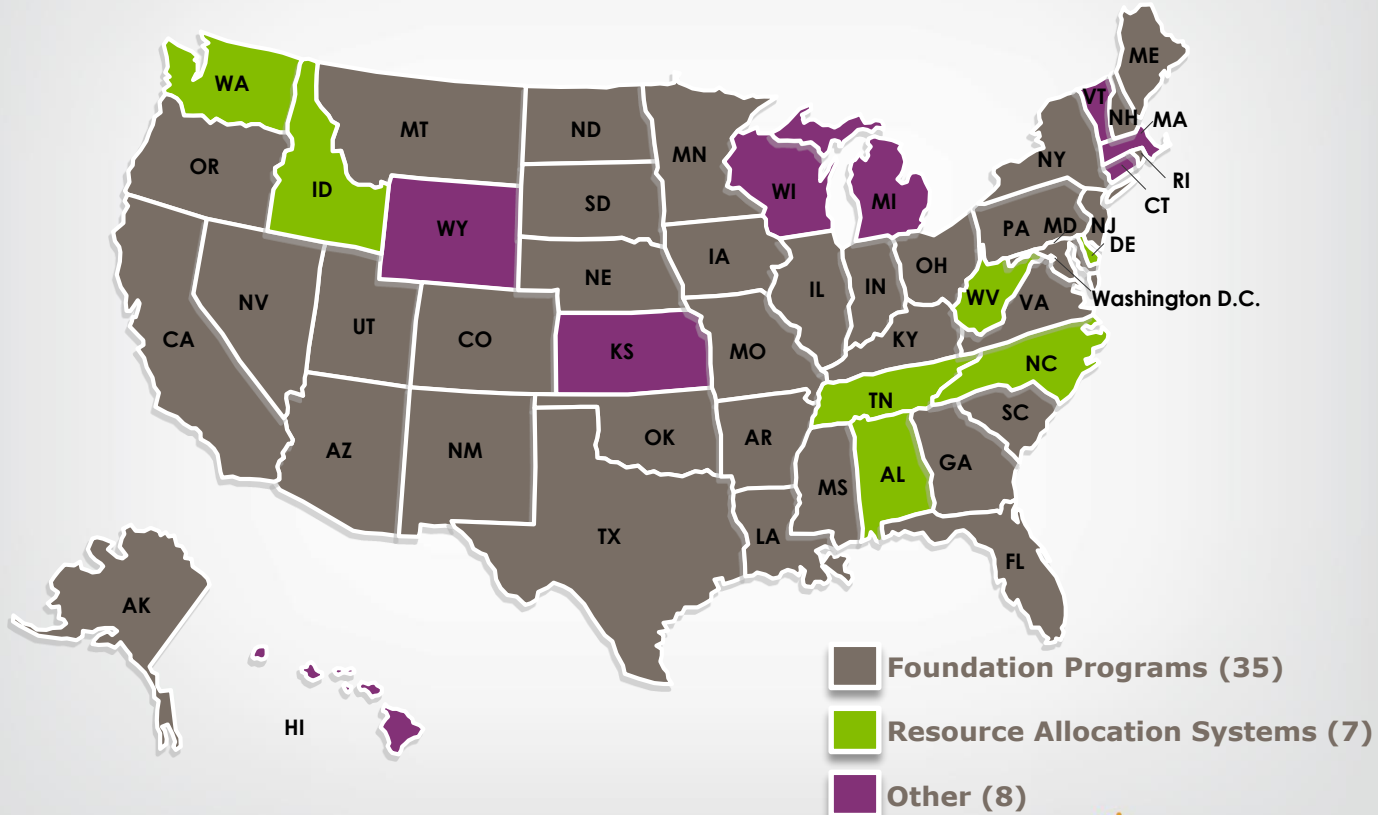
Primary School Funding Formula

- 1st Generation: Flat payment
- 2nd Generation: Take district wealth into account
- 3rd Generation: Take both relative wealth & student needs into account
- 4th Generation: 3rd gen plus provides flexibility to districts
- 5th Generation: Ensuring that the resources are targeted to the student

What is a Primary Funding Formula

$$\begin{aligned} &\text{Primary funding formula} \\ &+ \\ &\text{Categorical Funding} \\ &= \text{State Funding Total Funding} \end{aligned}$$

School Funding Formulas in Each State



Foundation Formula (33 States)

1. Determine foundation/base amount
2. Count students with weights
3. Multiply student count by the foundation amount
4. Determine state vs. local split
5. Add on outside funding (*capital, transportation, other*)

Why do so Many States Use a Foundation Formula?

- Easy to establish
- Easily adjusted to meet a state's/district's educational needs and economic circumstances
- Provides districts with greater autonomy in decision making

Foundation Formulas

These types of formulas can be adjusted to include various policy choices, such as:

- ◆ Class size requirements
- ◆ Teacher salary schedules
- ◆ Targeted funding for certain programs/student groups

The more mandates that are added the less flexibility districts will have

Why Do States Not Use a Foundation Formula?

- States want to control expenditures and/or want to know what they are paying for (Position allocation system)
- Court rulings have shaped their funding system (Washington & Wyoming)
- A traditional foundation program was not complex enough to meet their needs (Massachusetts & Wisconsin)

Funding High-Need Student Populations

At-Risk Students

- More than 20 methods to determine a student's at-risk status
- A majority of states use the student's eligibility for the **national school lunch program**
- Forty-three states plus the District of Columbia provide additional funding for at-risk students

At-Risk Students

FIGURE 1: Percent of Students Testing Proficient or Above on NAEP, by National School Lunch Program Eligibility

Math, 2015



FIGURE 2: Percent of Students Testing Proficient or Above on NAEP, by National School Lunch Program Eligibility

Reading, 2015



Source: U.S. Department of Education Institute of Education Sciences National Center for Education Statistics

At-Risk Students

- Texas provides an additional **20%** weight through the funding formula
- The allotment is based on the average of the highest six months of student enrollment in the **National School Lunch Program** for free or reduced-price lunches for the prior fiscal year

English Language Learners

- The federal government provides some grant funding to states through Title III
- **46 states** allocate additional state funding to support ELLs
- States with the largest share of ELL students (FY 2015):
 1. California (22.4%)
 2. Nevada (17.0%)
 3. Texas (15.5%)

English Language Learners

- Texas is one of 34 states that provides additional funding through the funding formula
- Additional weights range from a low of 9.6% (Kentucky) to a high of 99% (Maryland)
- Texas provides an **additional 10%** for English Language Learners

Gifted and Talented Students

- **32 states** currently provide additional funding for gifted and talented programs
- States use a variety of different mechanisms to identify gifted students:
 - ◆ National Assessment of Education Progress (NAEP)
 - ◆ SAT
 - ◆ International tests, such as the Programme for International Student Assessment
 - ◆ Advanced Placement (AP) tests
 - ◆ Teacher nominations
 - ◆ Participation and performance in STEM classes

Gifted and Talented Students

- Texas is one of 11 states that provides additional resources for gifted and talented students through the founding formula
- In Texas, gifted and talented students receive an **additional 12%**
- A Texas school district may not count more than **5 percent** of its students as gifted and talented

Students with Disabilities

- The share of special education costs covered by IDEA is dropping, leaving states and districts to pick up the slack
- **All states** provide additional funding for students with disabilities
- Since students with disabilities require additional resources to meet their educational needs, many states have moved toward complex financing with several components or streams of revenue

Students with Disabilities

- Texas is one of thirty three states that provide money for students with disabilities through their primary funding formula
- Some states provide only one weight for special education, others weight students based on disability categories (mild, moderate, severe) or by particular disability (hearing impaired, developmental delays)
- Texas uses funding levels based on **where the student is educated** (resource room, homebound, vocational class, etc.)

School Funding Changes

1. Define your desired student outcomes
2. Align your school funding system to your desired outcomes
3. Review your system periodically to ensure that it is aligned with your student achievement goals

Questions?



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