

# FundEd: Texas Report

## A Detailed Look at Texas's Funding Policies



## Texas



### Funding Basics

#### Formula Type

Texas has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both by applying multipliers to the base amount to generate supplemental funding and by adding supplemental, flat dollar amounts to the base amount for certain students.

The categories of students generating supplemental funding in Texas are students in certain grade levels, English-language learners, low-income students, students with disabilities, students identified as gifted, students enrolled in career and technical education programs, and students in sparsely populated, small, or mid-sized districts.

#### Base Amount

Texas has a fixed base funding amount per student. For FY2018 and FY2019, the per-student base was \$5,140.

This means that an average student with no special needs or disadvantages would be funded at that level. However, in order to receive the full complement of base funding that would be based on its enrollment, each district's school maintenance and operations (M&O) tax rate must be equal to or greater than two-thirds of the M&O tax rate it imposed in 2005. In districts whose current M&O taxes are lower than this rate, the base funding is reduced in proportion to the amount by which the tax rate falls short of that level.

In addition, the base amount is first adjusted for district sparsity, small size, and local cost of living (see "Sparsity" for a description of the first two of these adjustments). That adjusted base amount is the one to which other multipliers are applied for low-income students, English-language learners, and students identified as gifted and talented. (See "Poverty," "English-Language Learners," and "Gifted" for descriptions of these allocations.)

### Local Revenue

## Expected Local Share

Texas expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on its property values, adjusted based on that district's school funding history.

Each district is expected to contribute the lesser of \$10.00 for every \$1,000 of assessed local property wealth for the purpose of funding its schools or the revenue generated by a property tax rate equal to two-thirds of the rate imposed by the district in 2005. Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and provides the difference in the form of state education aid.

The state provides partial matching funds to districts imposing a tax rate higher than the expected tax rate and recaptures local revenues from certain property-rich districts for redistribution to other school districts.

## Property Tax Floors and Ceilings

Texas sets a ceiling on local property tax rates, as well as a level above which voter approval is required. The level above which districts require voter approval depends on that district's school funding history.

School districts require voter approval to impose a tax rate that exceeds two-thirds of the district's 2005 rate by \$0.40 for every \$1,000 of assessed local property wealth or more. If two-thirds of the district's 2005 rate was more than \$10.00 for every \$1,000, the district may not raise more than \$10.40 for every \$1,000 of assessed local property wealth without voter approval. No school district may levy more than \$11.70 for every \$1,000 of assessed local property wealth even with voter approval.

School districts do not necessarily retain all of the additional revenue they raise from voter-approved mills. All districts retain the first \$0.20 for every \$1,000 of assessed local property wealth levied with voter approval, but in property-rich districts, a portion of revenue raised by a tax rate beyond that level is recaptured for redistribution.

## Other Local Taxes for Education

School districts in Texas receive local revenue only from property taxes.

## District Characteristics

### Grade Level

Texas provides different levels of funding for students in different grade levels. It does so by providing a greater level of funding for students in grades 9-12 only.

Texas provides a flat allocation in the amount of \$275 for each student in grades 9-12.

### English-Language Learner

Texas provides increased funding for English-language learners (ELLs). It does so by applying a multiplier of 1.1 to the base per-pupil amount for these students.

The number of students eligible for the supplemental funding is the number of full-time-equivalent students participating in bilingual or English as a Second Language programs.

The funding is actually provided in an amount equal to 0.1 times the adjusted per-pupil base amount, which has already been adjusted for sparsity, small size, and local cost of living. (See "Base Amount" for more information.) It is distributed in addition to the student's own base amount funding.

## Poverty

Texas provides increased funding for students from low-income households. It does so by applying a multiplier of 1.2 to the base per-pupil amount for these students.

Students are eligible for this supplemental funding if they qualify for free or reduced priced lunch under the National School Lunch Program.

The funding is actually provided in an amount equal to 0.2 times the adjusted per-pupil base amount, which has already been adjusted for sparsity, small size, and local cost of living. (See “Base Amount” for more information.) It is distributed in addition to the student’s own base amount funding.

## Special Education

Texas funds special education using a multiple student weights system, providing different levels of funding for different categories of students. Students are assigned to twelve different categories based on the services they receive.

It does so by applying different multipliers to the base per-pupil amount for students in these categories. The multipliers range from 1.1 to 5.0, depending on the student’s educational placements and the services they receive. The appropriate multiplier is applied to the base amount once that amount has already been adjusted for sparsity, small district size, and local cost of living (see “Base Amount” for more information).

The remainder of state special education funding is distributed through specific program-based allocations, including funding for district-run extended-year special education programs and for the education of hospital-bound students.

## Gifted

Texas provides increased funding for gifted and talented students. It does so by applying a multiplier of 1.12 to the base per-pupil amount for these students.

The number of students eligible for the supplemental funding is the number of full-time-equivalent students participating in gifted education programs, up to a maximum of 5% of the district’s total student enrollment.

The funding is actually provided in an amount equal to 0.12 times the adjusted per-pupil base amount, which has already been adjusted for sparsity, small size, and local cost of living. (See “Base Amount” for more information.) It is distributed in addition to the student’s own base amount funding.

## Career and Technical Education

Texas provides increased funding for career and technical education (CTE) programs. It does so by applying a multiplier of 1.35 to the base per-pupil amount for students in these programs.

The number of students eligible for the supplemental funding is the number of full-time-equivalent students participating CTE programs.

The multiplier is actually applied to the adjusted per-pupil base amount, which has already been adjusted for sparsity, small size, and local cost of living. (See “Base Amount” for more information.)

## Sparsity and/or Small Size

Texas provides increased funding for sparse school districts. It does so by inflating the student count to generate extra funding. The state also provides funding for small and mid-sized school districts through a formula that increases the per-pupil based amount.

In sparse school districts, the student count is inflated by between twenty and fifty-five students depending on the grade levels offered in the district, its student enrollment, and the number of miles between it and the nearest district operating a high school. In small districts, the base amount is increased using a formula that considers enrollment and whether the district has an area of more or less than 300 square miles. In mid-sized districts, the base amount is increased using a formula that considers enrollment.

Small districts are those with fewer than 1,600 students. Mid-sized districts are those with fewer than 5,000 students.

For a complete list of primary sources, please see the appropriate state page at [funded.edbuild.org](http://funded.edbuild.org)

