

# 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, called a base amount, to the education of a student with no special needs or services. 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 for those students.

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

#### Base Amount

Texas has a fixed base funding amount per student. For FY2020, the per-student base was \$6,160.

This means that an average student with no special needs or disadvantages would be funded at that level. However, in districts where the local maintenance and operations tax rate is lower than the expected rate, the base funding is proportionally reduced. (See “Expected Local Share” for an account of how the expected rate is set for each district.)

In addition, in certain small and remote districts, base funding is provided on the basis of an inflated number of students rather than on the basis of the actual student count. (See “Sparsity” for a description of this adjustment.)

### 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.

Schools districts are generally expected to contribute \$9.30 for every \$1,000 of assessed local property wealth for the purpose of funding their schools. However, this rate may be reduced if the state as a whole sees a sufficient year-to-year increase in property values or for specific districts seeing year-to-year increases in their local property values. 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. When a district's expected rate generates more funding than the amount calculated to be necessary, the excess is recaptured by the state and used to support other districts.

When the state's total property tax base has increased in value by more than 2.5% from the previous year, the general expected rate is reduced in accordance with a statutory formula that considers the rate of value growth. In districts where the value of the local property tax base has increased since the previous year, but by less than 2.5%, then the expected tax rate is limited to the prior-year expected tax rate. In districts where the value of the local property tax base has increased by 2.5% or more since the previous year, then the expected tax rate is reduced in accordance with a statutory formula that considers both this year's and last year's property values. When that formula produces a calculated rate that is less than 90% of the state's highest local expected rate, then the district's rate is instead set at its prior-year expected rate.

## 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 expected local tax rate (see "Expected Local Share" for an account of how the expected rate is set for each district).

A school district requires voter approval to impose a tax rate that exceeds its expected rate by more than \$0.50 for every \$1,000 of assessed local property wealth. Even with voter approval, no district may levy a rate that exceeds its expected rate by more than \$1.70 per \$1,000 of local property wealth.

School districts do not necessarily retain all of the revenue they raise from these taxes. When a district's expected rate generates more funding than the amount calculated to be necessary to educate students within that district, the excess is recaptured by the state and used to support other districts. For the taxes levied over and above the expected rate, the law is different for different portions of the tax rate. Districts retain all the proceeds from the first \$0.80 per \$1,000 of local property wealth levied over and above the expected rate. Additionally, the state guarantees that this portion of the district's tax rate will have a specific per-pupil yield, and if the local property tax base is not sufficient to produce this amount, the state will provide the balance. For any taxes levied in excess of \$0.80 per \$1,000 of local property wealth over and above the expected rate, the state guarantees a different, lower per-pupil yield, and if the district does not raise this amount locally, the state will provide the balance. However, if the district's taxes yield more than this guaranteed amount, the excess is recaptured by the state and used to support other districts.

## Other Local Taxes for Education

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

## Student Characteristics

## Grade Level

Texas provides different levels of funding for students in different grade levels. It does so by applying a multiplier of 1.1 to the base per-pupil amount for certain students in grades K-3 to generate funding for early learning programs and services.

Students in grades K-3 are eligible for this supplemental funding if they fall into one of two categories. These are those who are educationally disadvantaged, defined as those who qualify for free or reduced-priced lunch under the National School Lunch Program; and English-language learners who are enrolled in bilingual or other special language programs. Students falling into both categories generate this supplemental funding allocation twice.

This funding may only be used for programs and services intended to improve reading and math performance in grades pre-K-3 and can be used to support the implementation of full-day prekindergarten programs. The multiplier has been expressed as 1.1 for consistency with other states. The funding is actually provided in an amount equal to 0.1 times the per-pupil base amount, distributed in addition to the student's own base funding.

## English-Language Learner

Texas provides increased funding for English-language learners (ELLs). It does so by applying a multiplier to the base per-pupil amount for these students. This multiplier can be either 1.1 or 1.15, depending on the model of the student's education program.

For English-language learners enrolled in a bilingual education program using a dual-language immersion model, the state applies a multiplier of 1.15 to the base amount. For English-language learners not in dual-language programs, the multiplier used is 1.1. Additionally, students in dual-language programs who are not English-language learners generate funding through a multiplier of 1.05.

At least 55% of the funding provided through these allocations must be used to support bilingual education or other special language programs. The multipliers have been expressed this way for consistency with other states. The funding is actually provided in an amount equal to 0.1, 0.15, or 0.05 times the per-pupil base amount, distributed in addition to the student's own base funding.

## Poverty

Texas provides increased funding for students from low-income households at a level that differs depending on the level of economic disadvantage in their area of residence. It does so by applying a multiplier of at least 1.225 to the base per-pupil amount for each low-income student and increasing the multiplier for such students from areas with greater levels of economic disadvantage. (See "Concentrated Poverty" or more information.)

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

At least 55% of the funding provided through these allocations must be used to support programs aimed at supporting low-income students. The multiplier has been expressed this way for consistency with other states. The funding is actually provided in an amount equal to at least 0.225 times the per-pupil base amount, distributed in addition to the student's own base 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 thirteen 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 state assigns special education students to twelve categories based on their educational placements and the services they receive. The multipliers for these categories range from 1.15 to 5.0. For small and mid-sized districts, these weights are applied to an inflated base amount. (See “Sparsity” for a description of this adjustment.) A thirteenth multiplier, equal to 1.1, is applied for students receiving services for dyslexia or a related disorder. The state considers this to be separate from the special education funding system. The dyslexia multiplier is applied to the usual base amount, regardless of district size.

At least 55% of the funding provided through the twelve special education multipliers must be used to support the special education program. These multipliers include the student’s own base funding. The dyslexia multiplier has been expressed this way for consistency; however, the funding is actually provided in an amount equal to 0.1 times the per-pupil base amount, distributed in addition to the student’s own base funding. In addition to these allocations, the state also provides specific program-based allocations, including funding for district-run extended-year special education programs and for the education of hospital-bound students.

## Gifted

Texas does not provide increased funding for gifted and talented students.

Texas eliminated its discrete allotment for gifted and talented students in 2019. However, at the same time, the state increased the base amount in order to provide districts with sufficient funding to serve gifted and talented students.

## Career and Technical Education

Texas provides increased funding for career and technical education (CTE) programs. It does so in two ways: by applying a multiplier to the base per-pupil amount for students in these programs and through a flat allocation per student enrolled in certain classes and schools.

Texas applies a multiplier of 1.35 to the base per-pupil amount for each full-time-equivalent student in grades 7-12 participating in an approved CTE program. The state also provides \$50 for each one of the following in which a full-time-equivalent CTE student is enrolled: two or more advanced CTE courses yielding three or more credits; a school implementing a commissioner-recognized and grant-supported Pathways in Technology Early College High School (P-TECH) program; and a school in the New Tech Network that offers project-based learning and work-based education.

At least 55% of the funding provided through these allocations must be used to support CTE programs for students in grades 7-12.

## District Characteristics

## Concentrated Poverty

Texas provides increased funding for districts based on the level of economic disadvantage in the student communities that they serve. It does so by applying a multiplier to the base per-pupil amount for each student from a low-income household and varying that multiplier based on the level of economic disadvantage in the census block group where that student resides.

Each census block group in the state is placed in one of five tiers by the Commissioner of Education based on its level of economic disadvantage. The five tiers are assigned different multipliers, ranging from 0.225 to 0.275. For each low-income student, the multiplier for the census block group where they reside is applied to the base per-pupil amount to generate supplemental funding for their district. Eligible low-income students are those eligible for free or reduced-priced lunch under the National School Lunch Program.

The level of economic disadvantage in a census block group is assessed based on several data points drawn from the United States Census Bureau's American Community Survey. These include the block group's median household income; its percentage of single-parent households; its rate of homeownership; and the average educational attainment of its population. If insufficient data is available to assign a block group to a tier, eligible students from that block group receive funding through the lowest multiplier, 0.225. The multipliers have been expressed this way for consistency with other states. The funding is actually provided in an amount that ranges from 0.225 to 0.275 times the per-pupil base amount, distributed in addition to the student's own base funding.

## Sparsity and/or Small Size

Texas provides funding for small and mid-sized school districts in the form of a per-student amount that varies based on their student counts. It also provides increased funding for certain small and remote school districts by inflating their student counts to generate extra funding.

Small districts (those with fewer than 1,600 students) and mid-sized districts (K-12 districts with between 1,600 and 5,000 students) receive per-student allotments that are calculated based on formulas specified in statute; as a rule, smaller districts receive larger allotments. The small-district allotment is further increased if a district has fewer than 300 students and is the only district in its county. Separately, certain small and remote districts receive a sparsity adjustment in the form of an increased student count; this inflated count is the one used to allocate these districts' base funding.

The small and remote districts that receive the sparsity adjustment are those with fewer than 130 students that are at least a 30-mile bus ride from the nearest high school district. The small and mid-sized allotments are received in addition to, and independent of, the districts' base per-pupil funding. However, for the purposes of the special education funding calculation only, the base amount to which the multipliers are applied includes both the district's regular base amount and the district's per-pupil small or mid-sized allotment, if applicable. As such, the special education multipliers generate more funding in small and mid-sized districts than they do in larger districts.

## Charter Funding

Funding for some charter schools in Texas is calculated based on a formula similar to the one used to calculate funding for traditional public schools, while funding for other charter schools is not subject to a specific calculation.

Like traditional public schools, charter schools authorized by the State Commissioner of Education are funded by the state through a student-based formula that considers the characteristics of students they educate. State-authorized charter schools receive state funding that reflects any additional funding generated by students in special programs and need categories. Charter schools authorized by local school districts operate as schools within the district and funding for them is not subject to a specific calculation.

Some charter schools in Texas receive a share of local tax revenue, while other charter schools receive state funding that may be meant to replace local tax revenue. Charter schools authorized by local school districts are part of the authorizing district and they receive funding, including local tax revenue, in the same way as other schools within the district. State-authorized charter schools do not directly receive local tax revenue but the state provides these charter schools with their entire formula amount, including what local school districts would be expected to contribute.

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

